Question 1 - Bitcoin Testnet Transaction

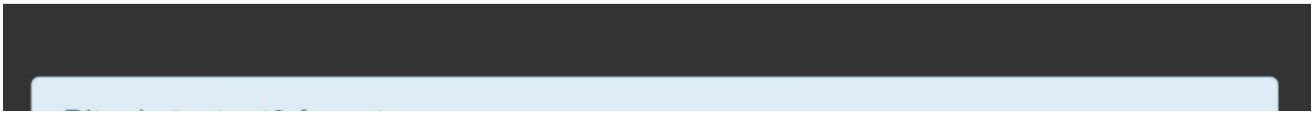
In [ ]:
```
#Import required libraries

from importlib import reload
from helper import run
import ecc
import helper
import script
import tx
```

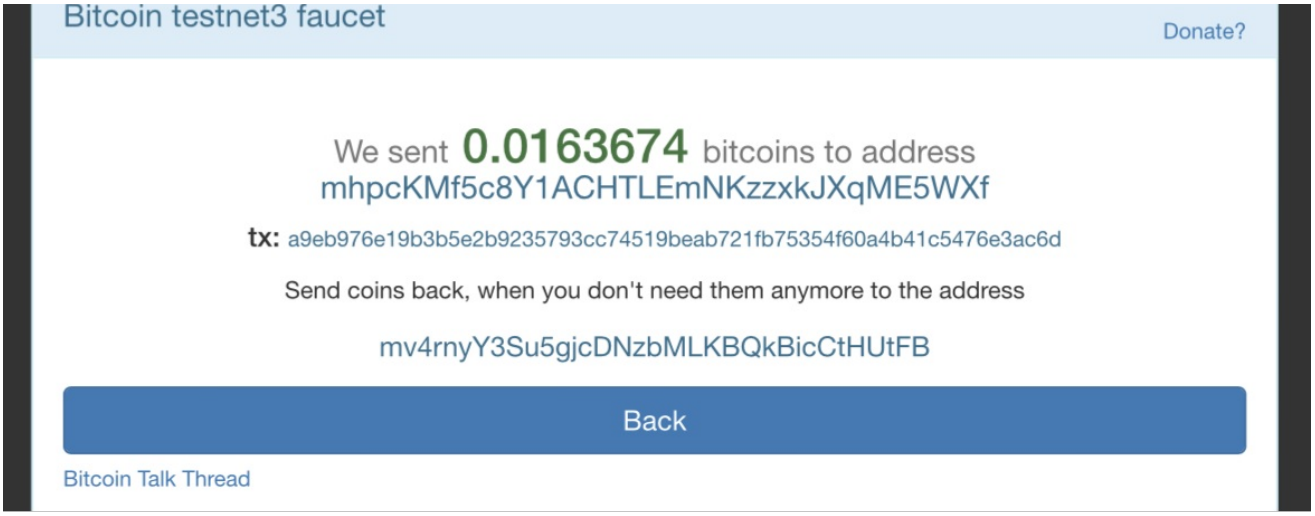
1. Create 4 Bitcoin Testnet addresses. Add below the addresses and the corresponding secrets, namely address1, address2, address3, address4.

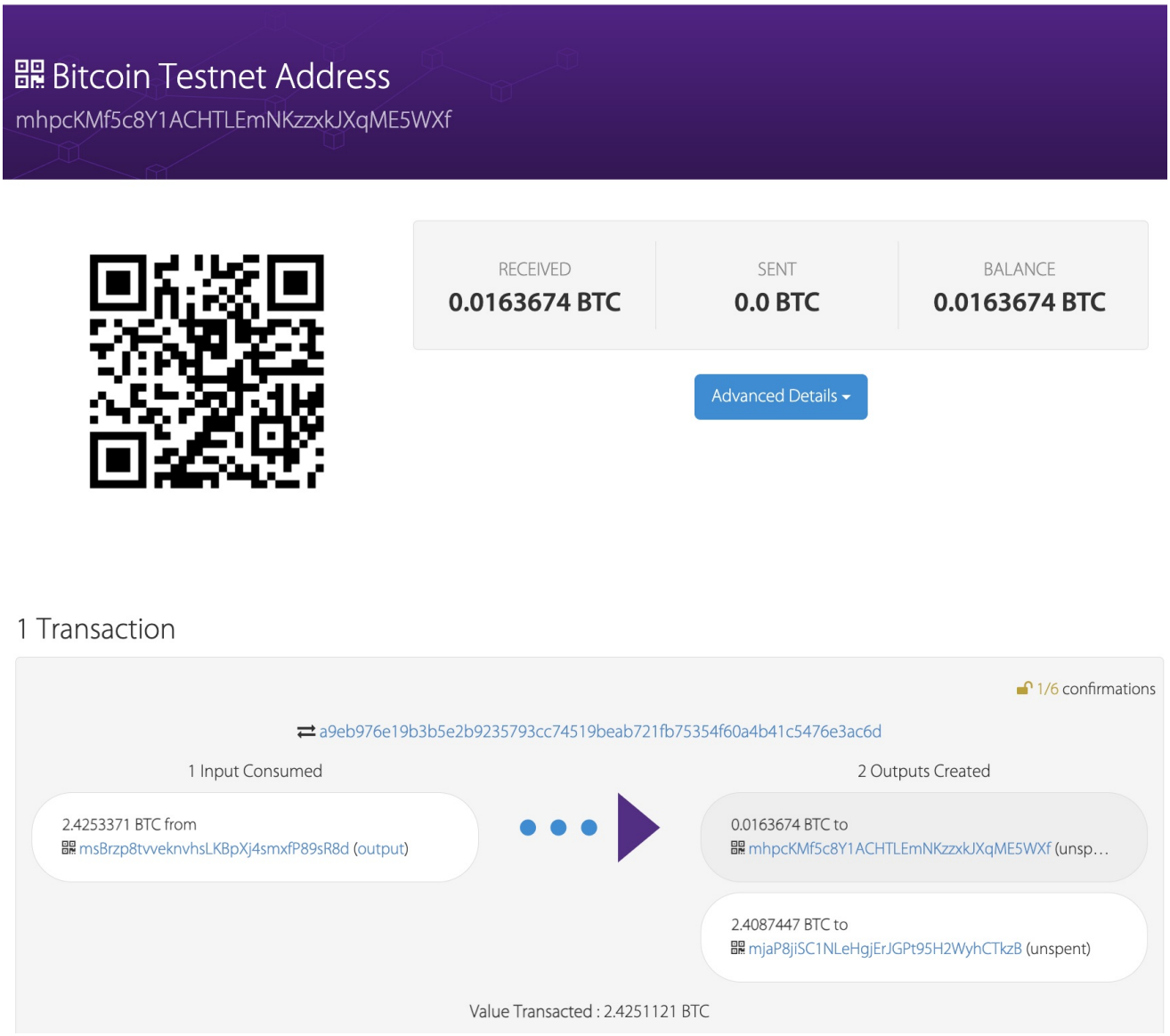
In [ ]:
```
from ecc import PrivateKey
from helper import hash256, little_endian_to_int

#Address 1
secret1 = little_endian_to_int(hash256(b'qwerty1'))
private_key1 = PrivateKey(secret1)
address1 = private_key1.point.address(testnet=True)
print("qwerty1 Address: "+ address1)
print("Secret 1: "+ str(secret1))

#Address 2
secret2 = little_endian_to_int(hash256(b'qwerty2'))
private_key2 = PrivateKey(secret2)
address2 = private_key2.point.address(testnet=True)
print("\qwerty2 Address: "+ address2)
print("Secret 2: "+ str(secret2))

#Address 3
secret3 = little_endian_to_int(hash256(b'qwerty3'))
private_key3 = PrivateKey(secret3)
address3 = private_key3.point.address(testnet=True)
print("\nqwerty3 Address: "+ address3)
print("Secret 3: "+ str(secret3))

#Address 4
secret4 = little_endian_to_int(hash256(b'qwerty4'))
private_key4 = PrivateKey(secret4)
address4 = private_key4.point.address(testnet=True)
print("\nqwerty4 Address: "+ address4)
print("Secret 4: "+ str(secret4))
```

```
Address 1: mhpcKMf5c8Y1ACHTLEmNKzzxkJXqME5WXf
Secret 2: 320963583584663102538161310802092117924475203583234688720186072240486260203 77

Address 2: mjDPt86pt2S8gEn4TtEyD9fCFexaFT9Ri6
Secret 2: 249433960981952524790670432977715346565011765974587925864052429863836909789 9

Address 3: n3NqV5KpWcEMUwi17CxXpHH6zb4YWPA6Sh
Secret 3: 104533069907879726791087557265415846272574193065210720528477029931153684609072

Address 4: mru9wdZVop4EwWzZSQCF69AiSSiRPyMHP4
Secret 4: 405099525459889276868708760498036138740453574543630866519785509901935687261 78
```

