Blockchains & Distributed Ledgers

Lecture 03

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Contracts

"A contract is a legally binding agreement that defines and governs the rights and duties between or among its parties."

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"smart contracts are neither smart nor contracts"

What is a smart contract?

- Computer programs
- Contract code is executed by all full nodes
- The outcome of a smart contract is the same for everyone
- Context:
 - Internal storage
 - Transaction context
 - Most recent blocks
- The code of a smart contract cannot change

Bitcoin

Bitcoin Transactions





Bitcoin programs

- **Transaction:** a transfer of value in the Bitcoin network
- Each transaction consists of the following main fields:
 - **input**: a transaction output from which it spends bitcoins:
 - i. previous transaction address
 - ii. index
 - iii. ScriptSig
 - **output**: instructions for spending the sent bitcoins:
 - i. value: amount of bitcoins to send
 - ii. ScriptPubKey: instructions on how to spend the sent bitcoins
- To validate a transaction:
 - concatenate ScriptSig of current tx with ScriptPubKey of referenced tx
 - check if it successfully compiles with no errors

Bitcoin Script

- Stack-based
- Notation: Data in the script is enclosed in <> (<sig>, <pubKey>, etc)
- Opcodes: commands or functions
 - Arithmetic, e.g. OP_ABS, OP_ADD
 - Stack, e.g. OP_DROP, OP_SWAP
 - Flow control, e.g. OP_IF, OP_ELSE
 - Bitwise logic, e.g. OP_EQUAL, OP_EQUALVERIFY
 - Hashing, e.g. OP_SHA1, OP_SHA256
 - (Multiple) Signature Verification, e.g. OP_CHECKSIG, OP_CHECKMULTISIG
 - Locktime, e.g. OP_CHECKLOCKTIMEVERIFY, OP_CHECKSEQUENCEVERIFY

Bitcoin Unspent Transaction Output (UTxO) example



ScriptPubKey

Bitcoin Script example



Stack	Script	Description
Empty	<sig1> <pubkey1> OP_DUP OP_HASH160 <pubkeyhash1> OP_EQUALVERIFY OP_CHECKSIG</pubkeyhash1></pubkey1></sig1>	Add constant values from left to right to the stack until we reach an opcode.
<sig1> <pubkey1></pubkey1></sig1>	OP_DUP OP_HASH160 <pubkeyhash1> OP_EQUALVERIFY OP_CHECKSIG</pubkeyhash1>	Duplicate top stack item
<sig1> <pubkey1> <pubkey1></pubkey1></pubkey1></sig1>	OP_HASH160 <pubkeyhash1> OP_EQUALVERIFY OP_CHECKSIG</pubkeyhash1>	Hash at the top of the stack
<sig1> <pubkey1> <pub1hash></pub1hash></pubkey1></sig1>	<pubkeyhash1> OP_EQUALVERIFY OP_CHECKSIG</pubkeyhash1>	Push the hashvalue to the stack
<sig1><pubkey1> <pub1hash><pubkeyhash1></pubkeyhash1></pub1hash></pubkey1></sig1>	OP_EQUALVERIFY OP_CHECKSIG	Check if top two items are equal
<sig1> <pubkey1></pubkey1></sig1>	OP_CHECKSIG	Verify the signature.
Empty	TRUE	If stack empty return True, else return False.

Bitcoin's scripting language limitations

- Lack of Turing-completeness: No loops
- Lack of state: Cannot keep internal state.
- Value-blindness: Cannot denominate the amount being sent
- Blockchain-blindness: Cannot access block header values such as nonce, timestamp and previous hash block.

Extending Bitcoin functionality: add new opcodes

- Building a protocol on top of Bitcoin:
 - Pros:
 - Take advantage of the underlying network and mining power.
 - Very low development cost
 - Cons:
 - No flexibility.

Extending Bitcoin functionality: add new opcodes

- Building a protocol on top of Bitcoin:
 - Pros:
 - Take advantage of the underlying network and mining power.
 - Very low development cost
 - Cons:
 - No flexibility.
- Build an independent network:
 - Pros:
 - Easy to add and extend new opcodes.
 - Flexibility.
 - Cons:
 - Need to attract miners to sustain the network.
 - Difficult to implement.

