

# Programmable Money and the Future of Contracts

UT Technology Law Conference  
May 25, 2017



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"This isn't about illegal payments. This is about control over transactional culture and knowledge, because he who controls them, controls the world."

— Charlie Shrem

**Bitcoin 1.0**

## Bitcoin 2.0



“Blockchain technology...is so profound that it will do for trusted transactions what the Internet did for information.”

—**IBM CEO Ginni Rometty**  
FinTech Ideas Festival  
January 2017

“The circulation of confidence is better than the circulation of money”

– **James Madison**  
*Statement at the Virginia Convention (1778)*

“What is needed is an electronic payment system based on cryptographic proof instead of trust, allowing any two willing parties to transact directly with each other without the need for a trusted third party.”

– **Satoshi Nakamoto**  
*Bitcoin: A Peer-to-Peer Electronic Cash System (2008)*

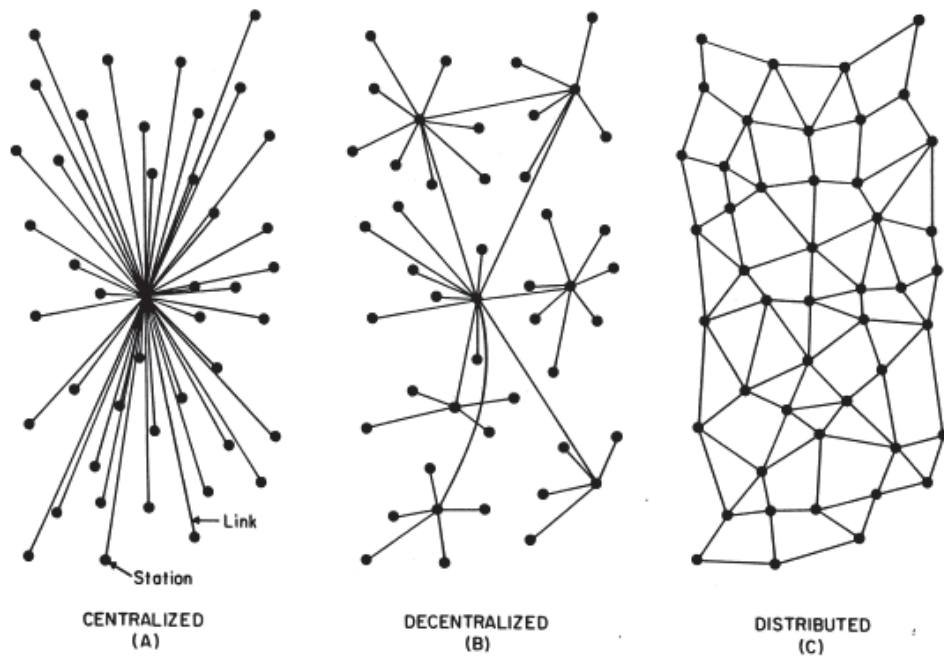
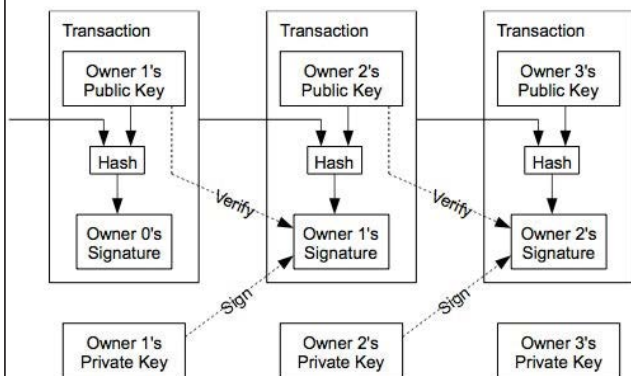


FIG. 1 – Centralized, Decentralized and Distributed Networks

## Anatomy of a Bitcoin transaction



### Diagram of a Bitcoin

from *Bitcoin: A Peer-to-Peer Electronic Cash System*, published in 2008 by "Satoshi Nakamoto".

- Alice holds 1 BTC in a virtual wallet with an associated public key and private key
- Alice wants to send the BTC to Bob, who also has a wallet
- Bob sends his Bitcoin wallet address/public key to Alice
- Alice creates a transaction message with Bob's address and the transaction amount
- Alice signs the transaction with her private key, and announces her public key for signature verification
- Alice broadcasts the transaction on the Bitcoin network for all to see.
- The transaction is verified by the Bitcoin network through cryptographic work of miners.

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First appeared as part of the conference materials for the  
30<sup>th</sup> Annual Technology Law Conference session

"Programmable Money and the Future of Contracts"