2. From a BTC testnet faucet send testnet bitcoin to one of the addresses.




Bitcoin testnet3 faucet
Donate?
We sent 0.0163674 bitcoins to address
mhpcKMf5c8Y1ACHTLEmNKzzxkJXqME5WXf
tx: a9eb976e19b3b5e2b9235793cc74519beab721fb75354f60a4b41c5476e3ac6d
Send coins back, when you don't need them anymore to the address
mv4rnyY3Su5gjcDNzbMLKBQkBicCtHUtFB
Back
Bitcoin Talk Thread



Bitcoin received: 0.0163674 BTC
Transaction ID: a9eb976e19b3b5e2b9235793cc74519beab721fb75354f60a4b41c5476e3ac6d

3. Create a 1-input 3-outputs transactions transferring 50%, 30%, 15% of the amount respectively into address2, address3, address4 respectively.

In [ ]:
```
from helper import decode_base58, SIGHASH_ALL
from script import p2pkh_script, Script
from tx import TxIn, TxOut, Tx

# 1 input
# Define previous transaction when qwerty1 received 0.0163674 BTC (1636740 Satoshis) from BTC testnet3 faucet
prev_tx = bytes.fromhex('a9eb976e19b3b5e2b9235793cc74519beab721fb75354f60a4b41c5476e3ac6d')
prev_index = 0
tx_in1 = TxIn(prev_tx, prev_index)

# 3 outputs
tx_outs = []
# Transfer 0.0081837 BTC (50%) to qwerty2 - Output1
target_amount1 = int(818370)
target_h160_1 = decode_base58('mjDPt86pt2S8gEn4TtEyD9fCFexaFT9Ri6')
target_script1 = p2pkh_script(target_h160_1)
target_output1 = TxOut(amount=target_amount1, script_pubkey=target_script1)

# Transfer 0.00491022 BTC (30%) to qwerty3 - Output2
target_amount2 = int(491022)
target_h160_2 = decode_base58('n3NqV5KpWcEMUwi17CxXpHH6zb4YWPA6Sh')
target_script2 = p2pkh_script(target_h160_2)
target_output2 = TxOut(amount=target_amount2, script_pubkey=target_script2)
```

```
# Transfer 0.00245511 BTC (15%) to qwerty4 - Output3
target_amount3 = int(245511)
target_h160_3 = decode_base58('mru9wdZVop4EwWzZSQCF69AiSSiRPyMHP4')
target_script3 = p2pkh_script(target_h160_3)
target_output3 = TxOut(amount=target_amount3, script_pubkey=target_script3)

# Define the transaction
tx_obj = Tx(1, [tx_in1], [target_output1, target_output2, target_output3], 0, True)
print(tx_obj)
```

