

Exploring different Ethereum Layer 2 solutions for Academic Blockchain Network

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Introduction

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Conclusions

- ▶ Motivation
- ▶ Layer 2 solutions
- ▶ Blockchain bridges
- ▶ Bridge prototype
- ▶ Conclusions

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Conclusions

- ▶ Use case: Academic L2 Network
 - ▶ research testbed
 - ▶ students and researchers
 - ▶ low fees
 - ▶ high performance at small power consumption

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- ▶ Use case: Academic L2 Network
 - ▶ research testbed
 - ▶ students and researchers
 - ▶ low fees
 - ▶ high performance at small power consumption
- ▶ outside partners
 - ▶ a lot of interest for blockchain
 - ▶ no knowledge or infrastructure

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Conclusions

- ▶ intended for scaling
 - ▶ higher volume of transactions
 - ▶ lower fees
 - ▶ retain (some) security guarantees

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- ▶ intended for scaling
 - ▶ higher volume of transactions
 - ▶ lower fees
 - ▶ retain (some) security guarantees
- ▶ Different approaches
 - ▶ aggregate transactions, submit to L1
 - ▶ running parallel channels
 - ▶ separate chain, connected via bridge

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Conclusions

- ▶ off-chain transactions
 - ▶ greater volume
 - ▶ low transaction fees

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- ▶ off-chain transactions
 - ▶ greater volume
 - ▶ low transaction fees
- ▶ inherit security from L1
 - ▶ aggregate transactions
 - ▶ submit data/states/proofs back to L1

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- ▶ off-chain transactions
 - ▶ greater volume
 - ▶ low transaction fees
- ▶ inherit security from L1
 - ▶ aggregate transactions
 - ▶ submit data/states/proofs back to L1
- ▶ different approaches
 - ▶ submit transactions (Optimistic Rollups)
 - ▶ submit states and proofs (ZK-Rollups)

- ▶ batch transactions in a bundle
 - ▶ operator submits bundle to L1
 - ▶ submit details about all transactions
- ▶ optimistic
 - ▶ assume all submitted transactions are valid
 - ▶ challenge window (7 days)
 - ▶ fraud challenge
 - ▶ bonded operators

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- ▶ pros
 - ▶ EVM-compatible
 - ▶ 100x decrease in gas fees
 - ▶ high levels of trustlessness
 - ▶ highly decentralised
 - ▶ cryptoeconomic incentives

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- ▶ cons
 - ▶ slow transaction finality (7 days)

Zero-Knowledge Rollups

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- ▶ similar to optimistic
 - ▶ batch transactions
 - ▶ submit only last state
- ▶ cryptographic proofs
 - ▶ sequencer and proover
 - ▶ bypass (avoid censorship)
 - ▶ validity proofs

Zero-Knowledge Rollups

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- ▶ pros
 - ▶ fast transaction finality
 - ▶ transparent and resilient
 - ▶ cryptographic certainty
- ▶ cons
 - ▶ proving is costly, increased fees
 - ▶ specialized hardware
 - ▶ not EVM-compatible
 - ▶ some proofs require **trusted environment**

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- ▶ p2p off-chain transactions
- ▶ **multisig contract**
- ▶ submit final state to L1
- ▶ finality after challenge period
- ▶ virtual state channels

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- ▶ p2p off-chain transactions
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 - ▶ low fees
 - ▶ simple solution

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- ▶ virtual state channels
- ▶ pros
 - ▶ high volume of transactions
 - ▶ low fees
 - ▶ simple solution
- ▶ cons
 - ▶ users always online
 - ▶ grieving attacks
 - ▶ **not EVM-compatible**
 - ▶ p2p, user must have channel with every other user
 - ▶ pre-deposited funds

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- ▶ completely separate chain
 - ▶ different consensus algorithms (PoS, PoA, PoW,...)
 - ▶ different block parameters (block size, block times,...)
- ▶ connected via bridges

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 - ▶ well established and tested technology
 - ▶ relatively simple solution
 - ▶ lower fees

