

SUPSI

Sapphire Wallet: Blockchain Interoperability

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Degree Course

Master of Science in Engineering: Computer Science

Year

2023 - 2024

Date

May 14, 2024

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Abstract

Introduction

Chapter 1

Motivation and Context

Chapter 2

Problem

Blockchain technology lacks of *user experience*, every time a user wants to interact with a blockchain, he needs to sign a transaction, pay a fee, and wait for the transaction to be confirmed. This is a big barrier for the adoption of blockchain technology, compared to the traditional web 2.0 applications where the interaction is seamless, and the user does not need to know anything about the underlying technology.

The field is a very active research area, many solutions and chains have been proposed. In fact, millions of users and developers started to use them. [1] However, an important question arises when there are multiple chains: *which one should I use?*

Interoperability is the answer to this question, as it allows different chains to communicate with each other. In this way, the decision of which chain to use is not relevant and a business can benefit from the best features of each chain without losing market share. But how can this be achieved *without experienced users?*

The goal of this Master project is to analyse the current state of the art of blockchain interoperability and account abstraction, and to propose a solution that allows users to interact with multiple chains without the need to have any kind of knowledge about the used technology.

Chapter 3

State of the Art

This chapter presents the state of the art of blockchain interoperability and account abstraction, with an emphasis on EVM-compatible blockchains.[2]

In the first section, the concept of account abstraction is introduced, with a focus on the evolution of the ERC standards and an analysis of the Argent wallet to understand how account abstraction can improve the user experience.

The second section presents the state of the art of cross-chain communication, categorising the bridges according to the trust model, communication model, and asset transfer model.

Finally, the Internet Computer Protocol (ICP) is presented, as it is a promising solution for both account abstraction and cross-chain communication.

3.1 Account Abstraction

Different solutions have been proposed to improve the user experience (UX), including *Meta Transactions*, *Smart Contract Wallets*, and *Account Abstraction*. The results of the analysis done by the Institute of Information Systems and Networking at the University of Applied Sciences and Arts of Southern Switzerland (SUPSI) indicate that Account Abstraction presents the most promising solution for improving UX in decentralised systems, offering a comprehensive solution that enables smart contract logic to determine the fee payment and validation logic of transactions. [3]

The term *Account Abstraction* refers to the ability to extend the capabilities of an account in a blockchain. In the context of Ethereum, there are two type of accounts: [4]

- *Externally Owned Accounts (EOA)*: controlled by anyone with the private key.
- *Contract Accounts*: A deployed smart contract. Controlled by the code.

EOAs are the only account type that can initiate transactions, while contract accounts can only *react*¹ to transactions, which makes it difficult to do batches of transactions and requires users to always keep an ETH balance to cover gas. Other limitations include the lack of recovery options, the need to pay a fee for each transaction, and the risk of losing the private key. Generalising, the user experience is not as seamless as in traditional web 2.0 applications. [5]

Account abstraction is a way to solve these problems by allowing users to flexibly include more security and better user experiences into their accounts. This is achieved by *abstracting* the account model, allowing users to use contract accounts instead of EOAs.

The use of *Smart Contract Wallets* with *Account Abstraction* unlocks new possibilities, including: [5]

- *Flexible security models*: Multi-signature, account freezing, transaction limits, allowlists, etc.
- *Recovery options*: Social recovery, guardians, etc.
- *Multi owner accounts*: Shared accounts, business accounts, etc.
- *Relayed transactions*: Sign a transaction and let someone else pay for it.
- *Batch/Multi transactions*: Execute multiple transactions in a single call.
- *Innovative User Experience*: Seamless interaction with the blockchain.

3.1.1 EIPs

The community of Ethereum is actively working to improve the blockchain. Everyone can propose an improvement through an EIP (Ethereum Improvement Proposal). An EIP is a design document providing information to the Ethereum community, or describing a new feature for Ethereum or its processes or environment. The EIP should provide a concise technical specification of the feature and a rationale for the feature. The EIP author is responsible for building consensus within the community and documenting dissenting opinions. [6]

In the context of Account Abstraction, the most relevant EIPs are in the category of *Standards Track EIPs*, which are changes that affect most or all Ethereum implementations. Standards Track EIPs can be classified into three categories: [6]

- *Core*: Changes that require a consensus fork.
- *Networking*: Changes that affect network protocol, including changes that are specific to the network layer.

¹A smart contract can initiate a transaction by calling another smart contract, but the transaction is still initiated by an EOA.

- *Interface*: Includes improvements around language-level standards, like method names and contract ABIs.
- *ERC*: Application-level standards and conventions, including contract standards such as token standards (ERC-20), name registries (ERC-137), URI schemes, library/package formats, and wallet formats.

In the following sections, the most relevant EIPs related to Account Abstraction are presented.