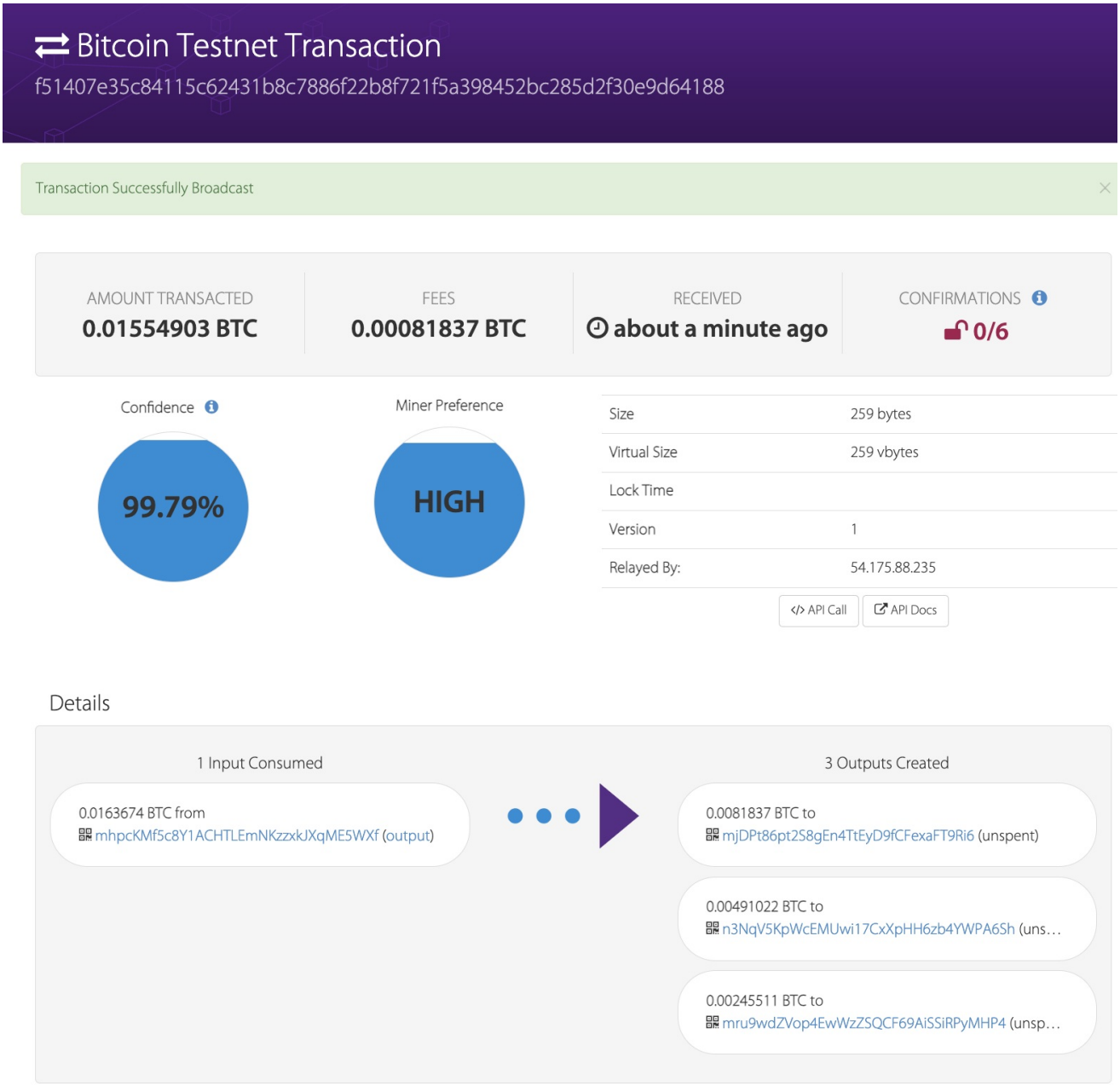
```
tx: 58d996d5391bb26febd1ea805f4e160d0379b62bb87aed7630510541339eec5c
version: 1
tx_ins:
a9eb976e19b3b5e2b9235793cc74519beab721fb75354f60a4b41c5476e3ac6d:0
tx_outs:
818370:OP_DUP OP_HASH160 288e60072517588748cc187f5514ddc9af96023b OP_EQUALVERIFY OP_CHECKSIG
491022:OP_DUP OP_HASH160 efc9c13eefad7b44818cf5dbc78dafde7ca39dfe OP_EQUALVERIFY OP_CHECKSIG
245511:OP_DUP OP_HASH160 7cdc42088d7e55e84c262b73430ae1d540c7009e OP_EQUALVERIFY OP_CHECKSIG
locktime: 0
```

4. Sign the transaction and submit it into the Bitcoin testnet via https://live.blockcypher.com/btc-testnet/pushtx/

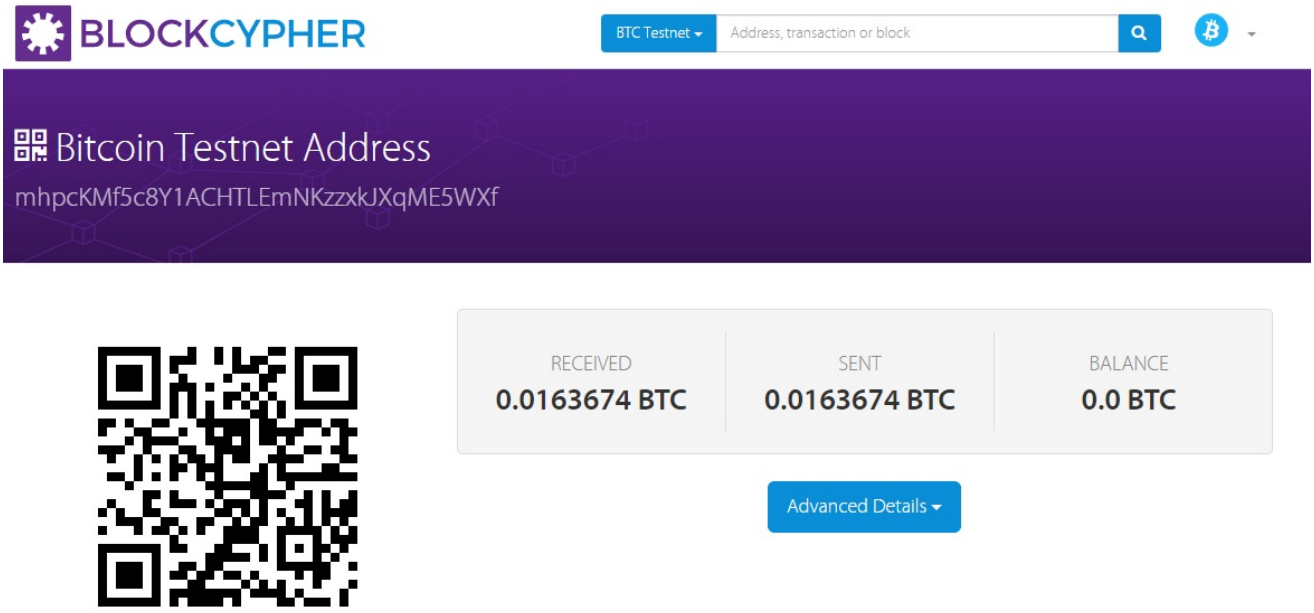
In [ ]:

```
#Sign the transaction
from ecc import PrivateKey
from helper import SIGHASH_ALL
z = tx_obj.sig_hash(0)

# use qwerty1's secret
private_key = PrivateKey(secret=32096358358466310253816131080209211792447520358323468872018607224048626020377)
der = private_key.sign(z).der()
sig = der + SIGHASH_ALL.to_bytes(1, 'big')
sec = private_key.point.sec()
script_sig = Script([sig, sec])
tx_obj.tx_ins[0].script_sig = script_sig
print(tx_obj.serialize().hex())
```

```
01000000016dace376541cb4a4604f3575fb21b7ea9b5174cc935723b9e2b5b3196e97eba9000000006a47304402204c84af3c4a8494d1ea
0cfa709e597904cca453090df85ec3e8fc05edfc521e69022066687ea58d78f83158416f10802478eb90990372a1cfa5e571e4adc177371e
88012102311697f6be5b47230288155e83166105dcd9c98e92dd900c31ce0c193743a37dfffffffff03c27c0c00000000001976a914288e60
072517588748cc187f5514ddc9af96023b88ac0e7e0700000000001976a914efc9c13eefad7b44818cf5dbc78dafde7ca39dfe88ac07bf03
00000000001976a9147cdc42088d7e55e84c262b73430ae1d540c7009e88ac00000000
```