Ethereum

Same principles as Bitcoin

- A peer-to-peer network: connects the participants
- Sybil resistance: Proof-of-Stake (former Proof-of-Work)
- A digital currency: ether
- A global ledger: the blockchain
 - Addresses: key pair
 - Wallets
 - Transactions: digital signatures
 - Blocks

Ethereum: A universal Replicated State Machine

- Transaction-based deterministic state machine
 - Global state (singleton)
 - A virtual machine that applies changes to global state
- A global decentralized computing infrastructure
- Anyone can create their own state transition functions
- Stack-based bytecode language
- Turing-completeness
- Smart contracts
- Decentralized applications

Ethereum accounts

- Global state of Ethereum: **accounts**
- They **interact** to each other **through transactions** (or messages)
- A **state** and a 20-byte **address** (160-bit identifier) associated with each account



Ethereum account









UTxO vs Accounts

- UTxO pros:
 - $\circ \quad \text{Unlinkability} \to \text{Higher degree of privacy}$
 - Scalability (parallelism, sharding)
- Account pros:
 - $\circ \quad \text{Space saving} \quad$
 - Conceptual simplicity

Two types of accounts

- Personal accounts (what we've seen)
- Contract accounts

Ethereum contract account





Ethereum accounts

	Personal account	Contract account
address	H(pub_key)	H(addr + nonce of creator)
code	Ø	Code to be executed
storage	Ø	Data of the contract
balance	ETH balance (in Wei)	ETH balance (in Wei)
nonce	# transaction sent	# transaction sent

address code storage balance nonce

Ethereum transaction









Receiver of the transaction





a transaction about a contract



Smart contract lifecycle




Transaction for contract creation





Transaction for contract interaction





Contract method call

- When contract account is activated:
 - a. Contract **code** runs
 - b. It can read/write to **internal storage**
 - c. It can **send other transactions** or **call other contracts**
- Can't initiate new transactions on their own
- Can only fire transactions in response to other transactions received

Messages

- Like a transaction except it is produced by a contract
- Virtual objects
- Exist only in the Ethereum execution environment
- A message leads to the recipient account running its code
- **Contracts** can have **relationships** with **other contracts**



Transactions & messages



Types of transactions

	send	send create	
from	sender	creator	caller
signature	sig	sig	sig
to	receiver	Ø	contract
amount	ETH	ETH	ETH
data	Ø	code	f, args



a transaction for contract destruction



Ethereum Virtual Machine

- Series of **bytecode** instructions (EVM code)
- Each **bytecode** represents an **operation** (opcode)
- A quasi **Turing complete** machine
- **Stack-based** architecture (1024-depth)
- **32-byte** words (256-bit words)
- **Crypto** primitives

EVM: contract execution

- Three types of storage:
 - o Stack
 - **Memory** (expandable byte array)
 - **Storage** (key/value store)
- All memory is **zero-initialized**
- Access:
 - value
 - sender
 - o data
 - **gas** limit
 - **block header** data (depth, timestamp, miner, block id, ...)

Ethereum block



Ethereum block



Ethereum Mining

- Blocks contain: transaction list and most recent state
- Block time: ~12-15 seconds
- *(Since 2022)* Proof-of-stake (Gasper)
 - Previously **Proof-of-work**: Ethash (originally designed to be **memory-hard**)
- Block **rewards**:
 - Previously: 2 ETH + tx fees (paid to miner)
 - Now: a bit <u>more complex</u>

Transaction fees: the phone booth model



Gas: a necessary evil

- Every node on the network:
 - evaluates all transactions
 - stores all **state**



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- The *halting problem*:
 - Miners cannot determine if a program can/will finish



Gas: a necessary evil

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Solution

- Every computation step has a fee
- Fee is **paid** in **gas**
- Gas is the unit used to measure computations



Ethereum transaction

Λ

from	signature	to	amount	data	startgas	gasprice
------	-----------	----	--------	------	----------	----------



Gas Limit

- Equals to startgas
- All **unused gas** is **refunded** at the end of a transaction
- Out of gas transactions are not refundable
- Blocks also have a **gas limit**





Gas Price

- Measured in **gwei** (10^9 Wei)
- Determines how **quickly** a transaction will be **mined**
 - Higher gas price makes transaction more appealing to miners



