

# ONTOLOGY SHARDING

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**ABSTRACT.** Performance of blockchain networks is a hot research topic due to the challenges it imposes for business adoption, regardless if it is for public or private networks. How to make blockchain networks scalable is an essential field of research in order to cope with performance challenges and consequently drive adoption. We propose the Ontology Sharding protocol, which adopts a hierarchical network architecture. The protocol allows shards to communicate with each other through reliable message queues, and achieves the verifiability of messages between shards with Merkle proofs. Meanwhile, based on Multi-Version Commitment Ordering, the transactionality of cross-shard smart contract transactions is realized, which provides a strong and consistent transaction model.

**Keywords.** Blockchain; sharding; cross-shard communication; cross-shard transactionality

## 1. INTRODUCTION

Blockchains and smart contract platforms arose with the promise of globally shared computing platforms, amongst other things. Cryptocurrencies have been the predominant application area of blockchain till date, however, businesses and governments have started to explore how to harness the power of decentralized applications based on the technology. The increase of decentralized applications, their transaction demands and business requirements have pushed the limits of blockchain networks - and in some cases clocked the networks. This is the very reason why the scalability problem has emerged. Before delivery on the promise of a decentralized global computer, the blockchain platforms must have competitive performance to process the transactions more efficient than legacy systems.

Visa is currently the fastest global payment network capable of processing approximately 2,400 payments per second. In comparison, the average transaction speed of Bitcoin [19] is about 7 transactions per second, and the average transaction speed of Ethereum [11] is about 20 transactions per second. Bitcoin and Ethereum, hereinafter referred to as mainstream blockchains, deliver performance far below the requirements that businesses ask for. This is just one case amongst many where blockchain technology gets outcompeted by legacy systems due to poor performance. This evidence slows down the mass adoption and hinders blockchain in becoming a mainstream technology, for example with

payment infrastructure. The scalability problem of current blockchain platforms is mainly to be found in the following three issues:

- (1) Block generation speed. A blockchain is similar to a singly linked list, each block in the blockchain contains its previous block's hash, which helps to connect the adjacent blocks. Current mainstream blockchains reach consensus on one block in each consensus round, and only limited transactions can be stored in each block. In order to optimize transaction performance, the need of having a more efficient consensus protocol emerges. Currently, reaching consensus on multiple blocks per second is a big industry challenge for blockchain networks on a global scale. Despite other challenges, one of the main obstacle lies in front is geographical distance, which limits message propagation on the networks.
- (2) Processing and storage capacity per network node. In all blockchain protocols that we see today with a main net and production environment, each node has to store all states and processes all related transactions. This enhances the security but limits the scalability because the blockchain network cannot process more transactions than what a single node can. Moreover, the blockchain network must maintain its own functionalities, such as tamper-proof and traceability, and consequently the data that each node needs to store will continue to increase.

- (3) Cost of using blockchain network. Increasing amount of users and decentralized applications on the blockchain network requires the blockchain nodes to process an even greater volume of transactions and store more data. All transaction requests require fees and blockchain nodes tend to prioritize transactions that pay higher fees. Consequently, if transactions need to be verified on time during peak time, it is necessary for the user to pay higher fee in order to get prioritized. This also imposes some challenges and restricts the use of current blockchain networks.

Blockchain researchers have done many attempts to overcome the above issues and improve the blockchain scalability. For example, Bitcoin strives to improve performance by enlarging block size while EOS [10] improves consensus efficiency and mitigates storage pressure through partial centralization. High scalability of blockchain networks should make no compromises on decentralization and security. Scalability solutions with off-chain approaches may impose their own security risks for the system. In order to provide security for blockchain applications [9] and continuous development of the blockchain architecture, scalability properties must be implemented at the base layer.

Sharding is regarded as a powerful blockchain scalability solution. There are two kinds of sharding methods, which are state sharding and transaction processing sharding.

State sharding shards data of the blockchain, including smart contract state data and blocks. When updating blockchain data, only a subset of shard nodes needs to update their data accordingly to the sharding protocol. State sharding provides storage scalability for blockchains. If the blockchain sharding design only supports state sharding, it will only provide scalability for asset transactions [22]. However, sharding for smart contract transactions ensures that the state data of a smart contract is stored in the same shard, otherwise cross-shard transactions will require consistency of the smart contract state data.

Transaction processing sharding means that different transactions can be processed in different shards

concurrently, and each shard may have its own independent consensus protocol. Transaction sharding provides consensus scalability for blockchains and can be achieved through smart contract sharding, i.e., the smart contract runs in one shard and all transactions that call this smart contract must be broadcasted to this shard. Using transaction sharding, the efficiency of transaction processing in entire blockchain network can be scaled out.

To accommodate continuously network scaling, it must have the properties to scale-out. There are two ways to horizontally scale a shard, one is to split one shard into two shards, second is to build child shards based on current shards. Both of these methods can achieve scalability of shards, but they come with certain limitations. The first way makes all the shards the same level, that is, all shards are based on the main chain, which guarantees security of shards. However, some smart contracts deployed in the original shard should be split according to their functionalities. The split smart contracts have to be migrated to new shards and will only be able to access resources of the original shard by means of cross-shard communication. Excessive cross-shard communication will greatly reduce the scalability. The second way is to build a hierarchical sharding network. In this way, new shards can be built based on the original shard, and smart contracts in new shards will be able to directly access resources of the original shard. With this hierarchical sharding method, shards can be configured to use other consensus protocols, different from what the original shard uses.

**1.1. Overview of Ontology Sharding.** Ontology network implements blockchain scalability with sharding. The goals of Ontology Sharding include:

- Linearly scalable performance;
- Transactions inside a shard being only processed by nodes in this shard;
- Atomic cross-shard transaction processing;
- Uniformed incentive mechanism in all shards.

The illustration of Ontology Sharing network is shown in Figure 1. The root shard is the Ontology main chain, which manages all the shards in the primary layer. Each shard can have its own child shards and can communicate with its sibling shards directly.

Since most of the services in the Ontology network are implemented with smart contracts, Ontology Sharding uses smart contract as the basic sharding unit, while supporting transaction sharding and state sharding. A smart contract in Ontology Sharding network must run in one shard, and transaction and state data for the smart contract will only be processed and stored in this shard.

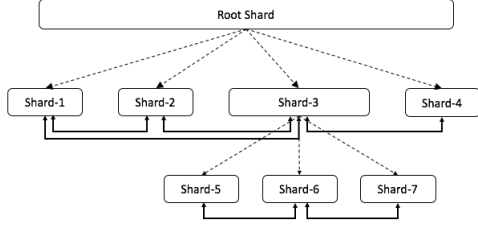


FIGURE 1. Ontology Sharding

The Ontology Sharding network uses Byzantine Fault Tolerance with Verifiable Randomness (VBFT) consensus as Ontology main chain. VBFT combines Proof-of-Stake (PoS), Verifiable Random Function (VRF) and Byzantine Fault Tolerance (BFT). It guarantees randomness and fairness of consensus group generation through VRF, while ensuring fast state finality.

The block in a shard contains link information to its parent shard block and message queue information with its sibling shards. The block relationship between shard and parent shard is shown in Figure 2.

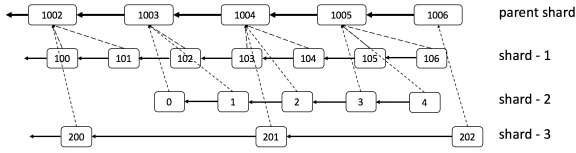


FIGURE 2. Blockchains of Ontology shards

As can be seen from Figure 2, although blocks of shards include block information of their parent shard, consensus performance of the shard is not bound to the parent shard. In addition, transactions in a shard will only get consensus within this shard, that is, transaction processing performance of a shard depends only on the node performance in this shard and the network performance of this shard. This ensures linear scalability of Ontology sharing network.

**1.2. Organization.** The rest of the paper is organized as follows. In Section 2, we review some basic concepts and assumptions which are necessary for the understanding of the rest paper. In Section 3, we provide some definitions and models of our sharding system. Section 4 introduces the management of shards, including shard creation, activation and deactivation. Section 5 describes the communication system among shards. We present cross-shard transaction processing of Ontology Sharding and give scalability analysis of the cross-shard transaction processing in Section 6. Cross-shard transaction fee processing is proposed in Section 7. We conclude the paper in Section 8.