URL: https://live.blockcypher.com/btc-testnet/tx/f51407e35c84115c62431b8c7886f22b8f721f5a398452bc285d2f30e9d64188/



Balance of Address 1

URL: https://live.blockcypher.com/btc-testnet/address/mhpcKMf5c8Y1ACHTLEmNKzzxkJXqME5WXf/

5. How much fees are transferred to the miner and how are they calculated?

The transaction fee is calculated from difference between the total inputs and total outputs. In this scenario there is 1 input and 3 outputs.

Input 1: 0.0163674 BTC Output 1: 0.0081837 BTC Output 2: 0.00491022 BTC Output 3: 0.00245511 BTC

Transaction fee = 0.0163674 - (0.0081837 + 0.00491022 + 0.00245511) = 0.00081837 BTC

Question 2 - Smart contract for cash in DAML

Contract template

1. Start by creating a new project and .daml file.

Using the following command in terminal

daml new Cash

2. Create a contract template called Cash with parameters

```
module Cash where

import Daml.Script

template Cash
  with
    amount : Decimal
    currency : Text
    issuer : Party
    holder : Party
    exchange : Party
    exchangeRate : Decimal
```

3. Then, define the roles of the parties. What type of party should the issuer be? And the exchange?
4. Add a condition to ensure the amount of cash is larger than zero

```
  where
    signatory issuer
    observer holder, exchange
    ensure amount >= 0.0
```

5. Add a function Transfer which transfer the cash to new holder, where the controller is the holder
6. Add a function UpdateExchangeRate which sets a new Exchange rate, where the controller is the holder

```
controller holder can
  Transfer : ContractId Cash
    with
      newHolder : Party
    do
      create this with holder = newHolder

  UpdateExchangeRate : ContractId Cash
    with
      newExchangeRate : Decimal
    do
      create this with exchangeRate = newExchangeRate
```

7. Add a function Swap which converts the currency (currency = newCurrency), updates the amount with the specified exchange rate (amount = amount/exchangeRate), and asserts the exchange rate is larger than 1.0 (exchangeRate > 1.0)

```
controller exchange can
  Swap : ContractId Cash
    with
      newCurrency : Text
    do
      assert (exchangeRate > 1.0)
      create this with
        currency = newCurrency
        amount = amount / exchangeRate
```

Scenario testing

1. Create three parties: “Party_1” (the issuer), “Party_2” (the holder), “Party_3” (the exchange)

```
cashTests : Script()
cashTests = script do

--- Add parties
party1 <- allocateParty "the issuer"
party2 <- allocateParty "the holder"
party3 <- allocateParty "the exchange"
```

2. Let the issuer “Party 1” issue a new contract where the issuer “Party 1” wishes to transfer 100 USD to “Party 2”. At this stage set the issuer = the holder (2 points), and the exchangeRate = 0.0

```
let
  currency = "USD"

contract1 <- submit party1 do
  createCmd Cash with
    amount = 100.0
    currency
    issuer = party1
    holder = party1
    exchange = party3
    exchangeRate = 0.0
```

3. Let the holder (=issuer) transfer the cash to “Party 2”

```
--- Transfer the cash
transfer1 <- submit party1 do
  exerciseCmd contract1 Transfer with
    newHolder = party2
```

4. Let the new holder “Party 2” update the contract with exchangeRate = 1.2

```
 --- Update the exchange rate
 update1 <- submit party2 do
   exerciseCmd transfer1 UpdateExchangeRate with
     newExchangeRate = 1.2
```

5. Let the exchange “Party 3” swap USD to GBP .

```
--- Swap the currency
swap1 <- submit party3 do
  exerciseCmd update1 Swap with
    newCurrency = "GBP"
```

6. Try to let the holder do the swap. What will happen? Explain why this would happen.

"Script execution failed, displaying state before failing transaction"

Holder doesn't have the authority to use the swap function, swap is only available to exchange party

Ledger State

Cash:Cash

id	status	amount	currency	issuer	holder	exchange	exchangeRate	the exchange	the holder	the issuer
~~#0:0~~	~~archived~~	~~100.0000000000~~	~~"USD"~~	~~'the issuer'~~	~~'the issuer'~~	~~'the exchange'~~	~~0.0000000000~~	O	-	S
~~#1:1~~	~~archived~~	~~100.0000000000~~	~~"USD"~~	~~'the issuer'~~	~~'the holder'~~	~~'the exchange'~~	~~0.0000000000~~	O	O	S
~~#2:1~~	~~archived~~	~~100.0000000000~~	~~"USD"~~	~~'the issuer'~~	~~'the holder'~~	~~'the exchange'~~	~~1.2000000000~~	O	O	S
#3:1	active	83.3333333333	"GBP"	'the issuer'	'the holder'	'the exchange'	1.2000000000	O	O	S

