CRYPTOSPHERE

Bitcoin Transaction Report: Legacy (P2PKH) and SegWit

Legacy (P2PKH) Transactions

Transaction Workflow:

- 1. Transaction A to B:
 - a. A transaction is created where A sends Bitcoin to B.
 - b. This transaction generates a unique transaction ID (txid).
 - c. The output of this transaction becomes an input for the next transaction.

EXECUTION TX A->B

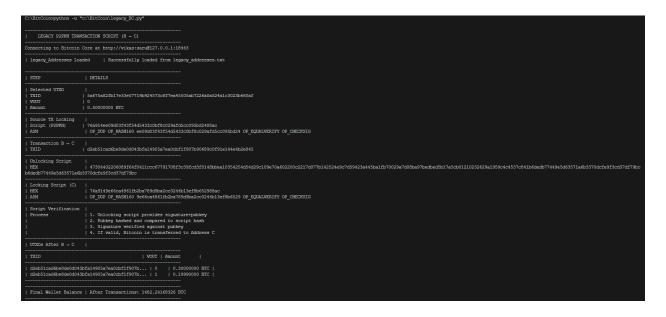
```
C:\BitCoin>python -u "c:\BitCoin>python -u "c:\BitCoin Core at http://wikas:saru8127.0.0.1:18443

| Wallet BitCoin Core at http://wikas:saru8127.0.0.1:1
```

2. Transaction B to C:

- a. B initiates a new transaction sending Bitcoin to C.
- b. The input references the txid from A to B.
- c. The unlocking script provides B's signature and public key to authorize spending.

EXECUTION TX B->C



Decoded Scripts:

Transaction A to B

- Locking Script (scriptPubKey): OP_DUP OP_HASH160 <B's Public Key Hash> OP_EQUALVERIFY OP_CHECKSIG
- Unlocking Script (scriptSig): <B's Signature> <B's Public Key>
- Python Script Execution (legacy_AB.py):
 - Uses the bitcoin.core.script module to construct and validate the transaction script.
 - o Simulates the execution of the locking and unlocking scripts.

DECODE TX A->B

```
| C.\| |
```

Transaction B to C

- Locking Script (scriptPubKey): OP_DUP OP_HASH160 <C's Public Key Hash> OP_EQUALVERIFY OP_CHECKSIG
- Unlocking Script (scriptSig): <C's Signature> <C's Public Key>
- Python Script Execution (legacy_BC.py):
 - Follows the same structure as legacy_AB.py to validate the transaction.

