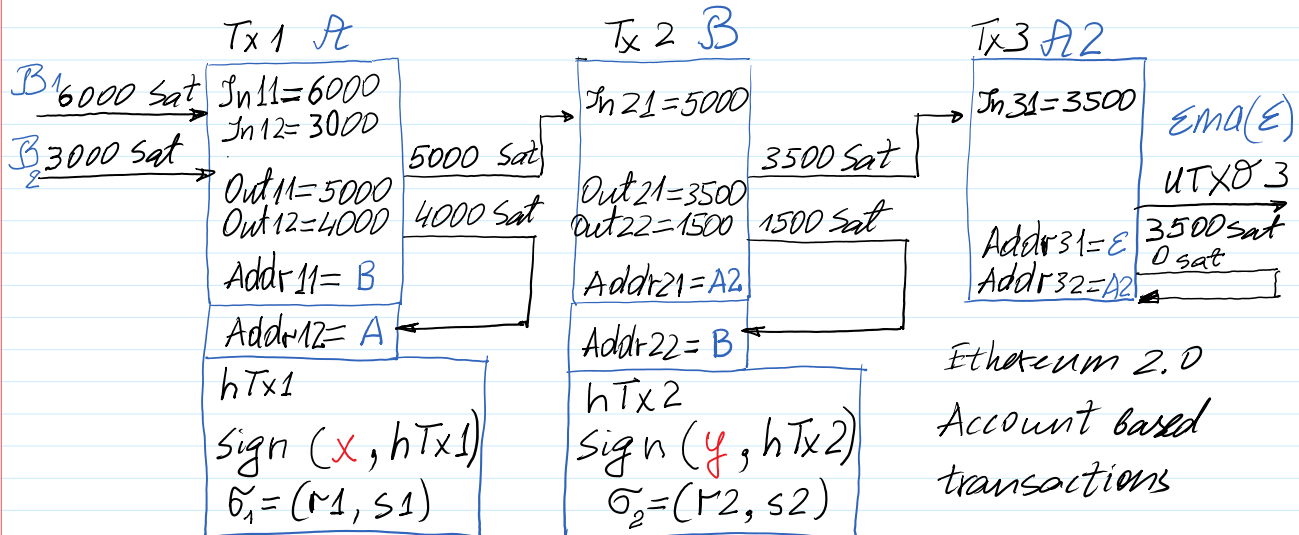


**Block structure - Unspent Transaction Output (UTxO) model**



Tx 1 = '1 : In 11 = 6000 || In 12 = 3000 || Out 11 = 5000 || Out 12 = 4000 || Rec 1 = B || Rec 2 = A'

Tx 2 = '2 : In 21 = 5000 || Out 21 = 3500 || Out 22 = 1500 || Rec 1 = A2 || Rec 2 = B'

Tx 3 = '3 : In 31 = 3500 || Out 31 = 3500 || Out 32 = 0 || Rec 1 = E || Rec 2 = A2'

Transaction template:

Tx\_N = 'Tx\_N:In11=... || In12=... || Out11=... || Out12=... || Rec1=... || Rec2=...'

Transactions:

Tx\_1 = 'Tx\_1:In11=6000 || In12=3000 || Out11=5000 || Out12=4000 || Rec1=B || Rec2=A'

Tx\_2 = 'Tx\_2:In21=5000 || Out21=3500 || Out22=1500 || Rec1=A2 || Rec2=B'

Tx\_3 = 'Tx\_3:In31=3500 || Out31=3500 || Out32=0 || Rec1=E || Rec2=A2'

>> hTx\_1=h28('Tx\_1:In11=6000 || In12=3000 || Out11=5000 || Out12=4000 || Rec1=B || Rec2=A')

hTx\_1 = 996BB7C

>> hTx\_1=h28(Tx\_1)

hTx\_1 = 996BB7C

>> hTx\_2=h28('Tx\_2:In21=5000 || Out21=3500 || Out22=1500 || Rec1=A2 || Rec2=B')