Question 3 - ERC20 and AMM Deployment

1. Create two tokens with the ERC20 interface

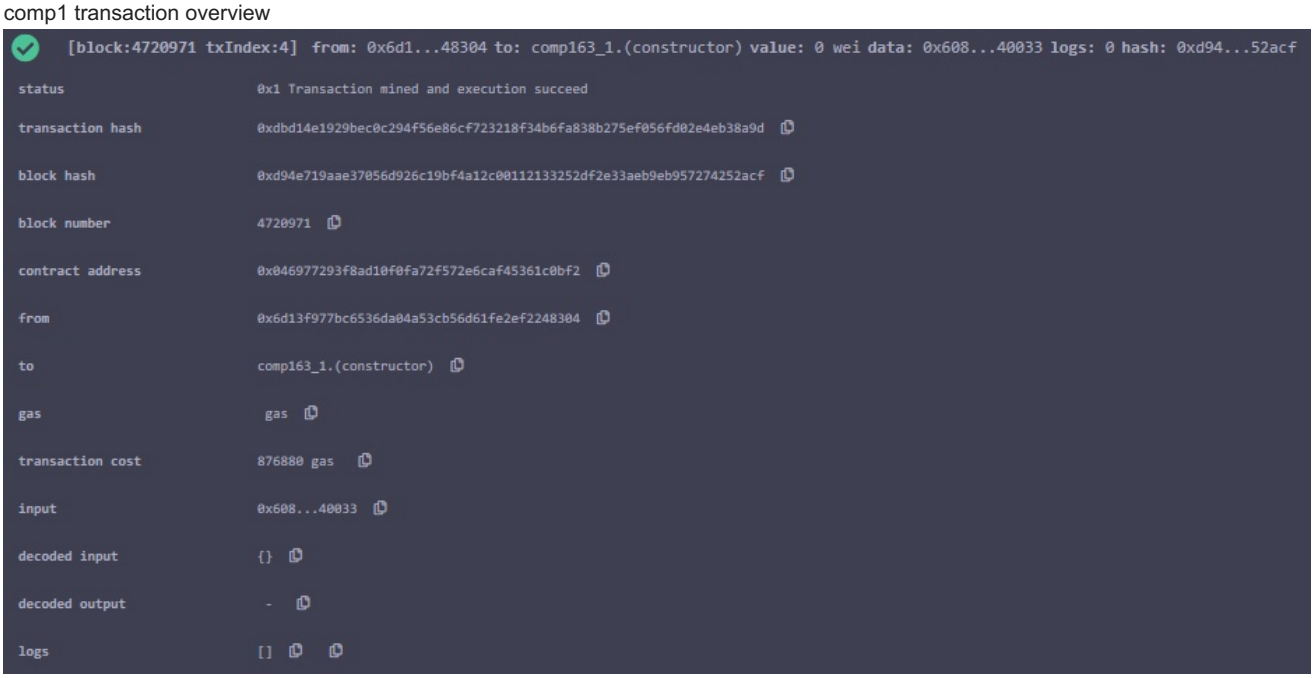
```
constructor() {
    name = "comp163_1";
    symbol = "comp1";
    decimals = 18;
    _totalSupply = 100*10**18;
    balances[msg.sender] = _totalSupply;
}
```

```
constructor() {
    name = "comp163_2";
    symbol = "comp2";
    decimals = 18;
    _totalSupply = 100*10**18;
    balances[msg.sender] = _totalSupply;
}
```

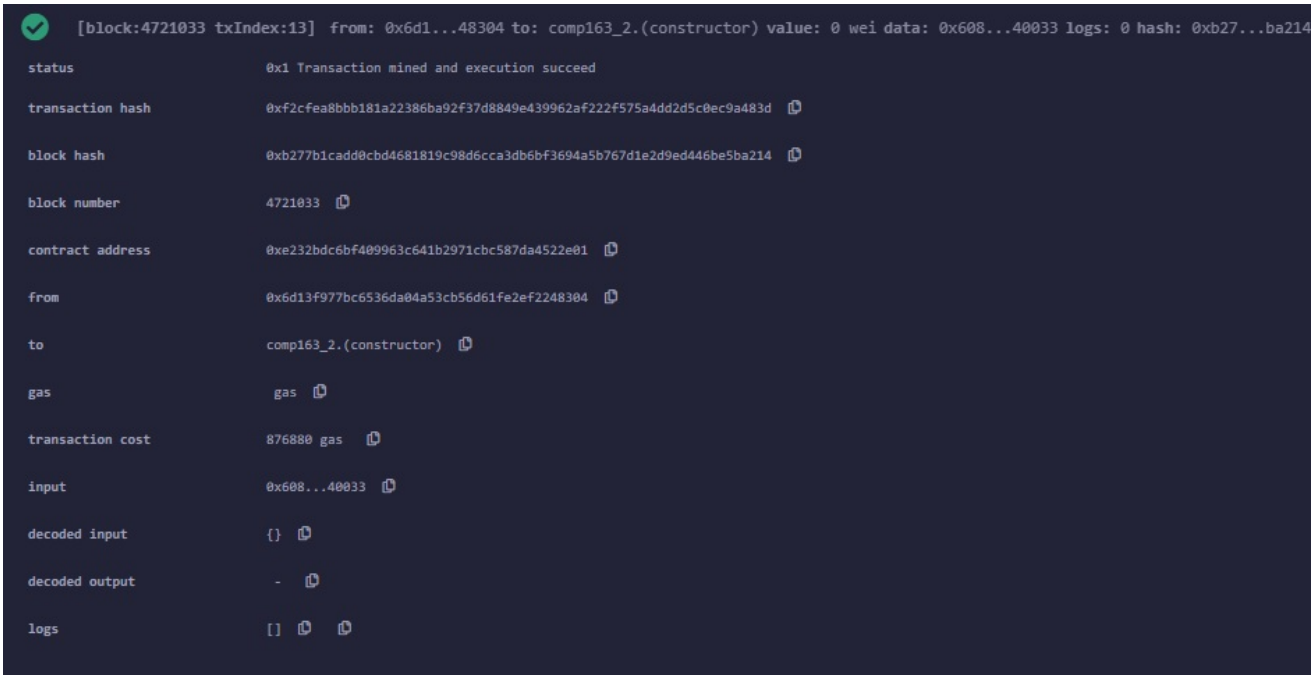
Please refer to files "comp163_1_ERC20.sol" and "comp163_2_ERC20.sol" under the folder "Q3 ERC20_AMM_Deloyment