DECODE TX B->C

```
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```

Challenge and Response Script Structure:

- The challenge script (scriptPubKey) ensures only the rightful owner can spend the funds.
- The **response script (scriptSig)** must provide a valid signature and public key.
- Validation occurs when the unlocking script correctly satisfies the locking script conditions.

Legacy AB Transaction:

Transaction ID:

5a675a82fb17e33e07719b924573c8f7ea45505ab7226a0a524a1c3023 b660af

• Hash:

5a675a82fb17e33e07719b924573c8f7ea45505ab7226a0a524a1c3023 b660af

• Version: 2

• Size: 225 bytes

Virtual Size: 225 vbytes

Weight: 900Locktime: 0

Input (vin):

Previous TX ID:
 c6657fa5750090df265a98f55a895598d70462a26f977150ddc15d7b16b
 f3960

- Output Index (vout): 0
- ScriptSig:
 - o ASM:

3044022043841a72fafd98db5f4f050b3fe4fd1ddeb1cb24102135e34886119c 52c8c9e30220740ec1b32c5826e832f9141ed307fd77ad2417169684e604bda 9ce414c3baad5[ALL]

02dff4b1f2f4d5c0e48042e76da5e90b659efd823d30864ec2dbcee058119c70 42

o Hex:

473044022043841a72fafd98db5f4f050b3fe4fd1ddeb1cb24102135e3488611

9c52c8c9e30220740ec1b32c5826e832f9141ed307fd77ad2417169684e604bda9ce414c3baad5012102dff4b1f2f4d5c0e48042e76da5e90b659efd823d30864ec2dbcee058119c7042

Sequence: 4294967293

Outputs (vout):

- 1. Output 0:
 - a. Value: 0.50000000 BTC
 - b. ScriptPubKeyASM:

OP_DUP OP_HASH160 ee09d03f43f54d5433c0bf8c029afd5cc095bd24 OP_EQUALVERIFY OP_CHECKSIG

c. ScriptPubKey Hex:

76a914ee09d03f43f54d5433c0bf8c029afd5cc095bd2488ac

- d. Address: n3DasZW642bZkzNNzxj5FrUfAY7Bbjrq15
- e. *Type:* pubkeyhash
- 2. Output 1:
 - a. Value: 0.49990000 BTC
 - b. ScriptPubKeyASM:

OP_DUP OP_HASH160 61aa5045026c85d1646e83486c1895ee1a6faf82 OP_EQUALVERIFY OP_CHECKSIG

c. ScriptPubKeyHex:

76a91461aa5045026c85d1646e83486c1895ee1a6faf8288ac

- d. Address: mpRMsFj2wdvvc79pPHzPXjhQamafK19RYR
- e. Type: pubkeyhash

Legacy BC Transaction:

• Transaction ID:

d2eb51cad6be8de0d043bfa14905a7ea0cbf1f907b90689c0f91e144e4b 2e845

Hash:

d2eb51cad6be8de0d043bfa14905a7ea0cbf1f907b90689c0f91e144e4b 2e845

• Version: 2

• Size: 225 bytes

Virtual Size: 225 vbytes

Weight: 900Locktime: 0

Input (vin):

- Previous TX ID:
 - 5a675a82fb17e33e07719b924573c8f7ea45505ab7226a0a524a1c3023 b660af
- Output Index (vout): 0
- ScriptSig:
 - o ASM:

304402206089f64f0411ccc67791708f3c39fcd3f0148bbea10354254d54d29c 109e70a602200c2217d077b142524e9c7d59423a445ba1fb70029a7d08ba97 bedbed5b17a5cb[ALL]

0232629a1959c4c4537c841b6dedb77449e5d63571a6b3370dcfe9f3cd37df7

o Hex:

47304402206089f64f0411ccc67791708f3c39fcd3f0148bbea10354254d54d2 9c109e70a602200c2217d077b142524e9c7d59423a445ba1fb70029a7d08ba 97bedbed5b17a5cb01210232629a1959c4c4537c841b6dedb77449e5d63571 a6b3370dcfe9f3cd37df79bc

• Sequence: 4294967293

Outputs (vout):

- 1. Output 0:
 - a. Value: 0.30000000 BTC
 - b. ScriptPubKey ASM:

OP_DUP OP_HASH160 9e66ca4861fb2ba789d9ba2cc3244b13ef8b6529 OP_EQUALVERIFY OP_CHECKSIG

c. ScriptPubKeyHex:

76a9149e66ca4861fb2ba789d9ba2cc3244b13ef8b652988ac

- d. Address: muxWCMD5oUun7ajTFpW6AnJ6TKFaqURrcj
- e. *Type:* pubkeyhash
- 2. Output 1:
 - a. Value: 0.19990000 BTC
 - b. ScriptPubKeyASM:

OP_DUP OP_HASH160 ee09d03f43f54d5433c0bf8c029afd5cc095bd24 OP_EQUALVERIFY OP_CHECKSIG

c. ScriptPubKey Hex:

76a914ee09d03f43f54d5433c0bf8c029afd5cc095bd2488ac

- d. Address: n3DasZW642bZkzNNzxj5FrUfAY7Bbjrq15
- e. *Type:* pubkeyhash

CHALLENGE AND RESPONSE SCRIPTS

