

Smart Contracts

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A **Smart Contracts** is a decentralized application that executes business logic in response to events. Smart contract execution can result in the exchange of money, delivery of services, unlocking of content protected by digital rights management, or other types of data manipulation such as changing the name on a land title. Smart contracts can also be used to enforce privacy protection by, for example, facilitating the selective release of privacy-protected data to meet a specific request.

There are a variety of architectures for how the programs underpinning smart contracts are developed, distributed, managed, and updated. They can be stored as part of a blockchain or other distributed ledger technology, and integrated into various payment mechanisms and digital exchanges that can include bitcoin and other cryptocurrencies.

Despite the name, smart contracts are not legally binding contracts. Their main function is to programmatically execute business logic that performs various tasks, processes or transactions that have been programmed into them to respond to a given set of conditions. Legal steps must be undertaken to link this execution to legally binding agreements between parties.

Source: <https://searchcompliance.techtarget.com/definition/smart-contract>

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Last update: **2021/06/11 15:26**