## 2. PRELIMINARIES

We begin by defining some notations that will be used throughout this paper. Denote by  $\mathcal{S}$  a shard with identity number  $s$ . Denote by  $\mathcal{S}_p$  the parent shard with identity number  $s_p$  of  $\mathcal{S}$ . For root shard, its parent shard is *nil*. The parent shard  $\mathcal{S}_p$  ensures that all its sub-shards have different identities. We denote the  $i$ -th node by  $p_i$  and denote the  $i$ -th block by  $B_i^{\mathcal{S}}$  in shard  $\mathcal{S}$  respectively. When it is clear from the context, we omit the subscript  $i$  or the superscript  $\mathcal{S}$ . Node  $p_i$  has a key pair  $\langle pk_i, sk_i \rangle$ , where  $pk_i$  is the public key and  $sk_i$  is the corresponding private key. All messages sent by node must be signed by its private key, other nodes then can verify the message signature with the corresponding public key. Normally, these two notations  $p_i$  and  $pk_i$  are often used interchangeably to denote a node. Let  $H(\cdot)$  be a cryptographic hash function. Let  $MR(\cdot)$  be Merkle tree, a hash-based function.

**2.1. Consensus Safety Requirement.** In a PoS-based consensus algorithm, a consensus message  $msg_i^p$  for the  $i$ -th block  $B_i$  from consensus node  $p$  consists of  $B_i$  and  $p$ 's signature on  $B_i$ , namely  $msg_i^p = \langle B_i, \sigma_i^p \rangle$ . The block path of node  $p$  from block  $s$  to block  $t$  is  $path_{p,s,t} = \bigcup_{i=s}^t msg_{p,i}$ . We then can define all consensus messages  $M_p$  sent by node  $p$  as:

$$M_p = \bigcup_{s,t} path_{p,s,t}.$$

Consensus message  $m'$  of node  $p$  satisfies safety requirement iff *either* of the following restrictions is satisfied:

- The block path selected in  $m'$  is prefixed with the candidate block path of a consensus message in  $M_p$ ,
- Or, the intersection of the candidate block path selected in  $m'$  and the candidate block path of any consensus message in  $M_p$  is empty.

If a node violates the above safety requirements, it will be identified as a malicious node.

**2.2. Commitment Ordering.** Cross-shard transaction processing, similar as distributed transaction process in databases, in addition to snapshot isolation (SI) [7], should consider how to deal with commit order between conflicted transactions, that is, commitment ordering. Without loss of generality, transactions are processed in the following steps:

- Transaction-Begin;
- Processing operations in Transaction;
- Transaction-Commit.

Transaction-Begin can be merged with the first operation in transaction.

There are two ways to determine the order between conflicted transactions [17]: one is sorting transactions by transaction's Transaction-Begin, the other is by transaction's Transaction-Commit.

If the commitment order is defined based on Transaction-Begin, it can be implemented with two-phase-lock (2PL) [24]. Transaction processing will lock all resources needed in the step of Transaction-Begin. This method is simple to implement, but resource locking time is longer. Since resources used by each transaction cannot be predicted, all resources of the target smart contract need to be locked. During the lockout, all other transaction cannot access the locked smart contract. The optimization space of this method is relatively small, while the impact on performance is relatively large [2].

If commitment order is defined based on Transaction-Commit, it can be implemented with Multi-Version snapshot and two-phase-commit(2PC) [12]. When processing the Transaction-Begin request, one snapshot of shard KVStore for the transaction is created, the subsequent Transaction-Read will read data from the snapshot, and the Transaction-Write will store updated data to the WriteSet cache of the transaction. At the end of the

transaction execution, transaction commit is done with the two-phase-commit (2PC) protocol.

Compared with Transaction-Begin based ordering, ordering based on Transaction-Commit is more complicated, but resource locking time is much shorter and there is a larger space for optimization. For example, during the execution of a transaction, it can be detected in advance whether the current transaction has been conflicted with other transactions, so that conflicted transactions can be aborted in advance. In addition, because the resources are locked in final commit phase, if underlying storage supports fine-grained locking, only necessary data will be locked during transaction commitment, thereby improving transaction concurrency.

**2.3. SSER.** In database research, the strongest consistency criteria of transaction processing model is strict serialized consistency criteria.

**Definition 2.1 (SSER).** Strict serializability (SSER) [5, 24, 6] is a transactional model: operations, usually termed as “transactions”, can involve several primitive operations performed in order. SSER guarantees that operations take place atomically, namely, a transaction's sub-operations do not appear to interleave with sub-operations from other transactions.

Transaction processing in most of current non-sharding blockchains, such as Ethereum and EOS, are based on a synchronization model, which satisfies the following criteria:

- Atomicity. A transaction is either executed or failed. If the transaction fails, any intermediate results in the execution of the smart contract will not have any effect on the execution of other transactions.
- All transactions are executed in order of transactions in the block.
- All transactions are executed synchronously, that is, all smart contract calls are processed sequentially, and one transaction is processed before another transaction is processed.

Obviously, the transaction model of current blockchains satisfies SSER.

**2.4. Scalability Properties.** In [4], following the analysis of the PSI [21] model, four properties essential

to scalability of distributed transaction processing are defined, including Wait Free Queries (WFQ), Genuine Partial Replication (GPR), Minimal Commitment Synchronization (MCS), and Forward Freshness (ForwFresh).

**Definition 2.2** (WFQ). WFQ means, if there are only *read* operations in a transaction, then its execution does not have to wait for any other concurrent transactions to commit.

**Definition 2.3** (GDR). If both of the following restrictions are satisfied, then GDR is satisfied.

- State data is partially replicated in the sharding network, that is, a subset of the data is saved in each node.
- Transaction communicates only with the replicas that store some object accessed in the transaction. Nodes participate in transaction execution when necessary.

**Definition 2.4** (MCS). Transaction  $T_i$  waits for transaction  $T_j$  only if  $T_i$  and  $T_j$  write-conflict.

**Definition 2.5** (ForwFresh). Under the premise of satisfying Snapshot Isolation, transaction  $T$  is allowed to read data that other transactions commit after  $T$  starts (reading an object version that is committed after the start of the transaction).

Although these properties are defined in the distributed database domain, cross-shard transactions in the blockchain network are semantically similar with cross-shard transactions in distributed databases. We shall analyze the scalability of Ontology Sharding algorithm based on these four properties.

### 3. SYSTEM DEFINITIONS AND MODELS

In this section, we present some definitions. Besides, we explain system model, network model, security model, economic model and transaction model.

**3.1. Formal Definitions.** We now introduce definitions for Ontology Sharding.

**Definition 3.1** (Shard). Ontology shard consists of nine components,

$$\mathcal{S} := \langle s, s_p, state, peers, stakes, channels, contracts, kvstore, transactions \rangle,$$

where  $s$  is the identity number corresponding to  $\mathcal{S}$ , and assigned by its parent shard  $\mathcal{S}_p$  of identity  $s_p$ . *state* is the state of  $\mathcal{S}$ , and should be *init*, *active* or *archived*. *peers* keeps a list of all the nodes participating in  $\mathcal{S}$ . *stakes* records the total number staking by each node in  $\mathcal{S}$ . *channels* is for communication with other shards. Different shards communicate through separate channels.

*contracts* records all smart contracts deployed in  $\mathcal{S}$ . *kvstore* records the state data of shards, including the status data of all smart contracts in  $\mathcal{S}$ . *kvstore* provides four data operation methods: *get/put/snapshot/commit*, and supports multi-version control. *get* and *put* are the data read and update interfaces respectively. *snapshot* creates a read-only snapshot for the current *kvstore*. *commit* will update the batch of data to the current *snapshot* based on a snapshot. If the updated data in the batch is in the snapshot version and inconsistent with the latest version in *kvstore*, the *commit* will fail. *transactions* records all transactions in  $\mathcal{S}$ .

**Definition 3.2** (Block). The  $i$ -th block of shard  $\mathcal{S}$  consisted of three parts,

$$B_i^{\mathcal{S}} := \langle \text{Hdr}_i^{\mathcal{S}}, \text{blkShardMsg}, \text{txs} \rangle,$$

where  $\text{Hdr}_i^{\mathcal{S}}$  is the block header of  $B_i^{\mathcal{S}}$ ,  $\text{blkShardMsg}$  includes cross-shard messages sent from other shards to  $\mathcal{S}$ , and  $\text{txs}$  includes transactions requested in shard  $\mathcal{S}$ .

