

# LayerEdge: Secure Anything on Bitcoin

LayerEdge

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**Abstract**—The Blocksize War marked a significant chapter in Bitcoin’s history, ultimately leading to the adoption of smaller block sizes and the development of Layer 2 solutions. Despite the advantages of maintaining decentralization and security, the increasing proliferation of Layer 2 and Layer 1 applications on Bitcoin has led to anticipated data congestion and rising transaction fees. This paper introduces LayerEdge as a solution to these emerging challenges. LayerEdge combines the robustness of Bitcoin’s Proof of Work (PoW) consensus mechanism with modular data availability frameworks to enhance scalability and security.

The paper explores the role of Bitcoin timestamping in LayerEdge, which mitigates long-range attacks and allows for faster unbonding of staked assets. Through the implementation of checkpoints and the recording of block hashes and staking set votes on the Bitcoin blockchain, LayerEdge ensures data integrity and resilience. This mechanism not only reduces withdrawal timeframes but also provides an additional layer of data integrity verification.

LayerEdge utilizes the Hybrid Modular Data Availability (HMDA) protocol as a proof generation mechanism for DA layers and PoS-based chains, creating zk proofs from the data provided by these sources. Once generated, these proofs are sent to the LayerEdge verification layer, where they undergo aggregation and verification and are finally settled on the Bitcoin network. One of the key benefits of LayerEdge verification layer is the significant reduction in block time and finality, with block times of 12-20 seconds compared to Bitcoin’s 10 minutes. This rapid finality provides several advantages, including improved efficiency in transaction processing and smart contract execution, enhanced responsiveness for interactive applications, and better scalability by processing more transactions per unit of time.

If all Layer 1 dApps and Layer 2 solutions posted their data directly on Bitcoin, it would lead to severe data clogging, exacerbating congestion and dramatically increasing transaction fees, making it unsustainable for the network to handle the growing demand. By storing large data on modular data availability solutions and state proofs on the Bitcoin blockchain, LayerEdge creates a synergistic framework that leverages the strengths of both systems. This dual approach enhances data availability, scalability, and security, making it a robust solution for future blockchain applications. The paper concludes by discussing the potential impact of LayerEdge on Bitcoin and the broader blockchain ecosystem, highlighting its prospects for wider adoption and its role in advancing blockchain technology.

## I. INTRODUCTION

### A. Background

#### 1) The Blocksize War:

- The Blocksize War was a critical conflict within the Bitcoin community from 2015 to 2017, centered around how to scale the Bitcoin network to accommodate more transactions.
- Proponents of larger blocks argued that increasing the block size limit would allow more transactions to be processed per block, reducing transaction fees and improving network speed.
- Proponents of smaller blocks emphasized maintaining a decentralized network where the majority of nodes could afford to store the full blockchain, ensuring security and robustness.

#### 2) Large Block Size vs. Small Block Size Debate:

- **Large Block Size** Supporters, including some major miners and companies, suggested increasing the block size from 1 MB to accommodate more transactions.
- **Small Block Size** Supporters, including many developers and decentralization advocates, argued for keeping the block size at 1 MB and focusing on second-layer solutions like the Lightning Network to handle transaction throughput.

#### 3) Conclusion of the War:

- The debate concluded with the adoption of Segregated Witness (SegWit) in 2017, which effectively increased the block size limit by changing how transaction data is stored, effectively allowing more transactions to fit into each block without increasing the actual block size limit of 1 MB, and paved the way for the development of the Lightning Network.

## B. Current Scenario

### 1) Rise of Layer 2 and Layer 1 Applications on Bitcoin:

- The integration of Layer 2 solutions (e.g., Lightning Network) and various Layer 1 applications (e.g., sidechains like Liquid and RSK) on Bitcoin has dramatically increased the volume of transactions and data demands on the Bitcoin network.

