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ETHEREUM.

by Fermín Aramburu.

**JANUARY NEWS on
Mexican Commercial Law**

sierra

"DILIGITE JUSTITIAM QUI JUDICATIS TERRAM." "Ye who judge the earth, give diligent love to justice"

ETHEREUM.

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Today we are experiencing an exponential advancement in technology and especially in the areas of digitalized computing, with the creation of cryptocurrencies which are gaining more and more success amongst Internet users.

On my previous article I wrote about Bitcoin, and how nowadays we live amongst a boom of financial technologies, with the creation of cryptocurrencies, specially the Bitcoin, which is the first and most valuable cryptocurrency in the world today. The currency has been so revolutionizing because of its system, the blockchain that is generated by mining structures, that perform computational complex puzzles according to certain specific economic inducements following by cryptographic algorithms, therefore creating a public record, where all transactions are recorded. They are verified by an extend of decentralized network of users. It is almost impossible to forge or duplicate them thanks to the sophisticated cryptographic system that supports all transactions.

We also must remember that the blockchain is preserved by special records that associate balances with identifiers (the Bitcoin addresses). This means that what Bitcoin wallets really store are the passwords to perform transactions with the Bitcoins addresses that are associated.

Now that we have recalled what Bitcoins are, today we will talk and try to explain what the Ethereum is and how it works.

The Ethereum is a decentralized platform that creates digital assets such as smart contracts and applications. It is a platform based on Blockchain, which has a public, distributed and open source system, in order to allow new developers to create and carry out their own decentralized applications, without the need for an intermediary or control entity.

Ethereum is not under the authority of any state or government, that is, it is a decentralized system, independent and free from the control of any entity.

As we have already seen, one of the assets of the Ethereum is the Smart Contracts, which are programs that execute themselves when the conditions for which it was programmed are met. Its function is to enforce the contract automatically once the two parties involved agree.

It is worth clarifying that the so-called "smart contracts", are neither contracts (not in a legal sense), nor are they intelligent, since they only execute what is programmed, without capacity of exception or criterion.

In the contract, the terms and conditions that the two parties involved must comply with are pre-programmed. In this way, if one of the parties does not comply with the agreement, the contract will be executed in the same way as it was programmed, without the possibility of being interfered by an external entity.

These provide greater security and lower costs for operations related to contracting. The contracts are public, anyone can consult the code that is going to be executed: in this way we can say that there is transparency and reliability. These smart contracts are executed by an Ethereum Virtual Machine (EVM).

However, these contracts are extremely powerful because they execute, without exception, the instructions defined by their creators and accepted by their participants. For example, the most used contract today is

DAI, which is a derivative that simulates the behavior of the dollar; thus, the cryptoactive DAI is worth exactly one dollar. Today there are almost 2 million ethers invested in these contracts about \$ 200 million dollars controlled by this Smart Contract.

In the example of DAI, who deposits Ether in the contract must keep a certain number of deposited Ethers and, if not, the contract liquidates (sells) immediately his ethers, without recourse or possibility of appeal. In colloquial terms, it is said that "the software is the law" ("code is law").

People deposit Ether and receive DAI to obtain dollars without having to sell ether, and thereby cause a fiscal event. On the other hand, some applications use DAI to eliminate the risk of exchange rate fluctuations in cryptoactives. It is a sophisticated alternative market, which does not follow the traditional rules, nor is it domiciled in any country. However, it is important to be cautious, since regulators claim that these contracts must comply with the regulations applicable in their territory.

"The Ethereum is a decentralized platform that creates digital assets such as smart contracts and applications."

The other assets of the Ethereum are the applications, also called Dapp, which are decentralized applications, which does not depend on a central system, but depend on the community of users that use it. This application interacts as an intelligent contract to carry out its function. Through DAPPS, or distributed or decentralized applications, which does not depend on a central system, but depend on the community of users that use it. This application interacts as an intelligent contract to carry out its function.

In Ethereum, the currency that is transferred is called Ether, which is a cryptographic token, that is, a cryptocurrency that is stored in a wallet, which allows us to store, receive and transfer our Ether. Each wallet has its own security key (called private key) in order to access it.

Nevertheless, no one controls Ethereum, the system is not free. It is necessary to have Ether to execute the applications and software. To publish, delete or modify something in the Ethereum network, we must pay a transaction fee in Ether for the network to process that change.

In the Ethereum network, there are also miners who are rewarded with Ether, for executing operations of the platform and for verifying them.

Ethereum can be understood as a platform based on Blockchain, which has a public, distributed and open source system, in order to allow new developers to create and carry out their own decentralized applications, without the need for an intermediary or entity of control.

As we can see there are big differences between Bitcoin and Ethereum. Bitcoin can be described as digital money, which is used to transfer money from one person to another. On the other side, what Ethereum does is that it allows smart contracts, that can be described as programmable digital money, that is, the automatic sending of money from one person to another, but only when a certain condition is met. The Bitcoin only allows the payment between people, is its only application, on the other hand the Ethereum allows to create an infinity of applications on it.