**Definition 3.3** (Block Header). The header of block  $B_i^{\mathcal{S}}$ , denoted by  $\text{Hdr}_i^{\mathcal{S}}$ , includes current block number  $i$ , block hash of the previous block  $\text{H}(B_{i-1}^{\mathcal{S}})$ , block hash of the current block  $\text{H}(B_i^{\mathcal{S}})$ , block number of parent shard  $j$ , and the corresponding block hash  $\text{H}(B_j^{\mathcal{S}_p})$ , Merkle root of the share message request queue and response queue, and the metadata information of the block  $\text{bm}$ , such as the VRF value of  $B_i^{\mathcal{S}}$  and the shard configuration. Namely,

$$\begin{aligned} \text{Hdr}_i^{\mathcal{S}} := & \langle i, \text{H}(B_{i-1}^{\mathcal{S}}), \text{H}(B_i^{\mathcal{S}}), j, \text{H}(B_j^{\mathcal{S}_p}), \\ & \text{MR}(Req), \{\text{MR}(Rsp)\}, \text{bm} \rangle, \end{aligned}$$

where  $\text{MR}(Req)$  stores the Merkle root in the cross-shard message queue sent from  $\mathcal{S}$  to other shards.  $\{\text{MR}(Rsp)\}$  stores the Merkle root of the cross-shard message sent from other shards to  $\mathcal{S}$ .

For the sake of security, it requires that

$$\text{Hdr}_i^S.j \geq \text{Hdr}_{i-1}^S.j.$$

**Definition 3.4** (Smart Contract). Smart contract  $\mathcal{C}_c^S$  deployed in shard  $\mathcal{S}$  includes three parts,

$$\mathcal{C}_c^S := \langle \mathcal{S}, c, ops \rangle,$$

where  $c$  is the identity number assigned by shard  $\mathcal{S}$ . It is worth noting that this identity number is unique in shard  $\mathcal{S}$ , and usually, we let  $c$  be the hashing result of metadata of  $\mathcal{C}_c^S$ .

$ops = [\{get, put, localInvoke, remoteInvoke\}^*]$  is the operation sequence defined in  $\mathcal{C}$ , where *get/put* is to read and update data from *kvstore* of  $\mathcal{S}$ , *localInvoke* is to call other smart contracts in  $\mathcal{S}$ , and *remoteInvoke* is to call smart contracts in other shards.

**Definition 3.5** (Transaction). The Transaction in Ontology shard consists of seven components:

$$T := \langle \mathcal{S}, c, hash, sender, args, feeAmount, \{E_T^S\} \rangle,$$

where  $\mathcal{S}$  is shard where  $T$  is sent to,  $c$  is the identity number of the smart contract where  $T$  is requesting to. *hash* is the hash value of  $T$ 's payload, *sender* is the account address of  $T$ 's sender. *sender* pays the fee for  $T$ , *feeAmount* is the limit for transaction payment.  $\{E_T^S\}$  records  $T$ 's execution state in every involved shard.

**Definition 3.6** (Transaction Execution State). Transaction Execution State  $E_T^S$  in shard  $\mathcal{S}$  includes five parts,

$$\begin{aligned} E_T^S &:= \langle snapshot, readset, writeset, shards, O_T^S \rangle, \\ O_T^S &:= \langle result, fee \rangle, \end{aligned}$$

where *snapshot* is the *kvstore* snapshot created when the transaction execution started, *readset* records all read operations in  $T$ 's execution, *writeset* caches all write operations in  $T$ 's execution, *shards* keeps ID numbers of all shards which are involved in processing of  $T$ .

$O_T^S$  is the transaction  $T$ 's output from shard  $\mathcal{S}$ , where *fee* keeps paid fees to shard  $\mathcal{S}$  for  $T$  and *result* is the execution result. The output of transaction  $T$  is  $O_T$ , which is defined as:

$$O_T := \bigcup_S O_T^S$$

$\mathbb{S}_T$  is all shards which participated in the process of  $T$ , and can be defined as:

$$\mathbb{S}_T := \bigcup_S E_T^S.shards$$

**Definition 3.7** (Channel). Channel is a bidirectional communication system between two shards in Ontology network. It consists of two ordered message queues. Shard  $\mathcal{S}$  keeps a separate channel  $\mathcal{CH}_{\mathcal{S} \leftrightarrow \mathcal{S}'}$  for every  $\mathcal{S}'$ ,

$$\mathcal{CH}_{\mathcal{S} \leftrightarrow \mathcal{S}'} := \langle \mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}, \mathcal{Q}_{\mathcal{S}' \rightarrow \mathcal{S}} \rangle,$$

where  $\mathcal{Q}$  is a one-way message queue based on Merkle tree and  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$  and  $\mathcal{Q}_{\mathcal{S}' \rightarrow \mathcal{S}}$  respectively store request messages from  $\mathcal{S}$  to  $\mathcal{S}'$  and response messages from  $\mathcal{S}'$  to  $\mathcal{S}$ .

**Definition 3.8** (Message Queue). Message Queue  $\mathcal{Q}_\ell^{\mathcal{S} \rightarrow \mathcal{S}'}$  of length  $\ell$  is a one-way message queue based on Merkle tree,

$$\mathcal{Q}_\ell^{\mathcal{S} \rightarrow \mathcal{S}'} := \{\text{Msg}_i^{\mathcal{S} \rightarrow \mathcal{S}'}\}.$$

Message queue provides three interfaces: *GetRoot*, *GetMsgProof*, *VerifyMsg*.

**Definition 3.9** (Cross-Sharding Message). A cross-sharding message  $\text{Msg}_i^{\mathcal{S} \rightarrow \mathcal{S}'}$  consists of  $\text{MsgHdr}_i^{\mathcal{S} \rightarrow \mathcal{S}'}$  and  $\text{MsgBody}_i^{\mathcal{S} \rightarrow \mathcal{S}'}$ , namely,

$$\begin{aligned} \text{Msg}_i^{\mathcal{S} \rightarrow \mathcal{S}'} &:= \langle \text{MsgHdr}_i^{\mathcal{S} \rightarrow \mathcal{S}'}, \text{MsgBody}_i^{\mathcal{S} \rightarrow \mathcal{S}'} \rangle, \\ \text{MsgHdr}_i^{\mathcal{S} \rightarrow \mathcal{S}'} &:= \langle i, \mathcal{S}, \mathcal{S}', n, \text{MsgHdr}_{i-1}^{\mathcal{S} \rightarrow \mathcal{S}'}.n, \\ &\quad \text{MR}(\mathcal{Q}_{i-1}^{\mathcal{S} \rightarrow \mathcal{S}'} \cup \text{Msg}_i^{\mathcal{S} \rightarrow \mathcal{S}'}), \\ &\quad \text{MR}(\mathcal{Q}_{i-1}^{\mathcal{S} \rightarrow \mathcal{S}'})) \rangle, \end{aligned}$$

where  $\mathcal{S}$  is source shard from which the message is sent out,  $\mathcal{S}'$  is the target shard.  $n$  is the corresponding block number in  $\mathcal{S}$  that generates the message.

$\text{MsgBody}_i^{\mathcal{S} \rightarrow \mathcal{S}'}$  is either request message or response message to  $\mathcal{S}'$ .  $\text{MsgBody}_{\text{req}}$  is the request message for  $\mathcal{S}'$  generated in the  $n$ -th block of shard  $\mathcal{S}$ ,  $\text{MsgBody}_{\text{rsp}}$  is the response message for  $\mathcal{S}'$  generated in the block.

$$\begin{aligned} \text{MsgBody}_{\text{req}} &:= \{\{tx, args, feeAmount\}\}, \\ \text{MsgBody}_{\text{rsp}} &:= \{\{tx, O_{tx}^S\}\}, \end{aligned}$$

where  $tx$  is the transaction where the message is generated for,  $args$  is arguments associated with the request, *feeAmount* is the fee limit for the request processing on remote shard,  $O_{tx}^S$  is the output of processing  $tx$  from  $\mathcal{S}$ .

**3.2. System Model.** Currently, Ontology main chain uses VBFT consensus, a PoS-based consensus, and each node participates through staking. VBFT consensus adopts a two-tier network architecture. In Ontology Network, assuming that there are  $\mathcal{N}$  nodes that are responsible for processing transactions and collaborate to maintain the state of Ontology main chain. A Node in the network should be assigned to one of two roles, namely, candidate node or consensus node. The role of one node is adjusted based on its stake at the beginning of each consensus epoch. In each epoch, a certain number of nodes are randomly selected by VRF [20, 23, 26], and consensus decision-making is achieved through BFT [8] among the selected consensus nodes. The governance contract is responsible for managing nodes in network.

Ontology Sharding takes a hierarchical solution, which is illustrated in Figure 3. We regard Ontology main chain as the root shard, each shard can be built based on its parent shard, where the parent shard can be the root shard (main chain), or another shard. Each Node maintains a set of shards this node joined. If a node is going to participate in some shard  $\mathcal{S}$ , it has to participate in the parent shard of  $\mathcal{S}$  firstly. In the current design, Ontology shards still use VBFT consensus protocol, and the stakes of each shard are managed by the Shard Management Contract (SMC) in its parent shard.

