# VeritasChain Releases World-First Cryptographic PoC for Prop Firm Payout Dispute Verification

*Open-source proof-of-concept demonstrates verifiable dual logging and cryptographic audit trails to detect prop firm payout discrepancies without adjudication.*

TOKYO, JAPAN, January 13, 2026 /EINPresswire.com/ -- ⬚ VeritasChain Releases VCP v1.1 Payout Dispute Resolution Proof-of-Concept

VeritasChain Standards Organization (VSO) today announced the public release of an open-source proof-of-concept (PoC) demonstrating how payout disputes between proprietary trading firms and traders can be independently verified using cryptographic evidence rather than trust-based records.

Logo of the VeritasChain Standards Organization (VSO), a neutral standards body developing cryptographic audit and provenance frameworks for AI systems.

The PoC implements VeritasChain Protocol (VCP) v1.1, an open technical standard for tamper-evident, verifiable audit trails in algorithmic and AI-driven trading systems. The demonstration addresses a long-standing structural problem in the proprietary trading industry: disputes that cannot be resolved because neither party can produce independently verifiable evidence.

"When payout disputes happen, CSV logs are not evidence," said VeritasChain Standards Organization. "This PoC demonstrates that discrepancies can be independently proven without relying on internal systems or subjective explanations."

> This proof-of-concept shows that payout dispute discrepancies can be independently and cryptographically detected, without relying on internal systems or adjudication."
> *VeritasChain Standards Organization (VSO)*

The Structural Problem in Prop Firm Payout Disputes

Each year, thousands of traders lose payouts following disputes over execution prices, drawdown calculations, or allegedly missing trades. In most cases, traders are presented with internal CSV exports or platform screenshots as final evidence.

However:
CSV files can be edited
Screenshots can be fabricated
Database logs are not externally verifiable
There is no neutral third-party evidence

From the prop firm perspective, dispute resolution is also costly. Extended email exchanges, reputational damage, and legal risk often exceed the disputed payout amounts themselves. The absence of a verifiable, neutral audit trail leaves both sides exposed.

 VCP v1.1 Three-Layer Architecture

The released PoC demonstrates the VCP v1.1 Three-Layer Architecture, which separates audit integrity into independently verifiable layers.

Layer 1: Event Integrity
Each trading event is canonically serialized and hashed using SHA-256. Any modification to an individual event becomes immediately detectable.

Layer 2: Collection Integrity
Events are committed to an RFC 6962–compliant Merkle tree. This allows verification of completeness and detection of omitted, reordered, or selectively removed events.

Layer 3: External Verifiability
Merkle roots and signatures are anchored to external timestamping or blockchain-based systems. This enables third parties to verify event existence and timing without trusting the log producer.

Together, these layers provide tamper evidence, completeness guarantees, and third-party verifiability.

 Dual Logging with VCP-XREF

In addition to the three-layer integrity model, the PoC demonstrates VCP-XREF, a dual logging mechanism designed specifically for dispute resolution.

Under this approach:

The trader independently generates cryptographic logs
The prop firm independently generates cryptographic logs
Both logs share a CrossReferenceID for the same trading activity
Logs are compared later by an independent verifier

If both logs match, consistency is confirmed.
If a discrepancy exists, such as a modified execution price or missing trade, the mismatch is cryptographically provable.

The PoC is explicitly non-adjudicative. It does not judge which party is correct, assign fault, or resolve disputes. It only demonstrates that discrepancies can be independently proven.

## Reproducible Verification Results

The repository includes reproducible verification results demonstrating:
Full validation of event hash chains
Valid Merkle trees for both trader-side and prop firm-side logs
Successful verification of external anchor records
Immediate detection of tampering when a single execution value is altered

All verification steps can be executed using standard Python tooling without external dependencies.

## Implications for Industry and Regulators

For proprietary trading firms, the PoC demonstrates how cryptographic audit trails can:
Reduce dispute resolution time
Lower legal and reputational risk
Increase trader trust through transparency
Prepare for regulatory scrutiny

For traders, it demonstrates how independently anchored logs can serve as objective evidence rather than unverifiable personal records.

For regulators and auditors, the PoC provides a concrete example of how algorithmic trading activity can be externally verified without requiring access to internal systems, aligning with regulatory trends such as MiFID II and the EU AI Act.

## Open Source and Availability

The VCP v1.1 Payout Dispute Resolution PoC is released as open source under a CC BY 4.0 license.

Repository URL:
https://github.com/veritaschain/vcp-payout-dispute-poc

This release is a technical demonstration and not a commercial product announcement.

 Supporting Documentation

An independent consolidated novelty assessment supporting the "world's first" claim for this proof-of-concept is publicly available.
The report summarizes prior art analysis across academic research, patents, industry systems, and standards activities, and concludes that no identical implementation exists for this specific use case and technical combination.

Supporting report:
https://github.com/veritaschain/vcp-payout-dispute-poc/blob/main/VCP_WorldFirst_Final_Report.md

 About VeritasChain Standards Organization

VeritasChain Standards Organization (VSO) is an independent standards body developing open protocols for cryptographically verifiable audit trails in algorithmic trading, AI systems, and other high-risk automated environments.

VSO operates under the principle:
Verify, Don't Trust.

 Disclaimer

This proof-of-concept is a technical demonstration only.
It does not constitute legal, trading, or compliance advice.

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