

Fintech's Fat Moment in Time

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The legal world has always played fast and loose with the concept of time. Judges of course regularly rewrite history when rendering opinions about what a law means and then applying the consequences retroactively, sometimes unwinding acts that already occurred. (Many businesses are hopeful this very

thing happens when SCOTUS delivers its opinion on IEEPA and tariffs.) Another example is the legal principle of ratification, which allows for *post hoc* authorization of actions in a corporate setting. So with the swipe of a pen we make the present reality become the past reality. And yes, we have a Latin phrase for it. *Nunc pro tunc*, or "now for then."

But the legal world has nothing on the financial one. Eight hundred years ago the knights templar built possibly the world's first complex banking system, allowing travelers to spend wealth on one side of the continent that physically sat thousands of miles away. These transactions could take months or years to settle. With a little bit of paper and a lot of trust, time and space were imagined away. The modern banking system is not a whole lot different; it's just that settlements happens within days rather than months. But we are still playing with time and fudging the difference to make modern life work.

Last week I attended the [fintechXchange](#) conference in Salt Lake City, and challenges associated with time, and fintech's hopeful solutions, were a key theme. Crypto technology has for a while offered the potential to shrink to virtually nothing the space between transactions and settlement, as distributed ledgers are instantly updated, no need for an intermediary. A crippling obstacle has been the lack of a clear regulatory framework. Last year, the Genius Act was passed, providing a legal structure for

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stablecoins that could bring them into the mainstream, particularly useful when it comes to payments. There is plenty of spadework to be done before we see consumer take-up, but at least there's a pathway. But tokenization and the broader crypto space still needs additional regulatory clarity before these tools can reach their potential. More on this later.

I had a mentor who would use the expression "fat moment in time" when referring to the practice of closing a complex deal with a series of related transactions occurring in a particular order yet at the same time. If a "moment" is really a 1:1 transaction between time and space, it shouldn't physically for multiple, related and causal things to happen together. But we make it happen anyway in these projects, particularly when a deal needs to close at the end of a fiscal year, in that moment where a full fiscal year has passed but the next one has not yet started. We can do it because these steps, while reflecting real world consequences, are legal ones, and so assuming all the formalities are ready to go, and the money is sitting safely in escrow, we can deem it so.

Right now, to build a fat moment like this takes teams of lawyers, bankers and accountants and weeks of planning. The promise of fintech, powered by the blockchain and AI, could enable complicated steps like these to take place in ordinary consumer transactions, opening up the possibility of bringing significant flexibility for consumers. For example, decentralized finance is already offering ways for consumers to both invest and spend the same dollars by using assets as collateral for micro loans. If DeFi reaches its potential, imagine how consumers (with a little compute help from AI) could look at their phones and pay for their coffee using the most optimal financial choice in that moment, whether cash, earned wage access, third-party-credit, asset-backed micro-loans or even hedges, with the necessary transactional steps all happening on crypto ledgers in the right order, right then.

The technology is on its way, but this future requires another dose of legal structure. Many are hopeful something like the Digital Asset Market Clarity Act will provide the framework that will enable fintechs to innovate in this direction. At the moment, a tussle in the financial industry over the ability for crypto providers to offer rewards that banks aren't in a position to do is likely to keep it from progressing in Congress. If resolved, maybe we will see the long promise of crypto realized.

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