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- ▶ cons
 - ▶ do not inherit security guarantees from L1
 - ▶ bridges are vulnerable

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- ▶ off-chain transactions
- ▶ still derive security from mainnet
 - ▶ periodically post *state commitments*
 - ▶ without revealing actual transactions
 - ▶ challenge period

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 - ▶ without revealing actual transactions
 - ▶ challenge period
- ▶ pros
 - ▶ higher throughput
 - ▶ low transaction fees
- ▶ cons
 - ▶ not EVM-compatible
 - ▶ users must be always online
 - ▶ slow transaction finality (1 week)
 - ▶ single operator
 - ▶ data is not available on L1
 - ▶ *mass exit*

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- ▶ off-chain transactions
- ▶ still derive security from mainnet
 - ▶ validity proofs
 - ▶ proovers and operators
 - ▶ similar to zk-proofs

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 - ▶ much higher throughput
 - ▶ low transaction fees
 - ▶ near instantaneous transaction finality

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- ▶ requirements
 - ▶ full EVM-compatibility
 - ▶ low transaction cost

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- ▶ requirements
 - ▶ full EVM-compatibility
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- ▶ zk-proof based are out (zk-rollups, Validium)

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- ▶ requirements
 - ▶ full EVM-compatibility
 - ▶ low transaction cost
- ▶ zk-proof based are out (zk-rollups, Validium)
- ▶ neither state channels nor Plasma have full EVM-compatibility

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- ▶ requirements
 - ▶ full EVM-compatibility
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- ▶ zk-proof based are out (zk-rollups, Validium)
- ▶ neither state channels nor Plasma have full EVM-compatibility
- ▶ Optimistic rollups complicated and have long transaction finality

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- ▶ Optimistic rollups complicated and have long transaction finality
- ▶ winner: **sidechain**

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- ▶ neither state channels nor Plasma have full EVM-compatibility
- ▶ Optimistic rollups complicated and have long transaction finality
- ▶ winner: **sidechain**
- ▶ deployment is simple, bridge is the difficult part

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- ▶ essential to L2
- ▶ facilitate cross-chain transfer of funds

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- ▶ essential to L2
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- ▶ Methods
 - ▶ **Lock and mint**
 - ▶ **Burn and mint**
 - ▶ **Atomic swaps**

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- ▶ Methods
 - ▶ **Lock and mint**
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 - ▶ **Atomic swaps**
- ▶ Types of bridges
 - ▶ **Native bridges**
 - ▶ **Validator / oracle based bridges**
 - ▶ **Message-passing bridges**
 - ▶ **Liquidity networks**

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 - ▶ **Native bridges**
 - ▶ **Validator / oracle based bridges**
 - ▶ **Message-passing bridges**
 - ▶ **Liquidity networks**
- ▶ security
 - ▶ **trusted**
 - ▶ **trustless**
 - ▶ smart contract risk
 - ▶ open issues

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- ▶ essential to Academic network
- ▶ proof of concept
- ▶ transfer of tokens between two test networks

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- ▶ essential to Academic network
- ▶ proof of concept
- ▶ transfer of tokens between two test networks
- ▶ Main parts
 - ▶ Token-defining smart contracts
 - ▶ Bridge smart contracts
 - ▶ Bridge server function (Moralis)
 - ▶ Event listeners

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- ▶ This project is a research into Ethereum Layer 2 solutions for Academic research network as a **sidechain** and blockchain bridge as the most crucial part.

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- ▶ This project is a research into Ethereum Layer 2 solutions for Academic research network as a **sidechain** and blockchain bridge as the most crucial part.
- ▶ We used public testnets, did not dive into deploying private net. This should not be difficult, the most difficult is **bridge**.

- ▶ This project is a research into Ethereum Layer 2 solutions for Academic research network as a **sidechain** and blockchain bridge as the most crucial part.
- ▶ We used public testnets, did not dive into deploying private net. This should not be difficult, the most difficult is **bridge**.
- ▶ Future work includes support of other chains, production-grading prototype, implementing Academic research DAO smart contracts etc.