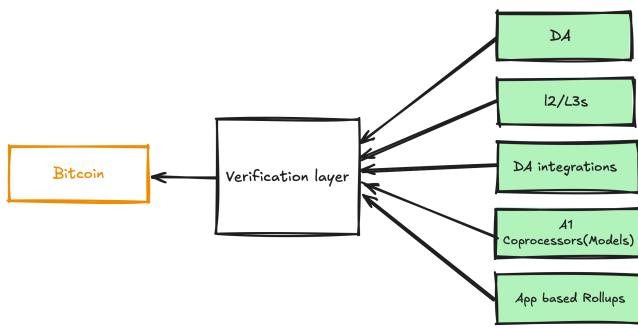
### 2) Anticipated Data Congestion and Rising Gas Fees:

- As more applications and users leverage the Bitcoin network, the transaction volume is expected to outpace the capacity of the network, leading to data congestion

and skyrocketing transaction fees.

### 3) Introduction to LayerEdge as a Solution:

- LayerEdge offers a reliable and efficient framework for data settlement and verification by aggregating zk proofs and leveraging Bitcoin's network for final data anchoring. LayerEdge aims to accelerate Bitcoin's capabilities and adoption of verifiable computation by enabling efficient, economical verification and validation proofs on Bitcoin at 10% of the cost with aggregated proofs.
- LayerEdge's integration with the Hybrid Modular Data Availability (HMDA) protocol broadens its applicability, accommodating a diverse range of data sources. This includes both protocols that inherently generate zk proofs and those that do not. This flexibility makes LayerEdge particularly valuable for Proof-of-Stake (PoS) based chains and rollups, ensuring comprehensive support for secure data verification and settlement across various platforms.



## II. OVERVIEW OF LAYEREDGE VERIFICATION LAYER

### A. Definition and Objective

#### 1) Defining LayerEdge Verification Layer:

- The LayerEdge Verification Layer is a specialized infrastructure designed to facilitate the secure aggregation, verification, and settlement of zk (zero-knowledge) proofs on the Bitcoin network. At its core, the verification layer serves as a critical component within the LayerEdge ecosystem, ensuring that data integrity is maintained throughout the entire verification and settlement process.

#### 2) Objectives of LayerEdge:

- The primary objective of this layer is to act as a trusted intermediary that consolidates proofs generated by various protocols—whether they inherently produce zk proofs or rely on external mechanisms like the Hybrid Modular Data Availability (HMDA) protocol—and then anchors these proofs to Bitcoin's blockchain for final settlement. By doing so, LayerEdge ensures that all data processed through its system is both secure and verifiable, leveraging Bitcoin's established and highly secure network infrastructure.

### B. Key Features of LayerEdge

#### 1) Aggregation of zk Proofs:

- The LayerEdge Verification Layer aggregates zk proofs from multiple sources, including protocols that generate their own zk proofs (such as zk-rollups) and those that utilize HMDA for proof generation. This aggregation is crucial for efficiently managing the data verification process, reducing the overhead typically associated with processing individual proofs, and ensuring a streamlined approach to data settlement.

#### 2) Interoperability with Multiple Protocols:

- LayerEdge is designed to support a wide range of protocols and chains, making it a versatile solution for various blockchain ecosystems. Whether dealing with protocols that generate zk proofs natively or those that require external assistance for proof creation, LayerEdge ensures seamless integration and data verification across different platforms.

#### 3) Bitcoin-based Data Settlement:

- A key feature of the LayerEdge Verification Layer is its use of Bitcoin's blockchain for final data settlement. By anchoring aggregated proofs to Bitcoin, LayerEdge takes advantage of Bitcoin's long-standing security and immutability, providing an additional layer of assurance for the data being verified and settled. This process ensures that once data is anchored, it remains tamper-proof and verifiable by any third party.

#### 4) Rapid Finality:

- One of the key benefits of LayerEdge is the significant reduction in block time and finality. While Bitcoin has a block confirmation time of 10 minutes, the project's Hybrid DA Layer is designed to have block times of 12-20 seconds. This enables more responsive and interactive applications to be built on top of the blockchain, as users don't have to wait as long for their transactions to be confirmed.