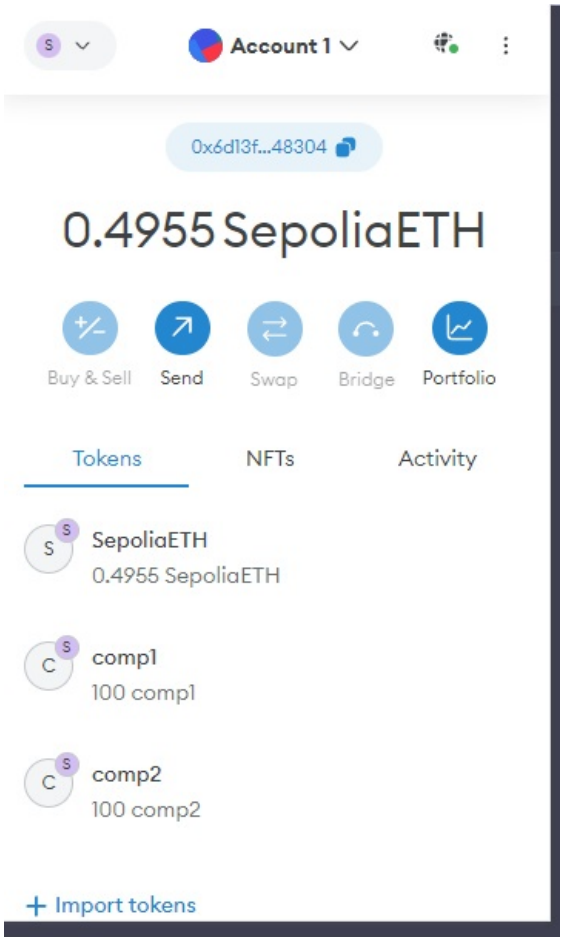
2. Test the ERC20 contracts by deploying it on the Remix VM

comp1 transaction overview



comp2 transaction overview



What's the balance of comp1 and comp2 for your address? 

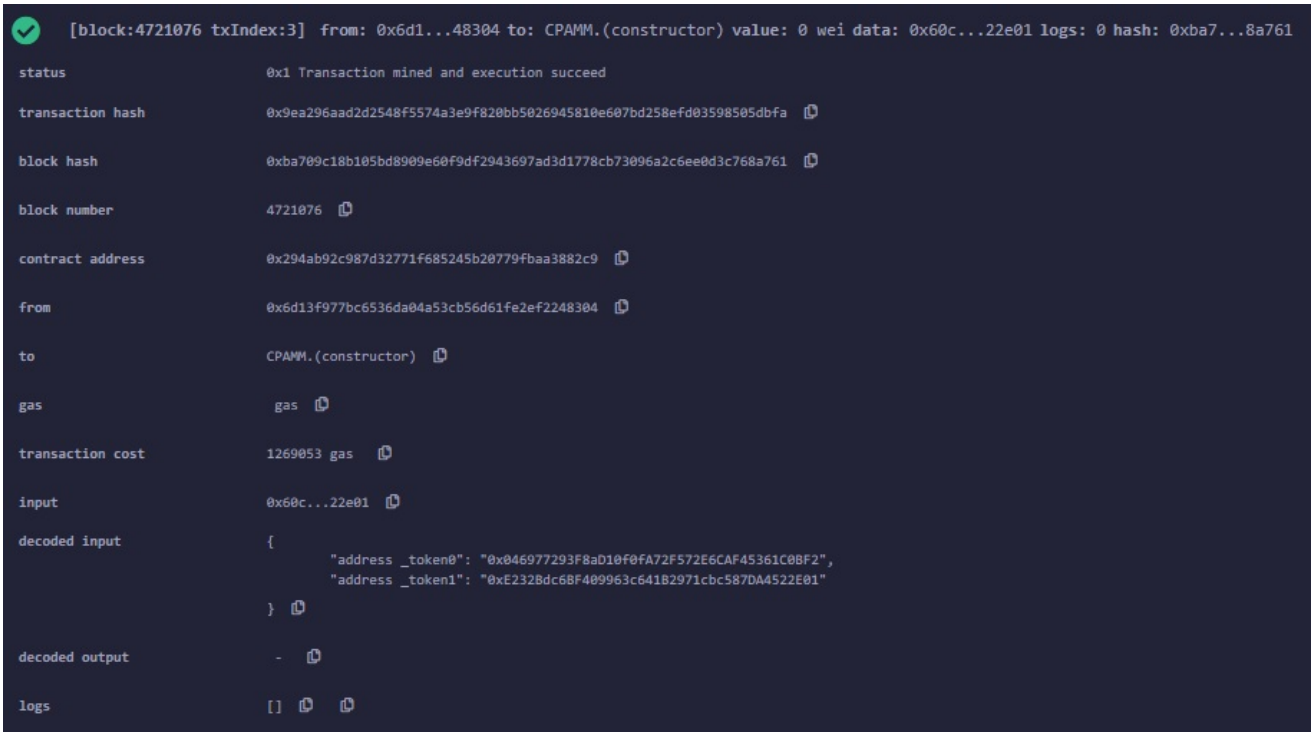
100 tokens each

3. Create a simple constant AMM contract by replacing "____" with the actual codes

Please refer to the file "AMM.sol"