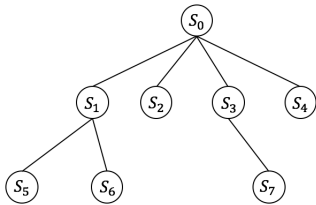


FIGURE 3. Hierarchical Sharding

**3.3. Network Model.** Like many blockchain networks, Ontology main chain is built on a P2P network in a synchronous network model, that is, honest nodes can guarantee the completion of message communication within the known maximum delay.

In Ontology Sharding network, each shard establishes its own sub-network based on the P2P network

and can have its own maximum delay. The sub-networks of shards are independent of each other, that is, messages of a shard are only transmitted between nodes of the shard, and node  $p$  will not receive shard messages in  $\mathcal{S}$  if  $p$  is not on  $\mathcal{S}$ 's *peers* list.

**3.4. Security Model.** In a PoS-based consensus mechanism, let  $W_t$  and  $W_e$  be the total nodes staking of the entire network and the total honest nodes staking respectively. Let  $\beta$  be consensus security factor. Consensus safety requires  $W_e > W_t \cdot (1 - \beta)$ .

The consensus security of Ontology main chain depends mainly on two parameters:  $W_t$  and  $\beta$ . Consensus parameter  $\beta$  is set when the blockchain is created. Once  $\beta$  is determined, consensus safety of the blockchain depends on  $W_t$ , which is the sum of the stakes of all the nodes in the main chain.

Ontology Sharding network uses the same consensus mechanism as Ontology main chain. Nodes participate in a shard by staking. The security of a shard depends on the amount of stakes in this shard. In Ontology Sharding network, it adds a new parameter  $\gamma$ , which defines the proportion of the number of stakes that nodes can pledge on child shards. The security of Ontology Sharding network requires:

$$\begin{cases} \gamma < 50\% \\ \beta_{S_p} \leq \beta_S \\ W_{S_p} > W_S \end{cases}$$

In Ontology network, all the stake contracts are deployed in the main chain (root shard). If node  $p$  wants to increase its stakes in some shard  $\mathcal{S}$ , it must firstly increase its stakes in root shard and then increase its stakes in ancestor shards of  $\mathcal{S}$  sequentially. Therefore, if  $\mathcal{S}_{ancestor}$  is the ancestor shard of  $\mathcal{S}$ , the stake in  $\mathcal{S}_{ancestor}$  is necessarily greater than the stake number in  $\mathcal{S}$ , that is, the security of  $\mathcal{S}_{ancestor}$  is necessarily higher than the security of  $\mathcal{S}$ .

**3.5. Economic Model.** The Ontology network uses a dual-token model with the ONT and ONG tokens, where ONT and ONG are respectively used for governance and economic incentives.

Fees for all transactions in Ontology Sharding network are paid in ONG. It is worth noting that using ONG as an unified gas token would benefit Ontology

Sharding network. On one hand, it encourages nodes to participate in the transaction processing and state maintenance of shards. On the other hand, it contributes to the security of Ontology shards.

**3.6. Transaction Model.** Transaction execution process of current Ontology blockchain also satisfies SSER as other ones. In Ontology Sharding network, cross-shard transactions are processed based on an asynchronous model, but transactions inside one shard are still processed synchronously.

Synchronous cross-shard transaction processing will make a shard pause to wait for responses of other shards, which will then cause the entire sharding network to suspend. Eventually, it will bring great security risks to all shards. Therefore, the synchronous model is not applicable for transactions across shards. In asynchronous mode, the life cycle of a transaction can span multiple blocks, completing the commitment of the transaction in its last block.

This transaction model also greatly simplifies the development of smart contracts. Therefore, for the development of smart contracts, Ontology Sharding network provides transactional guarantees for cross-shard transactions while ensuring:

- Atomicity of transactions;
- Transactions inside a shard are executed in the order of transactions in blocks. For cross-shard transactions, the commitment request order is taken as the commitment order;
- Transactions inside a shard are executed synchronously. Cross-sharding transactions are executed based on an asynchronous model, and the commitment of transactions is synchronous;
- State data of all sync-nodes on shards are consistent;
- Block synchronization in a shard does not need to synchronize any data from other shards;
- The processing results of cross-shard transactions can be verified and kept consistent.

In addition, using the same consistency model for cross-shard transactions greatly simplifies the development of smart contracts and is also a fundamental requirement for blockchain sharding.

## 4. MANAGEMENT OF SHARDS

The management of shards includes creation of shards, how can nodes join and exit shards.

**4.1. Shard Creation.** Ontology shard is managed by the parent shard  $\mathcal{S}_p$  Shard Management Contract (SMC). The creation request of shard  $\mathcal{S}$  is defined as:

$$T_{create}.args := \langle param_{net}, param_{stake}, param_{consensus}, param_{gov}, param_{fee} \rangle$$

which respectively corresponds to network rules of the new shard, the consensus algorithm and parameters, the governance rules, the transaction fee configuration. The shard startup and shutdown criteria are also defined in  $param_{net}$  and  $param_{stake}$ . After receiving  $T_{create}$  in  $\mathcal{S}_p$ , the SMC contract in  $\mathcal{S}_p$  first verifies the validity of parameters. If all parameters are verified, the SMC contract will assign  $s$  to  $\mathcal{S}$ , set state of  $\mathcal{S}$  as *init*, and save configuration information of  $\mathcal{S}$  in the SMC contract. The newly created shard is

$$\mathcal{S} := \langle s, \mathcal{S}_p.s, state = init, peers = \emptyset, stakes = \emptyset, channels = \emptyset, contracts = \emptyset, kvstore = \emptyset, transactions = \emptyset \rangle$$

**4.2. How Peers Join Shard.** Ontology node  $p$  of shard  $\mathcal{S}_p$  can request to join shard  $\mathcal{S}$  by sending  $T_{join}$  to SMC contract of  $\mathcal{S}_p$ .

$$T_{join}.args := \langle \mathcal{S}.s, pk_p, stake_p \rangle$$

The SMC contract in  $\mathcal{S}_p$  will first verify if  $p$  meets the requirements specified in  $T_{create}$  and then add the  $T_{join}.pk_p$  and  $T_{join}.stake_p$  to  $\mathcal{S}.peers$  and  $\mathcal{S}.stakes$ . If  $\mathcal{S}$  satisfies its startup requirement, SMC contract on  $\mathcal{S}_p$  sets  $\mathcal{S}.state$  to *active* and creates genesis block  $B_0^{\mathcal{S}}$  according to the configuration parameters of  $\mathcal{S}$ .

Since nodes in  $\mathcal{S}$  are also in  $\mathcal{S}_p$ , the shard state update will be notified automatically in  $\mathcal{S}$ . With  $B_0^{\mathcal{S}}$ , shard  $\mathcal{S}$  starts, and nodes in  $\mathcal{S}$  start processing transactions in  $\mathcal{S}$ . At this point, shard  $\mathcal{S}$  is instantiated successfully.

**4.3. How Peers Exit Shard.** Ontology node  $p$  in  $\mathcal{S}$  can apply for exiting from  $\mathcal{S}$  at any time.

If  $\mathcal{S}.state$  is *init* or *archived*, the exit request should be sent to SMC contract of parent shard  $\mathcal{S}_p$ . The SMC



smart contract in  $\mathcal{S}_p$  will process the exit request and return the stake which  $p$  staked in the SMC.

If  $\mathcal{S}.state$  is in *active* state, the exit request should be sent to the governance contract in  $\mathcal{S}$ . Usually, after one consensus epoch, node  $p$  will exit from the governance contract of  $\mathcal{S}$ , and then SMC contract of  $\mathcal{S}_p$  is notified. Finally, SMC contract of  $\mathcal{S}_p$  sets node  $p$  to be exited from shard  $\mathcal{S}$ , and return its stakes.

After some nodes exit shard, if the number of nodes in the shard or the amount of stakes in the shard do not meet the parameter requirements of  $T_{create}$ , the state of shard will be changed from *active* to *archived*. Shards with *archived* state stop processing any transactions, and all state data is read-only. Smart contracts in *archived* shards can be migrated to other *active* shards.

The state transition diagram of shard is shown in Figure 4.