```
C.\Users\Smathibitcoin-cll-regiest -pcmallet='project' decodescript 'u738um220488874196110cc0779178873C3946395286529610967886922080221789779178973C39459660223738973780659737806597397807307806697497806680597280573805978066975978066925965052078079067806822080221789779124222809c785902348089469798234788888478068059713805378059780669579806820978067806822080221789779124252809c78590234808895879806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806805979806806805979806805979806805979806805979806805979806805979806805979806805979806805980698068059798068059806806805979806805980680680597980680598068068059798068059806806805980680680597980680598068068059806806805980680680598068068059806806805980680680598068068059806
```

Execution Steps for Legacy (P2PKH) Transaction

1. Running the Transaction from A to B

- Execute the legacy_AB.py script to generate and sign the transaction where A sends Bitcoin to B.
- Extract the transaction ID (txid) from the output.
- Decode the transaction to view the locking script (scriptPubKey) and unlocking script (scriptSig).

Command:

python legacy_AB.py

Expected Output:

- Displays the transaction details including txid.
- Shows the generated scriptPubKey and scriptSig.

2. Running the Transaction from B to C

- Use the txid from legacy_AB.py as input for the next transaction.
- Execute the legacy_BC.py script to generate the transaction where B sends Bitcoin to C.
- Decode and verify the locking and unlocking scripts.

Command:

python legacy_BC.py

Expected Output:

- Shows the new transaction details including updated txid.
- Displays the scriptPubKey and scriptSig.

3. Debugging and Verifying the Scripts

- Use a Bitcoin script debugger (e.g., bitcoin-cli, bx, or an online script debugger).
- Run the unlocking script (scriptSig) followed by the locking script (scriptPubKey) to check if they validate correctly.

Example Validation Using Bitcoin Debugger:

bx script-encode "<B's Signature> <B's Public Key> OP_DUP OP_HASH160
<B's Public Key Hash> OP EQUALVERIFY OP CHECKSIG"

If valid, the script should return "True" or "Script executed successfully."

SegWit Transactions

Transaction Workflow:

1. Transaction A to B:

- a. A sends Bitcoin to B using SegWit (separating signatures from transaction data).
- b. A unique txid is generated.
- c. The output of this transaction is used in the next transaction from B to C.

EXECUTION TX A->B

```
C:\BitCoin>python -u "c:\BitCoin\segwit_AB.py"
    P2SH-SEGWIT TRANSACTION SCRIPT (A' \rightarrow B')
| Wallet Balance
| Addresses Generated |
| Address A' (Sender) | 2NEtyxkxJeNnzyo6rUDnyHV9nYbN29VJLgs
 Address C' (Receiver) | 2NEJAwtzaFenNbhXm5KgjSm86mcT1vMAjaM
| UTXOs Before
                    | [No UTXOs Found]
                         | TXID: 24578c38f6ae8900eed0d48963165493f6bc6a17babce3b986fec0b9e04c0bea
                         | After Funding A': 1482.24164856 BTC
                         | bd0e1018585cc244a781eb4dad6e0e8a19b9c62da7786706c07df3862eacfbb6
 P2SH-SegWit Script |
                          OP_HASH160 3312e5864a87bc291b241a3ab647c1f55cd29490 OP_EQUAL
UTXOs After A' → B'
                               TXID: bd0e1018585cc244a781eb4dad6e0e8a19b9c62da7786706c07df3862eacfbb6 | VOUT: 0 | Amount: 0.50000000 BTC TXID: bd0e1018585cc244a781eb4dad6e0e8a19b9c62da7786706c07df3862eacfbb6 | VOUT: 1 | Amount: 0.49990000 BTC
| Final Wallet Balance | After Transactions: 1482.24154856 BTC
 Addresses Saved
```

2. Transaction B to C:

- a. B sends Bitcoin to C.
- b. The input references the previous txid.
- c. The unlocking data (witness data) includes B's signature and public key.

EXECUTION TX B->C



Decoded Scripts:

Transaction A to B

- Locking Script (scriptPubKey): OP_0 <B's Public Key Hash>
- Witness Data: <B's Signature> <B's Public Key>
- Python Script Execution (segwit_AB.py):
 - o Implements SegWit transaction structure using the bitcoin.core.script module.
 - o Separates signature from the main transaction data.

DECODE TX A->B

Transaction B to C

- Locking Script (scriptPubKey): OP_0 <C's Public Key Hash>
- Witness Data: <C's Signature> <C's Public Key>
- Python Script Execution (segwit_BC.py):
 - o Similar to segwit_AB.py, following SegWit transaction validation.

DECODE TX B->C