4. Test the AMM contract by deploying it on the Remix VM. What's the transaction hash of your creatation of the contract

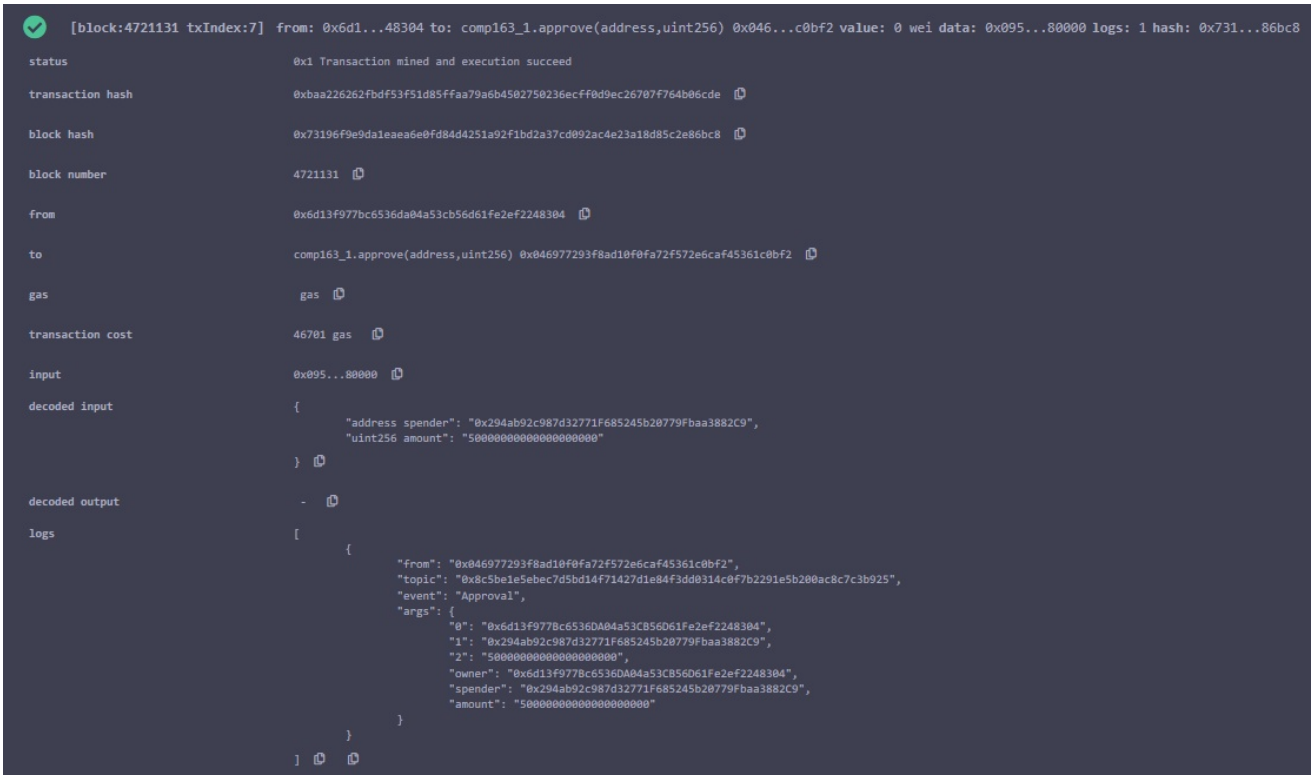
AMM Transaction overview



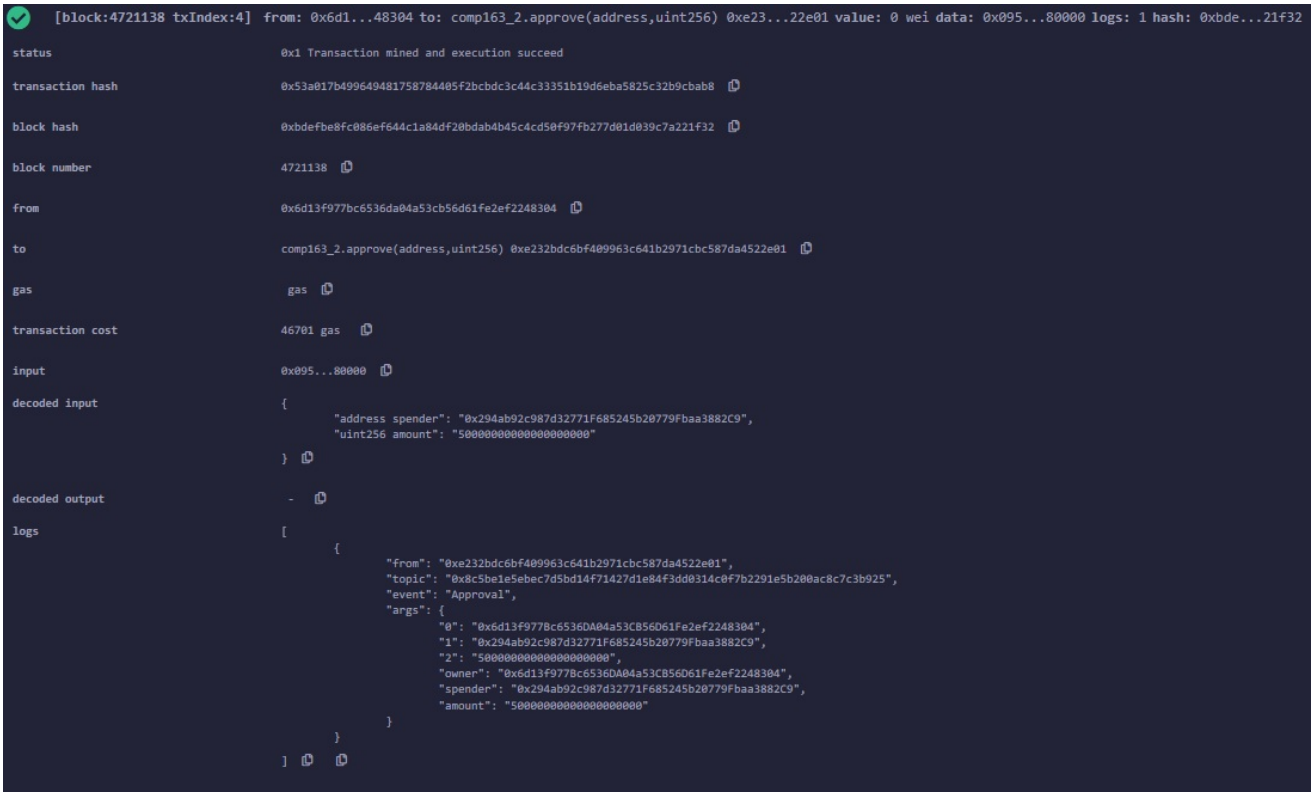
AMM contract Transaction Hash: 0x9ea296aad2d2548f5574a3e9f820bb5026945810e607bd258efd03598505dbfa

5. Approve 50 comp1 and 50 comp2 to the AMM contract, then add liquidity to the contract. Approve another 10 comp1 to the AMM contract, then swap comp1 for comp2 . Remove the liquidity.

