

# RSK Launches Powpeg, A Decentralized Pegging Mechanism

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IOVlabs is pleased to announce the launch of Powpeg, a significant upgrade to the existing peg technology on the RSK smart contract platform.

Powpeg is a proof-of-work secured two-way peg used to interact between the RSK side chain and the Bitcoin blockchain. Powpeg is the first Bitcoin peg to provide security assurances based on Bitcoin's proof-of-work, making it the most secure and permissionless peg available today.

The RSK native currency, RBTC, is tethered one-to-one with BTC. The only way to create RBTC is by sending or "pegging-in" BTC to a multi-sig address in the Bitcoin blockchain. This address locks the BTC, and a proof of that transfer, or SPV proof, is generated and sent to a bridge smart contract. Once the bridge contract gets this proof, it sends the equivalent amount of RBTC back to the user. "Pegging-out" is the same process in reverse.

Previously, this process was managed by a group of notaries controlling the multi-signature address with a majority needed to unlock funds. The Powpeg launch implements a new, decentralized approach to creating RBTC. It relies on a group of Pignatories responsible for keeping their hardware and nodes connected and live at all times but who don't play any role in transaction signing. They act as watchtowers to ensure that bitcoin deposits are correctly informed to the RSK chain.

Pignatories private keys are stored in special-purpose hardware security modules called PowHSMs. When an SPV proof is generated, it relays the transaction to the PowHSM to automate the signing process.

Powpeg is a vetocracy, where no single entity, or colluding group, can acquire enough power to control the peg or



arbitrarily censor transactions. There are already twelve high-profile companies participating on RSK to provide support to Powpeg. These participants will be announced over the coming weeks.

This marks a significant milestone in completely decentralizing the RSK smart contract platform. The RSK community is developing additional technologies to further decentralize the peg, including the capability to permissionlessly introduce competing pegs. RSK is merge-mined with bitcoin and has over 50% of the Bitcoin network's hash rate. Therefore, these new innovations are aimed at providing Bitcoin miners with an active Pignatory role in the RSK network.

The RSK sidechain is now home to a full suite of DeFi apps such as Money on Chain and Sovryn, where users can lend, borrow, and trade Bitcoin within the Bitcoin ecosystem. Therefore, this latest effort from RSK moves the Bitcoin DeFi ecosystem towards a more decentralized state, helping Bitcoin enthusiasts to achieve the goal of lending and trading BTC without having to navigate centralized services. It also opens new avenues for entrepreneurs and projects to participate in minting and pegging BTC and RBTC.

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### About RSK

RSK network is the most secure smart contract platform in the world, secured by Bitcoin's unparalleled hash power via merge-mining.

RSK adds value and functionality to the Bitcoin ecosystem by enabling smart contracts, near-instant payments, and higher scalability.

The network scales to up to 100 transactions per second without sacrificing decentralization and reduces storage and bandwidth using probabilistic verification, fraud detection, and more.

For more information, visit <https://www.rsk.co/rsk-blockchain/>