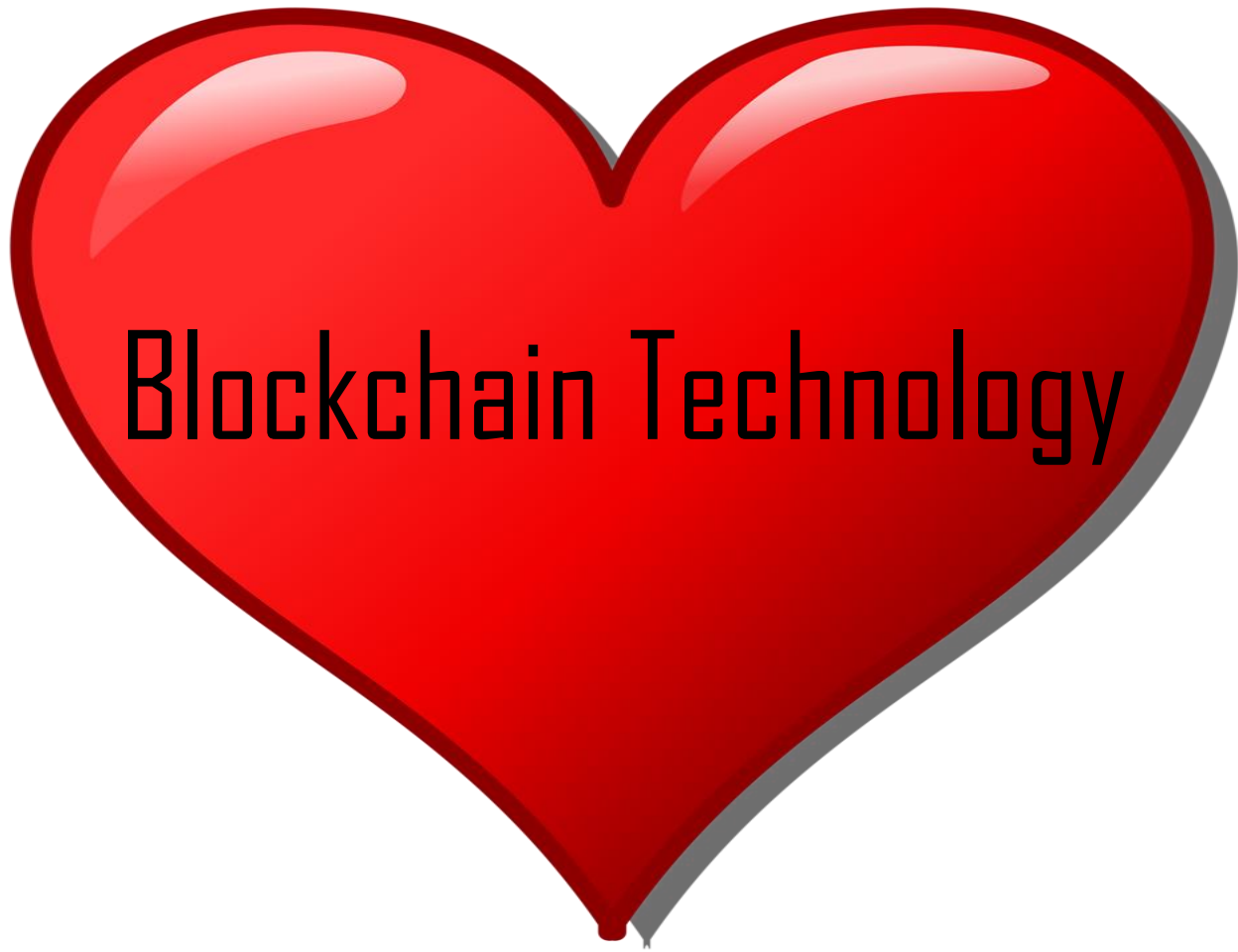


The
Fiduciaries
of Public Blockchains

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Blockchain Technology

The "Beating Heart" of Finance

How We'll Proceed...