Approve 50 comp1 to AMM transaction overview

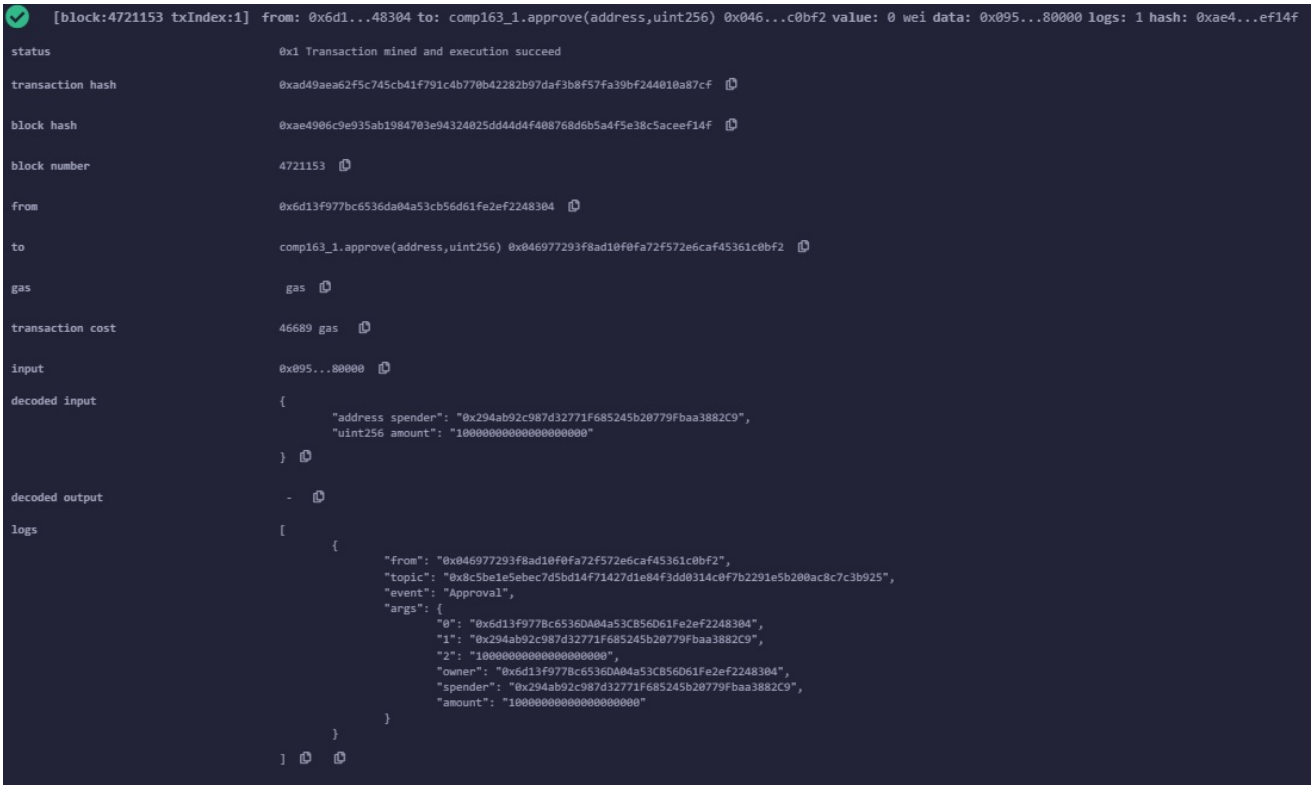


Approve 50 comp2 to AMM transaction overview



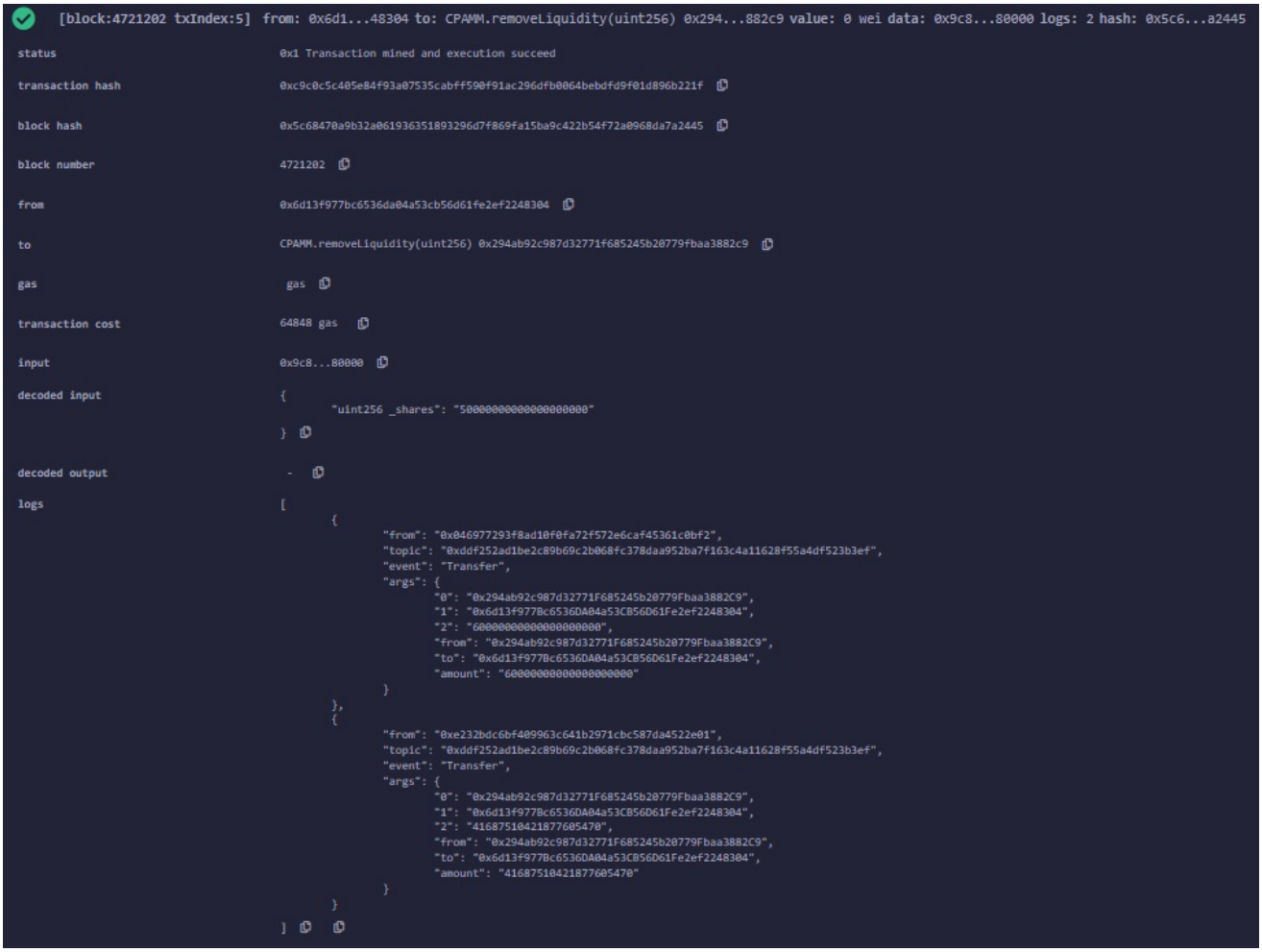
Add liquidity transaction overview

Approve another 10 comp1 to AMM transaction overview



Swap comp1 for comp2 transaction overview

Remove liquidity transaction overview



6. What other traditional financial agent could be replaced by the smart contract?

Credit Scoring Agencies (etc Experian) Traditional credit scoring agencies evaluate an individuals credit against a set criteria not known to the individual, only outputting a score that deems how creditworthy they are. Smart contracts can use a user's transaction history on the blockchain to assess how creditworthy they are. Providing transparency and an objective assessment on creditworthiness, it would also require a lot less information about the individual as traditional agencies will ask for full address history and a lot more data.