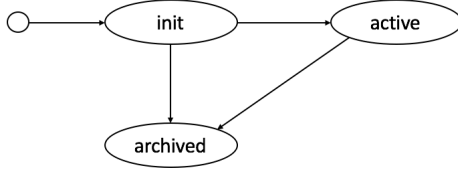


FIGURE 4. States of Ontology shard

## 5. COMMUNICATION AMONG SHARDS

In Ontology Sharding network, smart contracts are deployed inside shard, and state data of smart contracts is stored in *kvstore* of the corresponding shard. If smart contract  $\mathcal{C}$  in shard  $\mathcal{S}$  does not call smart contracts in other shards or is called by smart contracts of other shards, all its processing will be inside shard  $\mathcal{S}$ . Ontology shards can scale out by deploying different smart contracts into separated shards, while maintaining smart contract transaction processing performance. However, separated shards also make smart contracts in Ontology network separated from each other. As there are more types of services provided by smart contracts, smart contracts in one shard will inevitably require services or data from smart contracts in another shard, which necessitates cross-shard communication.

Shards in Ontology network communicate through channels, a mechanism of serverless asynchronous communication. As defined in section 3.1, shard  $\mathcal{S}$  communicate with  $\mathcal{S}'$  through  $\mathcal{CH}_{\mathcal{S} \leftrightarrow \mathcal{S}'}$ , which is composed by two unidirectionally Merklized message queue,  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$  and  $\mathcal{Q}_{\mathcal{S}' \rightarrow \mathcal{S}}$ . As shown in Figure 5:

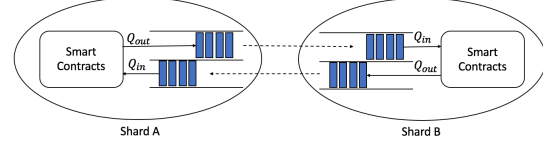


FIGURE 5. Channels of Ontology shards

In Ontology shard definition, shard message channel is part of shard state and is maintained by all nodes in the shard. Smart contracts in shard  $\mathcal{S}$  can call the interface of  $\mathcal{CH}_{\mathcal{S} \leftrightarrow \mathcal{S}'}$  to send or reply to message requests to shard  $\mathcal{S}'$ . Similarly, all messages received in  $\mathcal{Q}_{\mathcal{S}' \rightarrow \mathcal{S}}$  will be sent to their target smart contracts in shard  $\mathcal{S}$  for processing.

When smart contract  $\mathcal{C}^S$  processes transaction  $T_t$  in block  $B_i^S$ ,  $\mathcal{C}^S$  needs to send a cross-shard message to shard  $\mathcal{S}'$ . The procedure is:

- (1) The cross-shard transaction  $T_{T_t, req}$  is built by system service of  $\mathcal{S}$  based on parameters provided by  $\mathcal{C}^S$ .
- (2)  $T_{T_t, req}$  is stored in one internal temporary queue of  $\mathcal{S}$ .
- (3) After all transactions in  $B_i^S$  are processed, system service of  $\mathcal{S}$  builds a cross-shard message  $\mathbf{Msg}_j^{\mathcal{S} \rightarrow \mathcal{S}'}$  including all cross-shard transactions  $T_{., req}$  in its internal temporary queue, and adds  $\mathbf{Msg}_j^{\mathcal{S} \rightarrow \mathcal{S}'}$  to  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$ .  $\mathbf{MsgHdr}_j^{\mathcal{S} \rightarrow \mathcal{S}'}$  contains the updated Merkle root of  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$ .
- (4) Updated Merkle root of  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$  is saved in the block header of next block and reaches consensus in  $\mathcal{S}$ .
- (5) After consensus is reached, nodes in  $\mathcal{S}$  confirm the validity of  $\mathbf{Msg}_j^{\mathcal{S} \rightarrow \mathcal{S}'}$  in  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$ , construct  $T_{fwd_j}^{\mathcal{S} \rightarrow \mathcal{S}'}$  transaction which contains  $\mathbf{Msg}_j^{\mathcal{S} \rightarrow \mathcal{S}'}$ , and send it to  $\mathcal{S}'$ . To ensure validity of  $\mathbf{Msg}_j^{\mathcal{S} \rightarrow \mathcal{S}'}$ ,  $T_{fwd_j}^{\mathcal{S} \rightarrow \mathcal{S}'}$  includes the Merkle proof of  $\mathcal{Q}_{\mathcal{S} \rightarrow \mathcal{S}'}$ .
- (6) Like one normal transaction in  $\mathcal{S}'$ ,  $T_{fwd_j}^{\mathcal{S} \rightarrow \mathcal{S}'}$  is consensed by one block  $B_m^{\mathcal{S}'}$ .

- (7) When processing  $T_{fwd_j}^{S \rightarrow S'}$  in  $B_m^{S'}$ , system contract of  $S'$  is invoked to process it.
- (8) System contract of  $S'$  verifies  $T_{fwd_j}^{S \rightarrow S'}$ , and then puts  $\text{Msg}_j^{S \rightarrow S'}$  in  $T_{fwd_j}^{S \rightarrow S'}$  into  $Q_{S \rightarrow S'}$  of  $\mathcal{CH}_{S' \leftrightarrow S}$ .
- (9) While queue  $\mathcal{CH}_{S' \leftrightarrow S}.Q_{S \rightarrow S'}$  is not empty, system contract of  $S'$  keeps getting cross-shard messages from queue, and processing them in the same order of queue.

**5.1. Message Ordering in Queue.** As shown in above procedure, all cross-shard transactions  $T_{,req}$  generated in  $B_i^S$  are included in one cross-shard message  $\text{Msg}_i^{S \rightarrow S'}$ , that is, there is only one cross-shard message constructed per block. If there is no new cross-shard transaction from block  $B_i^S$ , there will be no cross-shard message for it. Similar to block hash pointers in blockchain,  $\text{MsgHdr}_i^{S \rightarrow S'}$  contains the corresponding block number of  $\text{MsgHdr}_{i-1}^{S \rightarrow S'}$ . The following restriction should be satisfied,

$$\text{MsgHdr}_i^{S \rightarrow S'}.n > \text{MsgHdr}_{i-1}^{S \rightarrow S'}.n.$$

So  $Q_{S \rightarrow S'}$  can also be considered as a chain. When cross-shard message  $\text{Msg}_i^{S \rightarrow S'}$  is received at  $S'$ , its block number and Merkle root hash in  $\text{MsgHdr}_i^{S \rightarrow S'}$  is firstly verified before cross-shard transaction  $\{T_{,req}\}$  in  $\text{MsgBody}_i^{S \rightarrow S'}$  are processed.

**5.2. Safe Delivery of Message in Queue.** As shown in definition of  $Q_{S \rightarrow S'}$ , message queues are constructed with Merkle tree. After the cross-shard message is added to the queue, new queue's Merkle root,  $\text{MR}(Q_{i-1}^{S \rightarrow S'} \cup \text{Msg}_i^{S \rightarrow S'})$ , is consensed by subsequent blocks of  $S$ . Therefore, based on consensus safety,  $Q_{S \rightarrow S'}$  is safe in source shard  $S$ .

In target shard  $S'$ , because Merkle proof of  $\text{Msg}_i^{S \rightarrow S'}$  is contained in transaction  $T_{fwd_j}^{S \rightarrow S'}$ , nodes in  $S'$  can verify  $\text{Msg}_i^{S \rightarrow S'}$  with block headers of  $B^S$  and previous cross-shard messages in  $\mathcal{CH}_{S' \leftrightarrow S}.Q_{S \rightarrow S'}$ . Therefore,  $Q_{S \rightarrow S'}$  is also safe in target shard  $S'$ .

## 6. CROSS-SHARD TRANSACTION PROCESSING

In Ontology Sharding network, there are two types of cross-shard transaction operations: *NotificationCall* and *TransactionCall*.

**6.1. Cross-Shard Contract Addressing.** Cross-shard transactions will send requests to smart contracts in other shards, but smart contracts can be migrated among shards in Ontology network. Cross-shard Smart Contract Management Contracts (CCMC) of parent shards provides smart contract addressing services for its child shards. CCMC runs in parent shards, and all smart contracts in its child shards which support cross-chain invocation need to be registered in its CCMC contract. Since all nodes in child shard are also nodes of parent shard, state updates of CCMC in parent shards can immediately be applied to nodes in sharding network. So shards in the network can always get latest address where the target smart contract is.

In addition to providing cross-shard smart contract addressing services, CCMC contracts are also responsible for:

- Detecting cycle dependencies among across-shard smart contracts, preventing deadlocks when processing cross-shard transactions,
- Migrating smart contracts across shards.