- How Public Blockchains are Governed
- What is a Fiduciary?
- Core Developers and Big Miners as Fiduciaries
- Pros and Cons of Fiduciary Categorization
- Sorting out the Details
- Concluding Thoughts

Public Blockchain Governance

- Software Coders
- Transaction Processors (Miners)

"Decentralized" Governance

- No legal entity behind the software.
- No permissions needed to become a developer of the free open source software.
- No permissions needed to become a "miner" in the global transaction processing computer network.

De Facto Centralized Governance

- Core Developers
- Dominant Miners

Crisis Moments Reveal Power

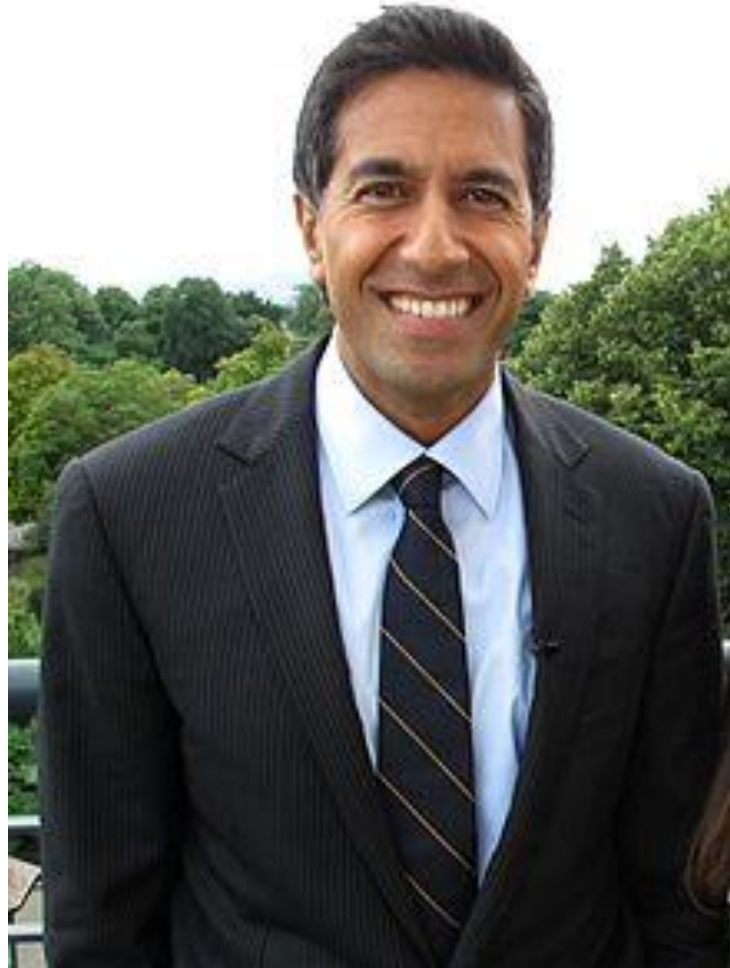


- Bitcoin's March 2013 Hard Fork
- Ethereum's July 2016 Hard Fork
 - Bitcoin Block Size Debate

What is a

Fiduciary??

Doctors



Lawyers



Corporate Directors & Officers



Common Attributes of *Fiduciaries*

- 1) Offer services which are socially desirable and require expertise.
- 2) Entrusted with property or power
- 3) Entrustors are at risk that fiduciaries will not be trustworthy or will not perform services adequately.
- 4) It is likely that:
 - a) Entrustor will fail to protect itself from risks;
 - b) Markets may fail to protect entrustors from risks;
 - c) Costs for fiduciaries to establish trustworthiness may be higher than their benefits from relationship.

Pros of Fiduciary Categorization

- Fiduciary takes service performance seriously.
- Fewer harms caused by careless or disloyal behavior by fiduciary.
- Less due diligence needed before fiduciary transaction.
- Accountability standard equivalent to seriousness of services performed.

Cons of Fiduciary Categorization

- Would inhibit innovation in blockchain tech.
- Should direct at "app" level vs. "platform" level.
- Fiduciary standard too high.
- Hard to tell when fiduciary standard is met.
- Paternalistic towards entrustors.
- Compensation doesn't match fiduciary accountability.
- Premature for such a nascent tech.

The Details

- Who *precisely* are the fiduciaries?
- Who *precisely* are the entrustors?
- What duties are owed?
- How would a breach of duty be identified?
- What are the consequences of breach?
- Could this be practically enforced?