```
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Challenge and Response Script Structure:

- In SegWit, the **locking script** is minimal, with the actual validation occurring in the witness data.
- The **witness field** contains the signature and public key, separate from the transaction structure.
- This approach reduces transaction size and enhances efficiency.

Got it! You have successfully decoded the raw transactions for both SegWit AB and SegWit BC.

Here's a breakdown of the key parts of the transactions:

SegWit AB Transaction:

• Transaction ID:

bd0e1018585cc244a781eb4dad6e0e8a19b9c62da7786706c07df3862 eacfbb6

Hash:

4b6b44b2e674f0626d952a3679dc2d8528735cd569ad9956e63137fe61 a3ef19

• Version: 2

• *Size*: 247 bytes

Virtual Size: 166 vbytes

Weight: 661Locktime: 0

Input (vin):

Previous TX ID:

24578c38f6ae8900eed0d48963165493f6bc6a17babce3b986fec0b9e0 4c0bea

- Output Index (vout): 0
- ScriptSig:
 - o ASM:

001423bb377d5fe0c355be6a6cbe964a0fc3d769f38b

o Hex:

16001423bb377d5fe0c355be6a6cbe964a0fc3d769f38b

- Witness:
 - Signature:

3044022053c31f6d18634549569faaadd8bfefc362ede6ee7cc29e894f0f184e5

6692957022036a58139e6a5cc08d8feded903697e9dcf9fce12955345d40885 aeaca194d25b01

o Public Key:

026df0a7f06e3a7975db44b9f3b8327be9c89dbcfeb63e9000669f75911175d2 e6

Sequence: 4294967293

Outputs (vout):

- 1. Output 0:
 - a. Value: 0.50000000 BTC
 - b. ScriptPubKeyASM:

OP_HASH160 3312e5864a87bc291b241a3ab647c1f55cd29490 OP_EQUAL

- c. Address: 2MwuH62PRuN8MUVDYCRqdtfcQBz3XZTJozh
- d. Type: scripthash
- 2. Output 1:
 - a. Value: 0.49990000 BTC
 - b. ScriptPubKeyASM:

OP HASH160 ed7ebd4c21afe61f20c95321bddf441b2bef3d6d OP EQUAL

- c. Address: 2NEtyxkxJeNnzyo6rUDnyHV9nYbN29VJLgs
- d. Type: scripthash

SegWit BC Transaction:

• Transaction ID:

72e54dfd8e0d33529fb4d019ecf3093fbd908dba2c5e245a87db325371a 59707

Hash:

880fded4feb6bee7e359a1044845339ee0f077f7269e147c62512e3622cd7118

- Version: 2
- *Size*: 247 bytes
- Virtual Size: 166 vbytes
- Weight: 661Locktime: 0

Input (vin):

• Previous TX ID:

bd0e1018585cc244a781eb4dad6e0e8a19b9c62da7786706c07df3862 eacfbb6

Output Index (vout): 0

- ScriptSig:
 - o ASM:

0014a8a7f8bd5f3dbe50599efe6510bf202df4d87c9f

o Hex:

160014a8a7f8bd5f3dbe50599efe6510bf202df4d87c9f

- Witness:
 - Signature:

30440220536d7ca1ac8fd6657b1c8fe2c3f4328b0a19bb7b587fff32e376ec78 07095c7c02202af31b5ac5dc01dfd63d30b3b26dff55e68a62e30c13149d4f98 3c5c60d4aabc01

