

CENTRAL BANK DIGITAL CASH LEGAL FINALITY

From the author of the book

"A NEW WORLD ORDER, POST CORONAVIRUS.
REWIRING FINANCIAL MARKETS FOR GOOD."



THE VISION

- **Frictionless**, instantaneous, unconditional **transfer** with **legal finality**, of **value** between any **two parties**; anytime, anywhere, without **ensorship**.

THE LAW

- **Finality, in law,** is the concept that certain disputes must achieve a resolution from which no further appeal may be taken, and from which no collateral proceedings may be permitted to disturb that resolution.

LEGAL TENDER

- Legal tender is attributed by law as an act of sovereignty.
- Legal tender is the corollary of an inconvertible currency system: once it is decided that banknotes will be inconvertible, the holders of banknotes must be protected by ensuring that payment employing banknotes may not be refused. Creditors will accept a monetary symbol for its face value only if they can be certain that it will, in turn, be accepted from them for the same value.
- The law does not relieve the debt obligation until payment is tendered in legal tender.
- In a convertible currency system, therefore, a banknote derives its power exclusively from the confidence placed in the issuer; in a legal tender and inconvertible currency system, it derives its power from statute and the confidence placed in the state.

SETTLEMENT FINALITY

- Settlement finality is a statutory, regulatory, and contractual construct. In general, it refers to the moment in time when one party is deemed to have discharge an obligation or to have transferred an asset or financial instrument to another party, and such discharge or transfer becomes unconditional and irrevocable despite the insolvency or entrance into bankruptcy of either party
- Defined via BIS [Principles for Financial Market Infrastructures](#), Principle 8 (Settlement Finality).
- From a systemic payments perspective, it is essential for all payment systems to demonstrate that their operational processes are recognised by applicable jurisdictions as resulting in settlement finality.
- Note 3.6.5, elaborates on the Key Consideration, states: “A settlement system needs to know with a high degree of certainty when settlement finality occurs as a matter of law”

PAYMENT FINALITY

- Unconditional Payment is generally defined as the discharge of an obligation to the satisfaction of the creditor without any future avenue of appeal
- Only Cash as legal tender, guarantees unconditional settlement with legal finality anywhere on the planet today

LEGAL FINALITY SOLUTION

- The atomic swap of two legally codified currency units between two parties represents a “complete contract” as legal finality guarantees no future-dated appeal relating to the contract performance. There are no residual rights leftover from the point at which the atomic swap occurs. Each party to the transaction gains non-repudiable possession over the digital bearer property and all of its associated rights.
- The atomic swap of digital bearer currency units as legal tender, represents guaranteed Legal Finality of payments within a digital Financial Market Infrastructure.

FOR FURTHER INFORMATION

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