Cycle dependency detection is implemented as follows: If smart contract  $\mathcal{C}$  in shard  $S$  is going to serve transactions from other shards, it firstly needs to be registered to the CCMC of parent shard  $S'$  and provide  $(\mathcal{C}.s, \{\mathcal{C}.dependence_i\})$ . All smart contracts registered in the CCMC that  $\mathcal{C}$  depends on should be set in  $\{\mathcal{C}.dependence_i\}$ . If  $\{\mathcal{C}.dependence_i\}$  is not empty, then CCMC in  $S'$  will check if there is any circular dependency formed among  $\mathcal{C}$  and  $\{\mathcal{C}.dependence_i\}$ . If there is, registration of  $\mathcal{C}$  will failed. Smart contract  $\mathcal{C}$  is able to be invoked from other sibling shards after it is registered successfully.

**6.2. Notification Call in Shards.** Invoking smart contract with *NotificationCall* is similar with in-shard smart contracts invocation. With *NotificationCall*, smart contract  $\mathcal{C}$  in shard  $S$  is able to invoke other smart contract  $\mathcal{C}'$  in shard  $S'$  asynchronously if  $\mathcal{C}'$  has been registered successfully in the CCMC of the parent shard  $S'$ . The implementation of *NotificationCall* is basically constructing transaction  $T$  with arguments provided by  $\mathcal{C}$  and forwarding  $T$  to  $S'$  with  $\mathcal{CH}_{S \leftrightarrow S'}$ . Cross-shard smart contract invocation with *NotificationCall* does not provide transactionality and will not receive

response from  $\mathcal{C}'$ , but just forwards transactions from  $\mathcal{C}$  in  $\mathcal{S}$  to  $\mathcal{C}'$  in  $\mathcal{S}'$ .

Fee of *NotificationCall* consists of two parts: the basic fee and the incremental fee.

$$F_{NotificationCall} = F_{source} + F_{target_{basic}} + F_{target_{incr}}$$

The basic fee, including  $F_{source}$  and  $F_{target_{Basic}}$ , is paid in the originating shard  $\mathcal{S}$ . If more fees need to be paid to the target shard  $\mathcal{S}'$ , the incremental portion  $F_{target_{incr}}$  will be charged in the target shard.

If the sender of  $T$  does not have an account or has insufficient balance in the target shard  $\mathcal{S}'$ , the execution of  $T$  in  $\mathcal{S}'$  will fail, while smart contract  $\mathcal{C}$  in  $\mathcal{S}$  cannot detect this failure.

**6.3. Transaction Call in Shards.** Invoking smart contracts in a remote shard with *TransactionCall* can guarantee the atomicity of multiple smart contract executions across different shards.

Ontology Sharding implements cross-shard *TransactionCall* based on Multi-Version Commitment Ordering (MVCO) [18, 25]. As mentioned earlier, operations of one transaction in the sharding network can be composed of four types: *read*, *write*, *localInvoke*, and *remoteInvoke*, where *read/write/localInvoke* are operations executed internally in shard, and *remoteInvoke* triggers cross-shard *TransactionCall*.

The implementation of MVCO on Ontology Sharding is shown in Algorithm-1, Algorithm-2 and Algorithm-3. When processing transaction  $T$  in shard  $\mathcal{S}$ , one snapshot of shard *kstore* will be created for  $T$  firstly,  $T.snapshot = \mathcal{S}.newSnapshot()$ . During the execution of transaction  $T$ , *read* operations in  $T$  is to read data from  $T.snapshot$  and add *read* result to  $T.readset$ ; *write* operations is to save data updates to  $T.writeset$ , *localInvoke* operation is to execute the called smart contract based on  $T.snapshot$ ; *remoteInvoke* operation makes  $T$  enter *wait* state in shard  $\mathcal{S}$ , build one cross-shard *TransactionCall*  $T_{req}$  for  $T$ , and send  $T_{req}$  to target shard  $\mathcal{S}'$  through  $\mathcal{CH}_{\mathcal{S} \leftrightarrow \mathcal{S}'}$ . After  $\mathcal{S}$  receives the response  $T_{rsp}$  of  $T_{req}$  from  $\mathcal{S}'$ , transaction  $T$  will continue to execute. After all operations in  $T$  are completed,  $T$ 's transaction result,  $\mathcal{O}_T$ , will be committed in shard  $\mathcal{S}$  and  $\mathcal{S}'$  through a 2PC protocol.

The transaction execution state transition in a shard is shown in Figure 6.

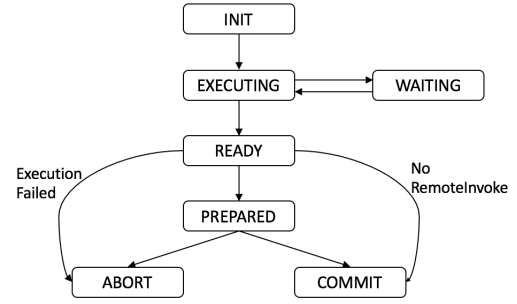


FIGURE 6. States of Cross-Shard Transaction

---

**Algorithm 1** read and write

---

```

1: function READ( $T, k$ )
2:    $v \leftarrow \emptyset$ 
3:   if  $\langle k, v \rangle \in T.writeset$  then
4:     return  $v$ 
5:   end if
6:   if  $\langle k, v, - \rangle \in T.readset$  then
7:     return  $v$ 
8:   end if
9:    $\langle v, ver \rangle \leftarrow getValue(T.snapshot, k)$ 
10:   $T.readset \leftarrow T.readset \cup \{ \langle k, v, ver \rangle \}$ 
11:  return  $v$ 
12: end function

13: function WRITE( $T, k, v$ )
14:    $T.writeset \leftarrow T.writeset \setminus \{ \langle k, - \rangle \} \cup \{ \langle k, v \rangle \}$ 
15: end function

```

---

After the execution of the transaction, the following 2PC protocol is executed to complete the commitment of transaction  $T$ . The algorithm of transaction commitment is shown in Algorithm 4, Algorithm 5, Algorithm 6 and Algorithm 7.

If  $T.result = \top$ ,  $T$  will send  $Prepare_T$  message to all shards in  $\mathbb{S}_T$ .  $\mathbb{S}_T = \{\mathcal{S}_i\}$ . Upon receiving the  $Prepare_T$  message, shard  $\mathcal{S}_i$  first verifies the validity of the state of  $T$  in  $\mathcal{S}_i$ , then tries to obtain exclusive locks of all resources in  $E_T^{\mathcal{S}_i}.writeset$ , and shared locks of all resources in  $E_T^{\mathcal{S}_i}.readset$ , and then validates  $E_T^{\mathcal{S}_i}.reset$  by checking if there is any other transaction

---

**Algorithm 2** LocalInvoke

---

```

1: function LOCALINVOKE( $T, \mathcal{S}, \mathcal{C}, args$ )
2:   if  $\mathcal{C} \notin \mathcal{S}.contracts$  then
3:     return  $\emptyset$ 
4:   end if
5:   if  $T.snapshot$  is nil then
6:      $T.snapshot \leftarrow \mathcal{S}.kvstore.snapshot()$ 
7:      $T.shards \leftarrow \{\mathcal{S}\}$ 
8:   end if
9:    $ops \leftarrow getOps(T, \mathcal{C})$ 
10:   $ops.args \leftarrow args$ 
11:  for all  $op \in ops$  do
12:    if  $op = READ$  then
13:       $op.value \leftarrow Read(T, op.key)$ 
14:    else if  $op = WRITE$  then
15:       $Write(T, op.key, op.value)$ 
16:    else
17:      if  $op.shard = \mathcal{S}.s$  then
18:         $op.value \leftarrow LocalInvoke(T, \mathcal{S},$ 
19:                                      $op.contract, op.args)$ 
20:      else
21:         $op.value \leftarrow RemoteInvoke(T,$ 
22:                                      $op.shard, op.contract, op.args)$ 
23:      end if
24:    end if
25:  end for
26:  return  $op.value$ 
27: end function

```

---

that has updated resources in  $E_T^{\mathcal{S}_i}.readset$ . If it passes verifications, shard  $\mathcal{S}_i$  will response to shard  $\mathcal{S}$  with one  $Prepared_{i,commit}$  message. If the verification fails, shard  $\mathcal{S}_i$  will release all resources acquired by  $T$  in shard  $\mathcal{S}_i$ , and respond with one  $Prepared_{i,abort}$  message.

After shard  $\mathcal{S}$  receives  $Prepared$  messages of all the shards in  $\mathbb{S}_T$ , it determines whether transaction  $T$  can be committed. If any shard in  $\mathbb{S}_T$  returns  $Prepared_{i,abort}$ , shard  $\mathcal{S}$  will abort transaction  $T$ , and send  $Abort_T$  message to all shards in  $\mathbb{S}_T$ . If all shards in  $\mathbb{S}_T$  return  $Prepared_{i,commit}$ , the decision will be to commit. Shard  $\mathcal{S}$  will send a  $Commit_T$  message to all shards with reliable message queues.