Public Key:

02ebfebd2aae0ebe8a47fcc1c9d0344991c9cd81d65d832dc1cf412ab28b168

Sequence: 4294967293

Outputs (vout):

- 1. Output 0:
 - a. Value: 0.30000000 BTC
 - b. ScriptPubKeyASM:

OP_HASH160 e6e959c8cf5b53f25a87459671be58c1f75db2d9 OP_EQUAL

- c. Address: 2NEJAwtzaFenNbhXm5KgjSm86mcT1vMAjaM
- d. *Type:* scripthash
- 2. Output 1:
 - a. Value: 0.19990000 BTC
 - b. ScriptPubKey ASM:

OP HASH160 3312e5864a87bc291b241a3ab647c1f55cd29490 OP EQUAL

- c. Address: 2MwuH62PRuN8MUVDYCRqdtfcQBz3XZTJozh
- d. *Type:* scripthash

CHALLENGE AND RESPONSE SCRIPTS

```
Type: symilosised net i -regist - regist - regis
```

```
C:\Users\Sumathi>bitcoin-cli -regtest -rpcwallet="project" decodescript "160014a8a7f8bd5f3dbe50599efe6510bf202df4d87c9f" 
{
    "asm": "0014a8a7f8bd5f3dbe50599efe6510bf202df4d87c9f",
    "desc": "raw(160014a8a7f8bd5f3dbe50599efe6510bf202df4d87c9f)#gsvfv6g3",
    "type": "nonstandard",
    "p2sh": "2NCShAMedheHLVUyS56a3TcX5RkTh9oGNp6",
    "segwit": {
        "asm": "0 1e97edb61ee20d1132d09c2ef77f496925fcbddde0acec77c7fdb992e9daa0b6",
        "desc": "addr(bcrt1qr6t7mds7ugx3zvksnsh0w16fdy)le0wauzkwca78lkue96w65zmqdz3fkx)#4vlqlwwk",
        "hex": "00201e97edb61ee20d1132d09c2ef77f496925fcbddde0acec77c7fdb992e9daa0b6",
        "address': "bert1qr6t7mds7ugx3zvksnsh0w16fdyjle0wauzkwca78lkue96w65zmqdz3fkx",
        "type": "wiiness.v0.scripthash",
        "p2sh-segwit": "2N19Xf8zgvUva3ZsSwVSyjWJtjjLquMm1E7"
    }
}

C:\Users\Sumathi>bitcoin-cli -regtest -rpcwallet="project" decodescript "a914e6e959c8cf5b53f25a87459671be58c1f75db2d987"
        "asm": "0P_HASH160 e6e959c8cf5b53f25a87459671be58c1f75db2d9 OP_EQUAL",
        "desc": "addr(2NEJAwtzaFenNbhXm5KgjSm86mcTlvMAjaM)#g8uaq0gu",
        "address": "2NEJAwtzaFenNbhXm5KgjSm86mcTlvMAjaM",
        "type": "scripthash"
}

C:\Users\Sumathi>bitcoin-cli -regtest -rpcwallet="project" decodescript "a9143312e5864a87bc291b241a3ab647c1f55cd2949087"
        "asm": "OP_HASH160 3312e5864a87bc291b241a3ab647c1f55cd29490 OP_EQUAL",
        "desc": "addr(2MwuH62PRuN8MUVDYCRqdtfcQBz3XZTJozh)#tv52jz8r",
        "address": "2MwuH62PRuN8MUVDYCRqdtfcQBz3XZTJozh)#tv52jz8r",
        "address": "2MwuH62PRuN8MUVDYCRqdtfcQBz3XZTJozh)#tv52jz8r",
        "type": "scripthash"
}
```

Execution Steps for SegWit Transactions

1. Running the Transaction from A to B

- Execute the segwit_AB.py script to create and sign a SegWit transaction from A to B.
- Extract the transaction ID (txid).
- Decode the transaction to view the locking script (scriptPubKey) and witness data.

