



BSI Standards Publication

Blockchain and distributed ledger technologies — Overview of and interactions between smart contracts in blockchain and distributed ledger technology systems

National foreword

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Foreword

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The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

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This document was prepared by Technical Committee ISO/TC 307, *Blockchain and distributed ledger technologies*.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at www.iso.org/members.html.

Introduction

Smart contracts, a synonym for automated applications on blockchain and distributed ledger technology-based (BC/DLT) systems, are an important development step from early stage, purely transaction oriented blockchains to more interactive technologies where the transactions on the blockchain or distributed ledger technology system are conditional on the terms of that application. According to the current working-definition of ISO/TC 307, WG1, Terminology, a smart contract is a

“computer program stored in a distributed ledger system wherein the outcome of any execution of the program is recorded on the distributed ledger”.

In specific implementations of BC/DLT systems, such a program can vary from program code interpreted on single peers to (pre-)compiled programs recorded on the ledger to be executed on arbitrary virtual machines within the system (such as miners). It should be understood that the "effects" to be recorded on the distributed ledger will usually be the transaction that is the deterministic predefined coded outcome from the smart contract code.

As the term smart contract in its original intention as created by Nick Szabo in 1994 had a different, mainly legally oriented (precise and legitimate) meaning, this has often caused confusion regarding “legally binding intentions”: As this document discusses and describes smart contracts as a technology for BC/DLT automation in general, it is also important to understand that smart contracts may have a legal binding intention. Because of this, the legal binding application and structure of smart contracts also requires understanding of legal background, context and definitions.

This document mainly describes the aspects of automated software in a BC/DLT-system.

Blockchain and distributed ledger technologies — Overview of and interactions between smart contracts in blockchain and distributed ledger technology systems

1 Scope

This document provides an overview of smart contracts in BC/DLT systems; describing what smart contracts are and how they work. It also discusses methods of interaction between multiple smart contracts. This document focuses on technical aspects of smart contracts. Smart contracts for legally binding use and applications will only be briefly mentioned in this document.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1

asset

anything that has value to a stakeholder

[SOURCE: ISO/TS 19299:2015, 3.3.1 modified — Note 1 to entry has been removed.]

3.2

ledger

information store that keeps records of *transactions* (3.10) that are intended to be final, definitive and immutable

3.3

miner

DLT node which engages in *mining* (3.4)

3.4

mining

block building activity in some consensus mechanisms

Note 1 to entry: Participation in mining is often incentivized by block rewards and *transaction* (3.10) fees.

3.5

off-chain

related to a blockchain system, but located, performed or run outside a blockchain system

3.6

on-chain

located, performed or run inside a blockchain system