Transaction Fees



Confirmation vs. Gas price





https://etherscan.io/gastracker

Confirmation vs. Gas price





Storage in Ethereum

ETH Price: \$1,650 (3 October, 2023) - Gas Price: 21 Gwei

Size	Gas	Cost (ETH) (gas * gas price * 10 ⁻⁹)	Cost (\$)
1KB	677,000	~0.014	\$23
1MB	~693,000,000	14.55	\$24,012
10MB	~7,000,000,000	~147	\$242,550

Computation steps

- 1. If gas_limit * gas_price > balance then halt
- 2. **Deduct** gas_limit * gas_price from **balance**
- 3. Set gas = gas_limit
- 4. **Run code** deducting from gas
- 5. After termination **return remaining gas** to **balance**



Out of gas exceptions

- State reverts to previous state
- gas_limit * gas_price is **still deducted** from **balance**



Introduction to Solidity

Solidity

- A high level programming language for writing smart contracts on Ethereum
- Compile code for the Ethereum Virtual Machine
- Syntax similar to JavaScript

Documentation: <u>docs.soliditylang.org</u>

Solidity

- **Contracts** look like **classes / objects**
- **Statically**-typed language (variable types must be set explicitly)
- Most of the control structures from **JavaScript** are available in **Solidity** (conditions, loops, exception handling, etc.)

HelloWorld contract

pragma solidity >=0.7.0 <0.9.0;</pre>

contract HelloWorld {

}

}

function print () public pure returns (string memory) {
return 'Hello World!';
Pragmas



The pragma keyword is used to enable certain compiler (version) features or checks. Follows the same syntax used by <u>npm</u>.

Contract

contract <ContractName> { ... }

Constructors

```
contract HelloWorld1 {
   constructor () { ... }
}
```

```
contract HelloWorld2 {
```

```
constructor (uint x, string y) { ... }
```

}

Solidity: Variables

- State variables:
 - Contract variables
 - Permanently stored in contract storage
 - Must declare at compilation time

- Local variables
 - Within a **function**: **cannot** be **accessed** outside
 - **Complex** types: at **storage** by default
 - Value types: in the stack
 - Function **arguments**

Types

- The **type** of each variable **needs to be specified** (Solidity is a statically typed language)
- Two categories:
 - Value types
 - **Reference** types
- "undefined" or "null" values do not exist in Solidity
- Variables without a value always have a default value (zero-state) dependent on their type.
- Solidity follows the scoping rules of C99 (variables are visible until the end of the smallest {}-block)

Value types

Types: booleans

```
contract Booleans {
   bool p = true;
   bool q = false;
}
```

Operators: !, &&, ||, !=, ==

Types: integers

}

- contract Integers {
 - uint256 x = 5;
 - int8 y = -5;

- Two types:
 - int (signed)
 - **uint** (unsigned)
- Keywords: uint8 / int8 to uint256 / int256 in step of 8.
- uint / int are alias for uint256 / int256.
- Operators as usual:
 - o Comparisons: <=, <, ==, !=, >=, >
 - Arithmetic operators: +, -, *, /, %, **
 - \circ Bitwise operators: &, |, ^
 - Shift operators: >>, <<
- Range: 2^b 1 where b ∈ { 8, 16, 24, 32, ..., 256 }
- Division always results in an integer and round towards zero (5 / 2 = 2).
- No floats!

Types: address

}

```
contract Address {
```

```
address owner;
```

```
address payable anotherAddress;
```

Address type holds an Ethereum address (20 byte value).

The "payable" keyword enables to send Ether to the address (you cannot send to plain addresses).

Types: fixed-size byte arrays

contract ByteArrays {

bytes32 y = 0xa5b9...;

// y.length == 32

}

- bytes1, bytes2, bytes3, ..., bytes32
- byte is alias for byte1
- length: fixed length of the byte array. You cannot change the length of a fixed byte array.