---

**Algorithm 3** RemoteInvoke

---

```

1: procedure UPON RECEIVING REMOTEINVOKE( $T, \mathcal{S}',$ 
2:    $\mathcal{C}', args$ )  $\triangleright$  RemoteInvoke from  $\mathcal{S}$ 
3:    $result \leftarrow \emptyset$ 
4:    $T' \leftarrow t : \{t\} \in \mathcal{S}.transactions \wedge t.hash = T.hash$ 
5:   if  $T'$  is nil then
6:      $T' \leftarrow \mathcal{S}'.newtransaction(T)$ 
7:   end if
8:    $\mathcal{S}.transactions \leftarrow \mathcal{S}.transactions \cup \{T'\}$ 
9:    $results \leftarrow LocalInvoke(T', \mathcal{S}', \mathcal{C}', args)$ 
10:   $\mathcal{S}'$  send response  $\{result, T'.shards\}$  to  $\mathcal{S}$ 
11: end procedure

12: procedure UPON RECEIVING
13:  REMOTERESPONSE( $T, \mathcal{S},$ 
14:   $rsp$ )  $\triangleright$  response from  $\mathcal{S}'$ 
15:   $T.shards \leftarrow T.shards \cup rsp.shards$ 
16:   $LocalInvoke(T, \mathcal{S}, T.contract, rsp.result)$ 
17: end procedure

```

---

Upon receiving the  $Commit_T$  message, shard  $\mathcal{S}_i$  commits  $E_T^{\mathcal{S}_i}.writeset$  to  $\mathcal{S}_i.kvstore$ . If the  $Abort_T$  message is received, shard  $\mathcal{S}_i$  will discard  $E_T^{\mathcal{S}_i}.writeset$ , and record the state of  $T$  as “Abort”, then release all resources that  $T$  held in shard  $\mathcal{S}_i$ . After all shard in  $\mathbb{S}_T$  completes their transaction commitment or aborts, transaction  $T$  is completed.

**6.4. Scalability Analysis of Cross-Shard Transaction Processing.** We now analyze the scalability of our cross-shard transaction processing.

**6.4.1. WFQ.** In the above proposed Ontology Sharding algorithm, the execution of transaction  $T$  is based on its isolated snapshot. *Read* operations in  $T$  read data from its *writeset* and *snapshot* without acquiring any lock, so *read* operations in Ontology Sharding algorithm are wait free. In Ontology Sharding algorithm, cross-shard transaction  $T$  is read-only, if it has not *write* operations, and all its localInvoke and remoteInvoke also only processed *read* operations. It's obvious that  $T.writeset$  is empty in all shards if  $T$  is read-only, so  $T$  does not need to commit. Therefore, Ontology Sharding algorithm satisfies WFQ.

---

**Algorithm 4** commit

---

```

1: function COMMIT( $T, \mathcal{S}$ )
2:    $outcome \leftarrow \top$ 
3:   if  $T.writeset = \emptyset \wedge T.shards = \{\mathcal{S}\}$  then
4:     return  $\emptyset$ 
5:   end if
6:   Send Prepare( $T, \mathcal{S}$ ) to  $\mathcal{S}'$  ( $\forall \mathcal{S}' \in T.shards$ )
7:   for all  $\mathcal{S}' \in T.shards$  do
8:     Wait to receive Prepared( $T, \mathcal{S}', result$ ) from  $\mathcal{S}'$  or timeout
9:     if  $result = \perp$  then
10:       $outcome \leftarrow \perp$ 
11:      break
12:    end if
13:  end for
14:  Send Decide( $T, \mathcal{S}', outcome$ ) to  $\mathcal{S}'$  ( $\forall \mathcal{S}' \in T.shards$ )
15: end function

```

---



---

**Algorithm 5** prepare

---

```

1: procedure UPON RECEIVE PREPARE( $T, \mathcal{S}'$ )
    $\triangleright$  prepare from  $\mathcal{S}$ 
2:    $T' \leftarrow t : \{t\} \in \mathcal{S}'.transactions \wedge t.hash = T.hash$ 
3:   if  $T'$  is nil then
4:     return Send Prepared( $T, \mathcal{S}', \perp$ )
5:   end if
6:   if  $T'.tryExclLock(T'.writeset)$  is failed then
7:     return Send Prepared( $T, \mathcal{S}', \perp$ )
8:   end if
9:   if  $T'.trySharedLock(T'.readset)$  is failed then
10:     $T'.exclUnlock(T'.writeset)$ 
11:    return Send Prepared( $T, \mathcal{S}', \perp$ )
12:  end if
13:   $outcome \leftarrow validate(T', \mathcal{S}', T'.readset)$ 
14:  if  $outcome = \perp$  then
15:     $T'.sharedUnlock(T'.readset)$ 
16:     $T'.exclUnlock(T'.writeset)$ 
17:  end if
18:  return Send Prepared( $T, \mathcal{S}', outcome$ )
19: end procedure

```

---

6.4.2. *GPR*. In Ontology Sharding network, state data is bound with smart contract. If smart contract  $\mathcal{C}$  is in shard  $\mathcal{S}$ , state data of  $\mathcal{C}$  is only accessible from shard

---

**Algorithm 6** decide

---

```

1: procedure UPON RECEIVE DECIDE( $T, \mathcal{S}', outcome$ )
    $\triangleright$  decide from  $\mathcal{S}$ 
2:    $T' \leftarrow t : \{t\} \in \mathcal{S}'.transactions \wedge t.hash = T.hash$ 
3:   if  $T'$  is nil then
4:     return
5:   end if
6:   if  $outcome = \top$  then
7:     for all  $\langle k, v \rangle \in T'.writeset$  do
8:        $ver \leftarrow \mathcal{S}'.getVer(k) + 1$ 
9:        $\mathcal{S}'.kvstore.put(\langle k, v, ver \rangle)$ 
10:    end for
11:  end if
12:  if  $T'$  holdslocks then
13:     $T'.sharedUnlock(T'.readset)$ 
14:     $T'.exclUnlock(T'.writeset)$ 
15:  end if
16: end procedure

```

---



---

**Algorithm 7** validate

---

```

1: function VALIDATE( $T, \mathcal{S}, readset$ )
2:   for all  $\langle k, -, ver \rangle \in readset$  do
3:     if  $\mathcal{S}.getLatestVersion(k) > ver$  then
4:       return  $\perp$ 
5:     end if
6:   end for
7:   return  $\top$ 
8: end function

```

---

$\mathcal{S}$ . When processing cross-shard transaction  $T$ , only smart contracts that are directly or indirectly invoked by  $T$  will participate. Therefore, only the shards that have contracts invoked by  $T$  participate in its process. So partial replication can be satisfied. In Ontology Sharding, independent transactions in different shards are able to be executed concurrently. But if they are in the same shard, due to the serialability property of blockchain, they will have to be executed according to their order in the block. Therefore, cross-shard transaction processing satisfies GPR.

6.4.3. *MCS*. In Ontology Sharding algorithm, two transactions are conflicted if their *writeset* is overlapped. Ontology Sharding transaction only locks the underlying data during the commitment phase. The granularity of

the commitment phase lock is in unit of smart contract, that is, only two transactions need to wait for each other when they conflict on the level of smart contract. Therefore, Ontology Sharding algorithm satisfies MCS.

**6.4.4. ForwFresh.** In the current Ontology Sharding algorithm, the snapshot of transaction  $T$  in shard  $\mathcal{S}$  is created when the first operation of transaction  $T$  is performed on shard  $\mathcal{S}$ . After that, all *read* operations of  $T$  in  $\mathcal{S}$  are based on this snapshot. So ForwFresh is not satisfied currently.

As can be seen from the above, Ontology Sharding algorithm satisfies most of the scalable distributed transaction processing properties.

## 7. CROSS-SHARD TRANSACTION FEE PROCESSING

The ONT/ONG assets are all managed on Ontology main chain and ONG settlements can only be finalized on the main chain. Fees of all transactions in Ontology Sharding network are settled based on ONG.