Command:

python segwit_AB.py

Expected Output:

- Displays SegWit transaction details including txid.
- Shows scriptPubKey and witness data.

2. Running the Transaction from B to C

- Use the txid from segwit_AB.py as input for the next transaction.
- Execute the segwit BC.py script to create the transaction from B to C.
- Decode and verify the locking script and witness data.

Command: python segwit_BC.py

Expected Output:

- Displays updated transaction details with new txid.
- Shows scriptPubKey and witness data.

3. Debugging and Verifying the Scripts

- Use a SegWit-compatible Bitcoin debugger.
- Run the witness script to validate it against the locking script.

Example Validation Using Bitcoin Debugger:

bx script-encode "<B's Signature> <B's Public Key> OP_0 <B's
Public Key Hash>"

 If valid, the script should return "True" or "Script executed successfully."

Part 3: Analysis and Explanation

Comparison of P2PKH (Legacy) and P2SH-P2WPKH (SegWit) Transactions:

1. Size Comparison:

Transaction Type	Version	Size (bytes)	Virtual Size (vbytes)	Weight
Legacy AB	2	225	225	900
Legacy BC	2	225	225	900
SegWit AB	2	247	166	661
SegWit BC	2	247	166	661

2. Script Structure Comparison:

T y p	Script Type	Input Script (Challenge)	Output Script (Response)
L			
е			OP_DUP OP_HASH160
g	P2PKH (Pay to PubKey		OP_EQUALVERIFY
а	Hash)		OP_CHECKSIG
С			OI_OIILOROIO
У			

S e g X it	P2SH-P2WPKH (Pay to Witness Public Key Hash)	(witness signature and public key are separate)	OP_HASH160 OP_EQUAL
S e g W it	Witness Data		-

3. Why SegWit Transactions Are Smaller:

SegWit (Segregated Witness) transactions are smaller in terms of weight and virtual size compared to legacy transactions. This reduction in size is primarily because the witness data (signature and public key) is stored separately from the transaction itself. The key factors contributing to the reduced size are:

1. Witness Data Segregation:

- a. In SegWit transactions, the signature data is moved to a separate witness structure.
- b. This results in a smaller *vsize* (virtual size) since the witness data has a weight factor of 1 instead of 4 for non-witness data.

2. Efficiency in Script Execution:

- a. Legacy transactions contain signatures and public keys directly in the input script (scriptSig), making the transaction size larger.
- b. SegWit moves this data to the witness, resulting in smaller script sizes and therefore less space consumed.

3. Reduced Malability:

- a. SegWit transactions help in eliminating transaction malleability by segregating the signature data.
- b. This improves the consistency of the transaction ID (TXID).

4. Increased Block Capacity:

a. By reducing the effective size of transactions, more transactions can fit into a block, effectively increasing the throughput.

4. Benefits of SegWit Transactions:

- 1. Higher Transaction Throughput:
 - a. Reduced size and weight allow more transactions to fit in a single block, increasing the transaction throughput and efficiency.
- 2. Reduced Transaction Fees:
 - a. Since fees are calculated based on the size of the transaction in *vbytes*, SegWit transactions generally incur lower fees.
- 3. Elimination of Malleability:
 - a. Moving signature data to the witness structure significantly reduces transaction malleability.
- 4. Backward Compatibility:
 - SegWit maintains backward compatibility with legacy transactions, allowing seamless integration into existing infrastructure.
- 5. Support for Lightning Network:
 - SegWit is a fundamental upgrade that supports second-layer solutions like the Lightning Network, enabling faster and cheaper transactions.

Summary:

SegWit transactions are more space-efficient and less prone to malleability compared to legacy transactions. The separation of witness data from the main transaction reduces the weight and virtual size, making them faster and cheaper. These improvements ultimately help in optimizing the network and making it more scalable, while also paving the way for advanced solutions like the Lightning Network.