Types: Enum

}

```
contract Purchase {
```

```
enum State { Created, Locked, Inactive }
```

Example Enum

pragma solidity ^0.4.24;

}

contract Enum {
 enum ActionChoices { GoLeft, GoRight, GoStraight, SitStill }
 ActionChoices choice;
 ActionChoices constant defaultChoice = ActionChoices.GoStraight;

```
function setGoStraight() public {
    choice = ActionChoices.GoStraight;
```

function getChoice() public view returns (ActionChoices) {
 return choice;

Reference types

Types: arrays, static and dynamic

```
contract Arrays {
    uint256[2] x;
    uint8[] y;
    bytes z;
    string name;
    // 2D: dynamic rows, 2 columns!
    uint [2][] flags;
```

```
function create () public {
    uint[] memory a = new uint[](7);
    flags.push([0, 1]);
```

- The **notation** of declaring **2D** arrays is **reversed** when compared to **other languages**!
 - o Declaration:uint[columns][rows] z;
 - Access: z[row][column]
- bytes and string are special arrays.
- bytes is similar to byte[] but is **cheaper** (gas).
- string is UTF-8-encoded.
- Members:
 - push: push an element at the end of array.
 - length: return or set the size of array.
- **string** does **not** have **length** member.
- Allocate memory arrays by using the keyword new. The size of memory arrays has to be known at compilation (in this case 7). You cannot resize a memory array.

Types: Mappings



Types: Struct

}

contract Vote {

struct Voter {

bool voted;

address voter;

uint vote;

- A struct cannot contain a struct of its own type (the size of the struct has to be finite).
- A struct can contain mappings.

Example Structs

pragma solidity ^0.4.24;

contract Ballot {
 struct Voter {
 uint weight;
 bool voted;
 address delegate;
 uint vote;

```
contract CrowdFunding {
   struct Funder {
      address addr;
      uint amount;
   }
```

}

struct Campaign {
 address beneficiary;
 uint fundingGoal;
 uint numFunders;
 uint amount;
 mapping (uint => Funder) funders;
}

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- **private**: Private functions and variables can be called only by the contract in which they are defined and not by a derived contract.

Solidity: Functions

- Can return multiple values
- Access
 - Public: Accessed by anyone
 - **Private**: Accessed **only** from the **contract**
 - Internal: Accessed only internally
 - External: Accessed only externally
- Declarations
 - View: They promise **not** to **modify** the **state**
 - **Pure**: They promise **not** to **read** from or **modify** the **state**.
 - Payable: Must be used to accept Ether

Remember that on-chain data is public regardless of access declaration!

Solidity: Inheritance

- Multiple inheritance
- **One contract** is created on the **blockchain** for all derived contracts: codes concatenate
- The general **inheritance** system is very **similar** to **Python's**

Solidity: Inheritance

- Use *is* keyword to **extend** a contract
- **Derived** contracts: **access** all non-private members, internal functions and state variables
- Abstract contracts can be used as interfaces
- Functions can be overridden
- Interfaces: functions are not implemented

Solidity: Inheritance

```
pragma solidity ^0.4.24;
 interface Regulator {
   function checkValue(uint amount) external returns (bool);
   function loan() external returns (bool);
contract LocalBank is Bank(10) {
  string private name;
  uint private age;
  function setName(string newName) public {
     name = newName;
  function getName() public view returns (string) {
     return name;
  function setAge(uint newAge) public {
     age = newAge;
  function getAge() public view returns (uint) {
     return age:
```

```
contract Bank is Regulator {
    uint private value;
    constructor (uint amount) public {
      value = amount;
    }
}
```

```
function deposit(uint amount) public {
    value += amount;
```

```
ction w
```

```
function withdraw(uint amount) public {
    if (checkValue(amount)) {
        value -= amount;
    }
}
```

```
function balance() public view returns (uint) {
    return value;
```

```
function checkValue(uint amount) public view returns (bool) {
    return value >= amount;
```

```
function loan() public view returns (bool) {
    return value > 0;
```

```
pragma solidity ^0.4.24;
```

```
contract Jedi {
```

```
function computeForce() internal pure returns (uint){
    return 50;
}
function getExtraForce() private pure returns (uint) {
    return 100;
}
```

```
contract Ewok {
   Jedi j = new Jedi();
   uint force = j.computeForce(); // error private method
}
```

pragma solidity ^0.4.24;

```
contract Human is Jedi {
    uint age = 70;
    string name = "Luke";
    string lastName = "Skywalker";
    bool isMaster = false;
    uint force = 0;
```

```
function setMaster(bool _master) external {
    isMaster = _master;
    force = computeForce(); // internal call
    force = force + getExtraForce(); // error private
method
}
```

function getJedi() public view returns (uint, string, string, bool){

```
return (age, name, lastName, isMaster) //
multi-values
```

Data location

Data location: areas

- Every reference type (array, struct, mapping) has a data location.
- Two main data locations: **storage** and **memory**.
- **Calldata**: special location for function's arguments.
- As of Solidity version **0.5.0** you must **always declare** the data **location** of

reference types inside functions' body, arguments and returned values.