>> hTx\_2=h28(Tx\_2)

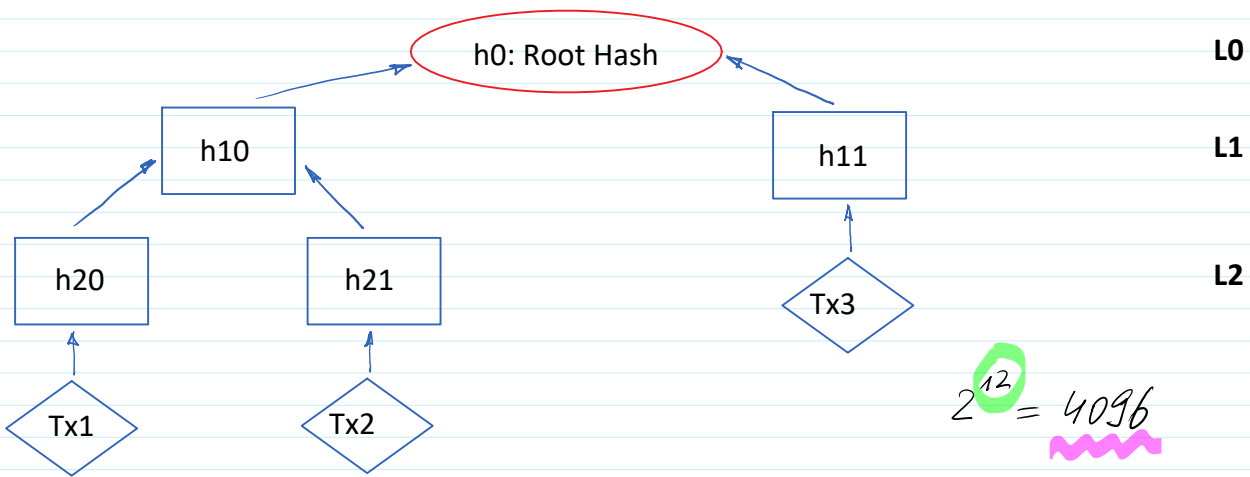
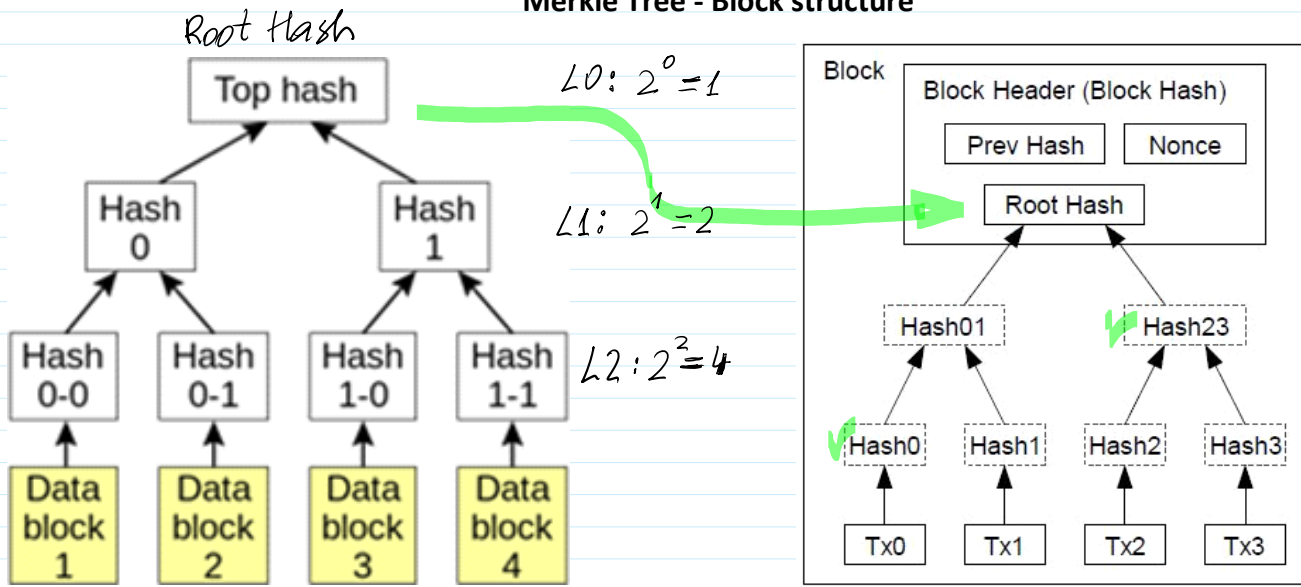
hTx\_2 = 977D75B