3.1.1.1 EIP-86

Proposed by Vitalik Buterin² in 2017, EIP-86 is a *Core* proposal and can be considered the first step towards account abstraction. The goal of this proposal is to abstract the signature verification and the nonce scheme. This allows to develop smart contracts able to use any signature scheme in transaction verification. [7]

The default way to secure an Ethereum account is the ECDSA³ signature scheme. However, EIP-86 allows to use any signature scheme, including multi-signature schemes and **custom cryptography**. [7]

It is important to notice that ECDSA cryptography is **not** quantum-resistant, the Peter Shor's algorithm can be used to break the ECDSA in polynomial time. [9]

The current status of EIP-86 is *Stagnant*, as it has been inactive for more than 6 months. Nevertheless, this proposal was an inspiration for the following EIPs.

3.1.1.2 EIP-2711

Proposed in 2020, The EIP-2771 is based on the EIP-2718 proposal, which introduces a new transaction type. The main features that EIP-2771 may introduce are: [10]

- *Sponsored Transactions*: Allow third parties to pay for a user's gas costs.
- *Batch Transactions*: Execute multiple transactions in a single call.
- *Expiring Transactions*: Set an expiration time that invalidates the transaction.

The proposal is a *Core* EIP and it has been *Withdrawn* by the author. The reason for the withdrawal is that the EIP-3074, proposed with the help of the author of EIP-2711, is a more complete solution. [10]

²co-founder of Ethereum

³Elliptic Curve Digital Signature Algorithm [8]

3.1.1.3 EIP-3074

Proposed in 2020, EIP-3074 introduces two new opcodes⁴ to the Ethereum Virtual Machine (EVM): `AUTH` and `AUTHCALL`. The first sets a context variable authorized based on an ECDSA signature. The second sends a call as the authorized account. This essentially delegates control of the externally owned account (EOA) to a smart contract called *Invoker*. [11]

More specifically, `AUTH` enables the retrieval of a user's address from a signed message, effectively authenticating the user within EVM. `AUTHCALL`, on the other hand, simplifies the execution of authenticated calls by altering the sender of the transaction to the authorized address, thus simplifying the process of executing transactions that mimic smart contract logic directly from EOAs. [5]

This gives developers a flexible framework for developing novel transaction schemes for EOAs. A motivating use case of this EIP is that it allows any EOA to act like a smart contract wallet without deploying a contract (many EOAs may use the same *Invoker* contract). [11]

The *Invoker* contract is a trustless intermediary between the EOA and the rest of the Ethereum network. The contract can be used to implement a variety of features, such as *sponsored transactions*, *expiration*, *batch transactions*, etc. [11]

As stated in the EIP: [11]

Choosing an invoker is similar to choosing a smart contract wallet implementation. It's important to choose one that has been thoroughly reviewed, tested, and accepted by the community as secure. We expect a few invoker designs to be utilized by most major transaction relay providers, with a few outliers that offer more novel mechanisms.

EIP-3074 is currently in *Review* status, and it is expected to be included in the next hard fork of Ethereum, named *Pectra*. [12]

3.1.1.4 ERC-4337

Proposed in 2021, ERC-4337 is an account abstraction proposal which completely avoids the need for consensus-layer protocol changes. Instead of adding new protocol features and changing the bottom-layer transaction type, this proposal instead introduces a higher-layer pseudo-transaction object called a *UserOperation*. Users send *UserOperation* objects into a separate *mempool*. A special class of actor called bundlers package up a set of these objects into a transaction making a *handleOps* call to a special contract, and that transaction then gets included in a block.

⁴An Opcode is a machine-level instruction

3.1.2 Argent

3.2 Cross-Chain Communication

3.2.1 Bridge classification

3.2.1.1 Trust model

3.2.1.2 Communication model

3.2.1.3 Asset transfer model

3.3 ICP: Internet Computer Protocol

Chapter 4

Problem Approach: Sapphire Wallet

4.1 Architecture

4.2 Blockchain

Smart contracts deployed on the blockchain.

4.2.1 Base Chain

4.2.2 Dest Chain(s)

4.3 Bridge

4.4 Backend

Microservices infrastructure.

4.4.1 API Gateway

4.4.2 Wallet Factory

WalletCreation.draw.io

4.4.3 Sapphire Relayer

4.4.3.1 Base Chain Relayer

TransactionExecution.draw.io

4.4.3.2 Dest Chain Relayer

All bridgeCall folder

4.4.4 Sapphire Portfolio

Problem: how to retrieve the wallet info on all the chains?

portfolio folder

4.5 Mobile Application: Sapphire Wallet

4.5.1 Wallet Creation

4.5.2 Wallet Recovery

4.5.3 Home Page

Write all the operations, balance of chains, button.

4.5.4 NFTs Page

4.5.5 Settings Page

guardian

Chapter 5

Results

Chapter 6

Conclusions

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