For the Deputies of the Political party “Morena”, femicide is not a serious felony.

During the second week of January, the Congress began an extraordinary period regarding a constitutional reform to the article 19th. This article deals with the extension of serious felonies that are subject to preventive detention. Nevertheless, this proposal has caused controversy, since civil institutions in charge of human rights, sustain that this reform implies the violation of the principle known as “presumption of innocence”. This initiative reduced to three the list of nine offenses previously endorsed by the Upper Chamber, removing femicide and sexual violence against minors as serious crimes. Now, the three felonies that will be considered as serious, will be the following: theft of hydrocarbons, corruption and electoral crimes. <https://news.culturacolectiva.com/mexico/para-morena-feminicidio-no-es-delito-grave-si-huachicol/> 18/01/2019.

Mexico refrains from ignoring Venezuela’s Government.

Through a statement, the Ministry of Foreign Affairs expressed the official position of Mexico, regarding the current political situation in the South American country Venezuela, where, the National Assembly appointed Juan Guaidó as the interim president. The secretary of Foreign Affairs stressed that in accordance with the constitutional principles of Article 89 of “non-intervention, self-determination of people, peaceful settlement of international disputes, legal equality of States, respect, protection and promotion of rights and the struggle for peace and International Security”, Mexico will refrain from ignoring Nicolás Maduro’s government. <https://www.excelsior.com.mx/nacional/mexico-no-participa-en-desconocimiento-del-gobierno-de-venezuela-sre/1292162> 23/01/2019.

US will begin to return migrants to Mexico who are awaiting the condition of asylum.

This Friday, the U.S. will send back to Mexico a first group of migrants awaiting the response of the asylum request in that country. Marking a major change in the policy implemented by the administration of President Donald Trump. Policy known as “Migrant Protection Protocols”, announced for the first time on December 20th, which will return non-Mexican immigrants who cross the US Southern Border in Mexico while their asylum applications are processed in the U.S. immigration courts. <https://mx.reuters.com/article/inmigracion-mexico-asilo-idMXL1N1ZP07P> 25/01/2019.

Ethanol Boosts In Black Market.

Shortage in gasoline detonated a black market with ethanol, which, like “huachicol”, is being sold in small shops, promoting direct blends in vehicles. Groups that control this market encourage users to fill in their vehicle units, mixtures with a percentage up to 50%, when the NOM-016 allows a maximum limit of 10%. Even in cities like Mexico City, Guadalajara and Monterrey, the use of ethanol in commercialized gas stations is forbidden due to the contamination problems it creates. <https://www.eluniversal.com.mx/cartera/desabasto-genera-auge-en-mercado-negro-de-etanol> 29/01/2019.

Refinery Dos Bocas in Tabasco, continues ahead despite fine.

After the Security, Energy and Environment Agency (ASEA) fined the SCCA company 13 million 900,000 pesos for the deforestation on the land where the federal government plans to build the Dos Bocas, Tabasco refinery, President Andrés Manuel López Obrador said that this work will continue because it is required to achieve its commitment to stop importing gas from abroad. At a press conference in the Treasury Hall of the National Palace, the head of the federal executive assured that the arguments made in said fine will be reviewed, although he said that does not stop the project. <https://www.economista.com.mx/politica/Refineria-Dos-Bocas-en-Tabasco-sigue-adelantepese-a-multa-asegura-AMLO-20190129-0061.html> 29/01/2019.

Mexican Government to sell off 263 vehicles, 76 aircraft at two auctions.

President López Obrador has announced that the federal government will sell off vehicles and aircraft in two auctions at the Santa Lucía Military Base in February and April the sale of vehicles expected to generate over 100 million pesos, which will help fund new national guard. <https://mexiconewsdaily.com/news/government-to-sell-off-263-vehicles/> 29/01/2019.

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FERMÍN ARAMBURU

Attorney at Law by Instituto Tecnológico Autónomo de México (ITAM) was admitted to practice in 1992. He conducted post-graduate studies at the Universidad Panamericana (UP) in Corporate Law and Civil and Mercantile Procedural Law. He is a law professor at Universidad Anahuac. He has over 20 years of experience in corporate law, in the private sector, carrying out various corporate restructures, purchase agreements, increases and decrease of capital, transfer of shares, spin-offs, mergers, transformations, corporate government, privacy notices, etc. He specializes in the analysis, elaboration and negotiation of all kinds of agreements and contracts, civil and mercantile. He supports his clients in patrimony planning, with the objective to secure their family estate and their future generations. He helps his clients in the creation and management of Family Offices.

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e-mail: faramburu@asyv.com


sierra

Prol. Reforma No. 1190 25th Floor,
Santa Fe México D.F. 05349
t. (52.55) 52.92.78.14
f. (52.55) 52.92.78.06
www.asyv.com / www.asyv.aero

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