

Legal aspects of smart contracts and DAO

Jacek Czarnecki

Agenda

- Smart contracts
- DAOs



Legal perspective

Smart contracts

- The idea of smart contracts is probably as old as the Internet
- Nick Szabo (1995):
 - *a set of promises, specified in digital form, including protocols within which the parties perform on the other promises*
- Even with the Internet, the idea of digital, self-enforcing contracts was very difficult to implement

Smart contracts

- How blockchain technology enables smart contracts?
- On a very fundamental level, blockchain makes possible protocols designed to transfer value
- Basic idea of smart contracts:
 - Blockchain transactions, which include additional conditions
 - (expressed in code)
 - Such programmes are executing automatically and are self-enforcing

Legal perspective

- „Parties” to smart contracts
 - „On the blockchain, nobody knows you're a fridge”
- Language of smart contracts
 - Code
 - Easily verifiable?
- Contents of smart contracts
- Smart contracts tend to replace traditional contracts
- **Important:** smart contracts are not just contracts

DAOs

- **DAOs:** *Decentralised Autonomous Organisations*
- Economic perspective
 - Firm as a nexus of contracts
 - What if a firm would be a nexus of *smart contracts*?
- Example
 - TheDAO – a decentralised venture capital fund

Legal perspective

- Legal perspective on DAOs
 - DAOs fulfill the same functions as companies, but are decentralised, not tied to any jurisdiction, regulated by code
 - DAOs put into question basic legal concepts:
 - Jurisdiction
 - Legal personality
 - Responsibility

Thank you!

jacek.czarnecki@wardynski.com.pl

jacekczarnecki@protonmail.com