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# Regulation on blockchain in Mongolia

Blockchain technology was invented for bitcoin as its fundamental technology. It is a particular type or subset of so-called distributed ledger technology (“DLT”). The DLT is a way of recording and sharing data across multiple data stores (also known as ledgers), which each have the exact same data records and collectively maintained and controlled by a distributed network of computer servers, which are called nodes. Blockchain is a mechanism that employs an encryption method known as cryptography and uses (a set of) specific mathematical algorithms to create and verify a continuously growing data structure – to which data can only be added and from which existing data cannot be removed – that takes the form of a chain of “transaction blocks”, which functions as distributed ledger[1].

The most countries support this technology as it cannot be corrupted and is decentralized, has enhanced security, distributed ledgers, consensus and faster settlement (*read more at <https://101blockchains.com/introduction-to-blockchain-features/#prettyPhoto>*). For instance, in 2016, France recognized the use of blockchain technology as a registry in support of “minibons” through the publication of an executive order. Also known as interest-bearing notes, minibons are non-negotiable securities that contain a trader’s undertaking to effect payment on a specific maturity date in return for a loan. In 2017, a second executive order was published, extending the list of financial instruments that can leverage blockchain technology as a registry. A reference to blockchain was added to the French commercial code as compliant method for the registration of financial instruments.[2]

[1] Cryptocurrencies and Blockchain, European Parliament, 2018

[2] pp12. Legal Regulatory Framework of Blockchains and smart contracts, The European Union Blockchain observatory and forum, 2019

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