Data location: areas

- Storage:
 - Persistent
 - All state variables are saved to storage
- Memory:
 - Non-persistent
 - Can be used for function variables or arguments
- Calldata:
 - Non-modifiable (read-only)
 - Function arguments
 - Cheaper than memory
 - Used for dynamic params of an *external* function

Data location: assignment copy/reference rules

- Assignment of the form "variable <- variable"
- Assignment by copy
 - storage <-> memory
 - all other assignments to storage (e.g., to state variables)
- Assignment by reference
 - memory <-> memory
 - storage -> local storage variable

Events, Modifiers, and Global variables

Solidity: events

- EVM logging mechanism
- Arguments are stored in the transaction log
- An alternative to store data cheaply
- Client software can create "listeners" to events (eg. in Python/JS)

Solidity: events

```
pragma solidity ^0.4.24;
```

```
contract ClientReceipt {
    event Deposit(
        address indexed _from,
        bytes32 indexed _id,
        uint _value
    );
```

function deposit(bytes32 _id) public payable {
 emit Deposit(msg.sender, _id, msg.value);
}

Contract - Solidity

var abi = /* abi as generated by the compiler */; var web3 = /* http/ws connection to Eth full node */; var contractObject = web3.eth.contract(abi); var contractInstance = contractObject.at("0x1234...ab67"); /* address */

var event = contractInstance.Deposit();

// watch for changes

event.watch(function(error, result){
 if (!error)
 console.log(result);

/* use result to access event data .. */
});

Client - Javascript

Solidity: Modifiers



Solidity: units and globally available variables

- Ether Units
 - A literal number can take a suffix of wei, finney, szabo or ether (2 ether == 2000 finney evaluates to true)
- Time Units
 - Suffixes like seconds, minutes, hours, days, weeks and years (1 hours == 60 minutes)
Solidity: units and globally available variables

- Block and Transaction Properties
 - block.blockhash
 - Block.coinbase
 - block.timestamp
 - o msg.data
 - o msg.gas
 - msg.value
 - msg.sender
 - tx.origin

Solidity: units and globally available variables

- Error Handling
 - via error objects (see https://docs.soliditylang.org/en/v0.8.21/control-structures.html)
 - o assert
 - require
 - revert
- Mathematical and Cryptographic Functions
 - addmod, mulmod
 - Keccak256 (SHA-3), sha256, ripemd160

Solidity: units and globally available variables

- Address Related
 - <address>.balance
 - <address>.transfer
 - o <address>.send
 - <address>.call, <address>.callcode, <address>.delegatecall
- Contract Related
 - this, selfdestruct

Sending Ether and Contract interactions

Fallback functions

contract Fallback {

. . .

. . .

}

}

receive() external {

fallback() external {

- No arguments (msg.* is accessible, contains all data about incoming transaction, incl. sender and value).
- No returned values.
- Mandatory visibility: external.
- Receive is executed if no data (transaction field) is supplied. It is implicitly payable.
- Fallback is executed if the function that a user tries to call does not exist. May or may not be payable.
- In the absence of a fallback function a contract cannot receive Ether and an exception is thrown.
- Should be simple without consuming too much gas.

Send ether

Function	Gas forwarded	Error handling	Notes
transfer	2300	throws error on failure	 Safe against re-entrancy Fails if recipient contract's fallback function consumes >2300 gas
send	2300	false on failure	 Safe against re-entrancy Fails if recipient contract's fallback function consumes >2300 gas
call	all remaining gas	false on failure	• Not safe against re-entrancy

Interacting with other contracts

```
contract Planet {
    string private name;
    constructor (string memory _name){ name = _name; }
    function getName() public returns(string memory) { return name; }
}
```

```
contract Universe {
    address[] planets;
    event NewPlanet(address planet, string name);
```

}

```
function createNewPlanet(string memory name) public {
    Planet p = new Planet(name);
    planets.push(address(p));
    emit NewPlanet(address(p), p.getName());
```