>> hTx\_3=h28('Tx\_3:In31=3500 || Out31=3500 || Out32=0 || Rec1=E || Rec2=A2')

>> hTx\_3=h28(Tx\_3)

hTx\_3 = 9201218

## Merkle Tree - Block structure



```
>> h20=h28(hTx_1)
```

```
h20 = 996BB7C
```

```
>> h21=h28(hTx_2)
```

```
h21 = 977D75B
```

```
>> h11=h28(hTx_3)
```

```
h11 = 9201218
```

```
>> h10=h28('996BB7C|977D75B')
```

```
h10 = 77F058A
```

Root Hash: h0

```
>> h0=h28('77F058A|9201218')
```

```
h0 = 91EFFF6
```

Python : sha256

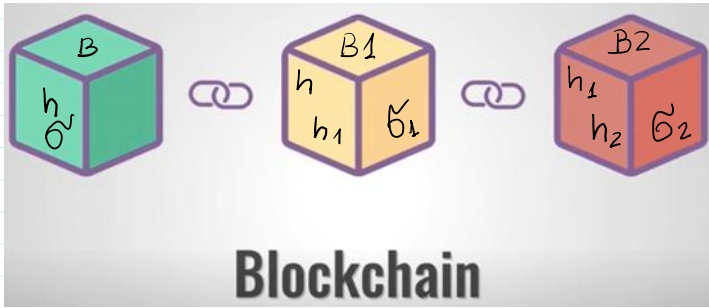
h20: 5B5412B

h21: D5C895A

h11: FEC59B7

h10: 77F058A

h0: **91EFFF6**



Magic Number (4)	Block Size (4)
Version (4)	Previous Block Hash (32)
	SHA 256 bits
	Merkle Root(32)
	Timestamp (4)
Difficulty Target (4)	Nonce (4)
Transaction Counter (Variable : 1-9)	
Transaction List (Variable : Upto 1 MB)	

Block size = 4 Bytes  
 4 Bytes x 8 bits = 32 bits  
 Block have  
 $2^{32} - 1 = 4294967295$   
 In ASCII encoding  
 8 bits represents  
 1 symbol a, b, c, ...  
 Block represents  
 536 870 912 symbols

Difficulty Target (DT): defines the complexity of block mining. In our simulation DT we will choose to find h-value of mining (mined block) having only 1 leading hexadecimal digit equal to 0.

$h_{28}(\text{'RootHash\_PrevHash\_737327631'}) =$

>> sha256('RootHash PrevHash 737327631')

ans = F4AE534CD226FAF7998C8424B348E020BA80639A687E93A0B8C5130ED **C51E6DE**  
**C51E6DE**

>> sha256('RootHash PrevHash 737327632')

ans = B856211DF2EE15E30AB770C1A43CE014ECFE573182AFD885B28D96854DBC5F21

>> sha256('RootHash PrevHash 737327633')

ans = 9C18C764E347A58E57AC3F7A3C2874D5889A0E802699FEA47EEFF8C03BFEDA69

DT: to mine a block it is needed to find h-value having leading zero in hexadecimal format: C51E6DE **0XXXXXX**

