

# **IMPLEMENTATION PECULARITIES OF SMART CONTRACTS IN M&A ON THE BASIS OF BLOCKCHAIN TECHNOLOGY**

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Blockchain is a highly mainstreamed technology nowadays basically widely known by cryptocurrency development – such as Bitcoin, Ripple, Litecoin etc. But there are also a lot of other technological innovations which came to the world thanks to blockchain technology. One of them is smart contract technology.

Even though the concept of smart contract was described a long time before blockchain appears by the American programmer Nick Szabo, this description still works perfectly. He said that smart contracts are digital protocols for information transfer that utilize mathematical algorithms to automatically execute a transaction once the established conditions are met and that fully control the process [1]. So to say in another words it is just a code which encrypted and secure, so no one can supposedly break into the system and fraud in there.

Going through some works with investigation of smart contracts we can conclude the main points of using them. First main principle of smart contract is that if someone decides to change some details or data in the contract it will be shown for every participant of the contract (nodes). So, when someone will make a transaction – every part will see it and will be able to follow all stages. The nodes are checking contracts and if the contract brings up some suspiciousness he can't get to the register.

It has a couple of main functions:

- Managing the agreements between users
- Being as an invoice
- Saving the data

Smart contracts might be utilized all the time when there is a need in transparency and high level of security. It may touch to the finance, real estate, marriage contracts and many other sectors where the real contract has place to be.

Even though there might be a great future with utilizing of smart contracts, but it hasn't any legal force for now and can't be consider as legitimate document.

The major sector which might really benefit from using smart contracts is financial sector as it makes the process of transactions and negotiations much easier and faster. There are indisputable advantages of using smart contract. They are precise, fast, more secure and less risky and with less intermediaries. And also one important benefit is the fact that it might really reduce the costs of different operations.

When we come to M&A, we can see that nowadays they are pretty expensive operations which take a lot of time, money and resources. And there might be really a great future with smart contract. It will eliminate many steps which are time-consuming nowadays. It will also allow to settle the purchaser to transfer the money straight to the seller-owner and even let avoid huge bank commission which exist now. The verification of the principals from contract can be carried out in automated process. So, even those criteria already show us that all M&A participants will benefit from such types of contracts and significantly reduce spends on such operations.

If we will look for the Statista we can see that worldwide venture capital investments in Blockchain technologies has been rising significantly started from 2 millions in 2012 and going with more than 3078 million in 2019. But the rec-ord was achied in 2018 with its total investments 4 265 million USD. And if we look closer, we can see that the big-gest investors were huge banks such as JPMorgan, Royal Bank of Canada, HSBC and others. These facts show us that Blockchain technologies are going to be an inevitable part of financial sector in the nearest future.

Advantages which can bring smart contracts to M&A are pretty the same with their usage in general. It will re-duce the costs of the contract, make execution risk smaller (as they eliminate any kind of manipulation and errors dur-ing performance, so it will help to avoid a humane mistake) and of course transaction will be realized in more accurate way.

The best types of smart contract for M&A is going to be consortium blockchain – as it will bring more confiden-tiality and allow shareholder vote to be anonymous. Also, it will save a lot of time and help avoiding many intermedia-tors - like accountants, CFOs and lenders.

In conclusion, we'd like to point out that smart contract is still don't have legitimate agreement to utilize them, but it is still continuing to develop, and different companies are getting accommodated to this new technology. Smart contract for financial sector is a new stage of its development, it will bring a lot of benefit for participants and to the sector gen-erally. M&A as a part of financial sector nowadays have complicated structure and with bringing smart contracts to this process – the operations might get much cheaper and the whole process faster and more transparent.

### References:

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