As defined in transaction  $T$ ,  $T.\text{feeAmount}$  is the maximum fee amount that a user can pay for  $T$ . Fee  $F_T$  for transaction  $T$  is paid by the user who have initiated  $T$ .

$$\begin{cases} F_T := \sum_{\mathcal{S}} T.E_T^{\mathcal{S}}.\text{fee} \\ F_T \leq T.\text{feeAmount} \end{cases}$$

If  $T$  is a transaction inside shard  $\mathcal{S}$ ,  $F_T$  will be paid to the consensus governance contract of  $\mathcal{S}$ . For security reasons, all transaction fees are accumulated in the consensus governance contract, and are paid to nodes which have participated in  $\mathcal{S}$  after one consensus epoch. If  $T$  is a cross-shard transaction which is initiated in one shard  $\mathcal{S}$  and called smart contracts in the other shard  $\mathcal{S}'$ ,  $F_T$  will be split into  $F_{T,\mathcal{S}}$  and  $F_{T,\mathcal{S}'}$ ,

$$F_T = T.E_T^{\mathcal{S}}.\text{fee} + T.E_T^{\mathcal{S}'}.\text{fee}$$

$T.E_T^{\mathcal{S}}.\text{fee}$  will be paid to shard  $\mathcal{S}$ ,  $T.E_T^{\mathcal{S}'}.\text{fee}$  will be paid to shard  $\mathcal{S}'$ . The details are explained in the following sections.

**7.1. Fee Management in Shard.** If a user wants to invoke a smart contract in a shard, he needs to prepay ONG to the shard. The prepaid ONG will be deposited in the SMC contract of parent shard, and SMC will

notify the shard to update user's prepaid ONG balance in the shard.

In the shard, the shard's system contract bookkeeps the total ONG amount the user paid for his transactions and generates corresponding receipts for each payment. All receipts from one user are managed through one Merkle tree. Based on Merkle roots of user receipt trees, another receipt Merkle tree for the shard is constructed. At the end of every consensus epoch, the shard system contract sends the total sum of all transaction fees in the epoch and its corresponding receipt Merkle root to the parent shard. SMC contracts in the parent shard will validate the Merkle root and pay ONG to nodes in the shard.

**7.2. Stake Redeeming.** If a user wants to redeem his prepaid ONG in a shard, he/she should send the extraction request to the system contract on the shard. The shard will reduce the balance of the user's prepayment in the shard and notify SMC in the parent shard. SMC contract in the parent shard transfers ONG to user account in the parent shard.

**7.3. Main Chain Contract Calls in Shard.** Smart contracts in the shard can be invoked from the main chain if they have been registered to CCMC. For example, smart contract  $\mathcal{C}$  in the main chain  $S_0$  is invoked by transaction  $T$ .  $T.\text{feeAmount}$  is the fee limit user specified for  $T$ . First, transaction  $T$  was processed in the main chain and invoked remote start contract  $\mathcal{C}'$  which is in shard  $\mathcal{S}'$ . At this point,  $F_1$  amount of fee has been consumed the on main chain.

When invoking  $\mathcal{C}'$ , cross-shard transaction  $T'$  is constructed.  $T'.\text{feeAmount} = T.\text{feeAmount} - F_1$ .  $T'$  will be processed in shard  $\mathcal{S}'$  by the method described in Section 6.3, and the processing response is returned to the main chain via message queue. Assuming  $F_2$  amount of fee is consumed on  $\mathcal{S}'$ , it should be paid from the main chain to  $\mathcal{S}'$  for  $T'$ , and its receipt proof is included in the response message.  $F_2 < T'.\text{feeAmount}$ . Before completion, transaction  $T$  may require some further processing in the main chain, and consume  $F_3$  amount of fee. When transaction  $T$  is complete, fee of  $T$  is settled

on the main chain.

$$\begin{cases} F_T = F_1 + F_2 + F_3 \\ T.E_T^{S_0}.fee = F_1 + F_3 \\ T.E_T^{S'}.fee = F_2 \end{cases}$$

The  $F_1 + F_3$  amount of fee is paid to governance contract of main chain,  $F_2$  amount of the fee is paid to the SMC contract of main chain for  $S'$ .

Subsequently, when the consensus epoch of shard  $S'$  is complete, SMC pays the received ONG to nodes in shard  $S'$ .

**7.4. Shard Contract Calls Other Shards.** Similar to the aforementioned, smart contract  $C$  in shard  $S$  is invoked by transaction  $T$  with fee limit  $T.feeAmount$ . If  $T$  invokes a contract in the main chain, its transaction fee is settled as follows:

Assuming  $F_1$  is amount of fee consumed in  $S$ ,  $F_2$  is amount of fee consumed by cross-shard transaction on the main chain, then  $F_3$  is amount of fee consumed in  $S$  to complete all remained processing of  $T$ . When transaction  $T$  is complete, the fee of  $T$  is settled on shard  $S$ . On shard  $S$ , the  $F_1 + F_3$  amount of fee is paid to the shard governance contract and the ONG account balance of user  $T.sender$  is reduced by  $F_2$ . On the main chain,  $F_2$  amount of fee is paid from  $S$  to the governance contract of main chain by the SMC contract of the main chain.

If  $T$  invokes a contract in other shard  $S'$ , there are some differences in transaction fee settlement. Similar to the above example, transaction fee  $F_T$  of  $T$  includes  $F_1$ ,  $F_2$ , and  $F_3$ . The  $F_1 + F_3$  amount of fee is paid to the shard governance contract of  $S$ . For  $F_2$ , the ONG account balance of user  $T.sender$  is reduced by  $F_2$  on shard  $S$ , governance contract of  $S'$  requires  $F_2$  amount of ONG from  $S$  on the main chain with the transaction receipt as proof. The main chain SMC contract will transfer  $F_2$  amount of ONG which  $T.sender$  had staked for  $S$  to  $S'$ .

## 8. CONCLUSIONS

We have introduced the design of Ontology Sharding. The Ontology sharding network adopts hierarchical sharding architecture to achieve large-scale network expansion. Performance of shard is determined only by performance of nodes in the shard.

Key features of Ontology Sharding include reliable communication channels amongst shards, Multi-Version Commitment Ordering (MVCO) based cross-shard transaction model, and its governance model.

Shards in Ontology network communicate with each other through reliable channels. With a Merkle tree-based message queue, all messages between shards are order guaranteed and verifiable. Ontology sharding supports transactionality for both intra-shard transaction and cross-shard transaction. For intra-shard transaction, the classical synchronous transaction model in single-chain is used. Cross-shard transaction processing adopts the MVCO model, and achieves WFQ, GPR, and MCS.

There are many improvements that can be made to the current design of Ontology Sharding. The minimum granularity of Ontology Sharding is smart contract. When many other smart contracts depend on one specific smart contract, this will cause excessive cross-shard transactions, which may affect the performance of sharding network. We will continue to study how to reduce the granularity of sharding. In terms of the security of shards, Ontology shards are currently based on the ONT token. In the next phase, we will continue to study how to ensure the security of shards if they are based on OEP-4 tokens.

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## APPENDIX A. RELATED WORK

**A.1. Side Chain.** Segregation Witness (SegWit) is a scalability solution first implemented in the Bitcoin network, mainly used to increase transaction speeds. The SegWit protocol attempts to improve performance of Bitcoin from two aspects, increasing the maximum block size, and increasing the block size limit to 4 MB, and then placing the witness information in each transaction outside the block. This reduces the size of each transaction in the block, allowing a single block to hold records for more than 8,000 transactions.

Lightning Network [14] is a scaling solution for both transaction costs and speeds. It realizes real-time transactions through micro-payment channels, and at the same time guarantees the revocability of disputed transactions by prepaying the fund pool. However, the UTXO asset exchange service can only be provided in the lightning network. In addition, the transactions in the lightning network are ‘unconfirmed’ bitcoin network transactions, relying on the fund pool in the payment channel to ensure the security of the transaction.

Ethereum’s Plasma [13] is a side-chain solution based on Ethereum. Plasma locks Ethereum’s assets in the Ethereum smart contract and generates the same amount of assets in the Plasma side-chain. Subsequent asset-related transaction processing will be done in Plasma. All transactions in Plasma can be submitted to Ethereum by Merkle proof, so as to ensure the security of the Plasma side-chain. Transaction processing is offloaded to the side-chain to achieve performance scalability of Ethereum.

**A.2. Sharding.** Sharding is a database partition that divides large databases into smaller data fragments to make the data management faster and easier. Although sharding has been an significant part of traditional database technology for many years, its implementation in blockchain is still in research [1, 15], because traditional blockchains require all nodes to carry all the data on the blockchain to ensure the processing of transactions are verified.

OmniLedger and Chainspace are BFT-based sharding proposals. OmniLedger [16] used a bias-resistant representative shards that process transactions, and introduced an efficient cross-shard commitment protocol that automatically handles transactions affecting multiple shards. In Chainspace [3], state and execution of transactions are sharded into object, and cross-shard consistency is guaranteed by S-ABC, a distributed commitment protocol. Compared with them, Ontology Sharding is a PoS-based sharding design, which is more scalable and secure in an ultra-large-scale network. For cross-shard transactions, besides atomicity, Ontology Sharding also provides fee settlement and contract governance.