$6 \times 4 = 24 \text{ bits}$

F  
1111

h-value is computed  $su \gg h_{28}(\ ) \rightarrow 7$  hex numbers

What probability to mine a block? Number of 4 bits has  $2^4 = 16$  values

0000	0001	0010	0011	...	1001	1010	1011	1100	1101	1110	1111
0	1	2	3		9	10	11	12	13	14	15
					A	B	C	D	E	F	

The number of possible h-values of 28 bits:  $2^{28}$   $\gg 2^{28}$  ans = 268 435 456

The number of adequate h-values:  $2^{24}$   $\gg \text{int64}(2^{24})$  ans = 16777216

$$\text{Pr}\{\text{to Mine}\} = \frac{2^{24}}{2^{28}} = \frac{1}{2^4} = \frac{1}{16}$$

DT: two leading hex number = 00

The number of adequate h-values:  $2^{20}$

00XXXXX

$\downarrow$   
 $5 \times 4 = 20$

$$\text{Pr}\{\text{to Mine}\} = \frac{2^{20}}{2^{28}} = \frac{1}{2^8} = \frac{1}{256}$$

DT: two leading hex number = 000

000XXXX

$4 \times 4 = 16$

$$\text{Pr}\{\text{to Mine}\} = \frac{2^{16}}{2^{28}} = \frac{1}{2^{12}} = \frac{1}{4096}$$

$\gg 2^{12}$  ans = 4096

$$\text{Pr}\{\text{to Mine}\} = \frac{1}{2^{28}} = \frac{1}{268\,435\,456}$$

$\gg 2^{28}$  ans = 268 435 456

The probability to mine a block, e.g. in Bitcoin when

1 Eth =  $10^{18}$  Wei

DT: is to find SHA256 value having 18 leading zeroes

$\gg \text{sha256}(\text{"RootHash PrevHash 737327631"})$

ans = F4AE534CD226FAF799 8C8424B348E020BA80639A687E93A0B8C5130EDC51E6DE  
00000000000000000000 XX

The number of possible h-values having 256 bits is  $2^{256}$ .

The number of adequate h-values of SHA 256 is

$$256 - 18 \cdot 4 = 256 - 72 = 184 \text{ bits, that are represented 46 hex. num.}$$

The number of adequate values is  $2^{184}$ .

$$\text{Prob}\{\text{to mine}\} = \frac{2^{184}}{2^{256}} = 2^{184-256} = 2^{-72}$$

1 K =  $2^{10} = 1024$

1 M =  $2^{20} = \dots$

1 G =  $2^{30} = \dots$

$$2^{72} \sim 4 \text{ GT} = 4 \cdot 2^{30} \cdot 2^{40} = 2^2 \cdot 2^{30} \cdot 2^{40} = 2^{72}$$

$$2^{72} \sim 4GT = 4 \cdot 2^{30} \cdot 2^{40} = 2^2 \cdot 2^{30} \cdot 2^{40} = 2^{72}$$

$$N = 4\,722\,366\,482\,869\,645\,213\,696$$

$$1M = 2^{20} = \dots$$

$$1G = 2^{30} = \dots$$

$$1T = 2^{40} = \dots$$

$$\text{Number of trials } N = 1T \cdot 1G \cdot 2^2 = 4 \cdot 2^{40} \cdot 2^{30}$$

Total net capacity  $Cap \sim 2000$  Th / sek

$$\text{Time } T = \frac{N}{Cap} = \frac{4 \cdot 2^{40} \cdot 2^{30}}{2000 \cdot 2^{40}} \approx \frac{4 \cdot 2^{30}}{2^{11}} = 4 \cdot 2^{19} \text{ s}$$

```
>> T=int64(4*2^19)
```

```
T = 2097152
```

```
>> Tval=T/3600
```

```
Tval = 583
```

```
>> Tdien=Tval/24
```

```
Tdien = 24
```

Private blockchain  $\longleftrightarrow$  Public blockchain

Monero blockchain: Transactions sums  $\rightarrow$  confidential  $\rightarrow$  verifiable

Sender }  $\rightarrow$  anonymous  
Receiver }

How to realize confidential & verifiable transactions.