#### 5) Selective Data Proof Generation:

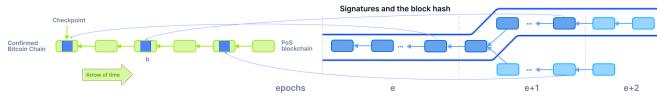
- The verification layer is built to handle high volumes of data and proofs, ensuring that LayerEdge can scale effectively with the growing demands of modern blockchain networks. By optimizing the aggregation and verification process, LayerEdge minimizes the computational resources required, resulting in more efficient data settlement.

## III. BITCOIN TIMESTAMPING

### A. Importance of Bitcoin Timestamping

#### 1) Long-Range Attacks:

- Blockchain security relies on validators who diligently validate each block, earning incentives or newly minted coins in return. Validators are required to stake a certain amount of cryptocurrency within the blockchain network, which can be slashed in response to dishonest or malicious behavior. Slashing, a penalty mechanism, aims to deter validators from engaging in activities that could disrupt the blockchain network. Common reasons for slashing include Double-Signing, Liveness Violations, and Byzantine Behavior.
- Long-range attacks occur when a validator violates protocol and engages in malicious activities such as Double-Signing, where a corrupted validator attempts to approve a block multiple times. Another form of attack is altering the transaction history of an older block, known as a long-range attack.
- A critical loophole in this process arises post-unbonding, where validators can manipulate blocks created in the past without facing penalties beyond slashing, which becomes ineffective after the stake is unbonded.



## 2) Mitigating Long-Range Attacks:

- Bitcoin timestamping effectively mitigates long-range attacks by establishing checkpoints that invalidate any forks originating before them, thereby safeguarding the network's history from tampering.
- Honest validators contribute to this security measure by signing the hash of the last Proof of Stake (PoS) block of each epoch and posting both the hash and their signatures to Bitcoin as checkpoints. If an attacker attempts a long-range attack by creating an alternative chain from a distant point in the past, validators can compare this chain against the checkpointer state. This robust mechanism discourages attackers from tampering with historical data, as their attempts would be rejected in favor of the established and checkpointer blockchain state.

## B. Implementation of Checkpoints

### 1) Recording Block Hashes:

- Checkpoints involve recording block hashes, creating a tamper-proof record of the network's state and ensuring that all participants can verify the integrity of the data.

### 2) Invalidation of Forks Before Checkpoints:

- These checkpoints invalidate any forks that originate before the checkpoint, ensuring the integrity and consistency of the blockchain and preventing malicious actors from rewriting history.

## C. Security Enhancements

### 1) Extra Layer of Data Integrity Verification:

- Checkpoints provide an additional layer of data integrity verification, ensuring that data stored on the network is accurate and trustworthy, and providing an additional security measure against data tampering.

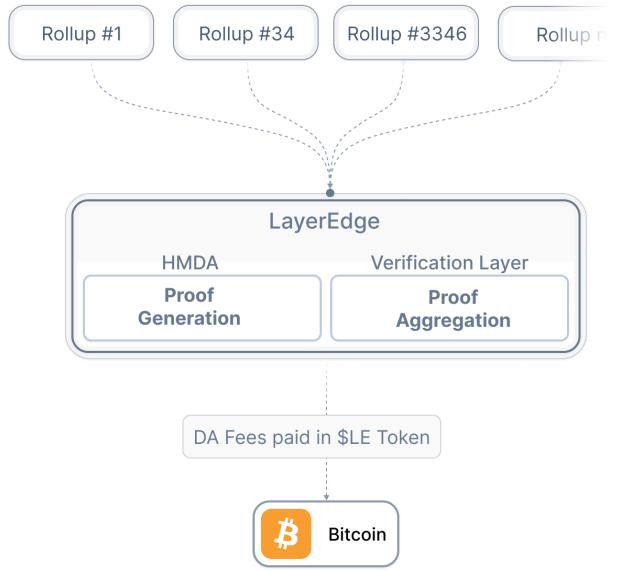
### 2) Invalidation of Forks Before Checkpoints:

- These checkpoints invalidate any forks that originate before the checkpoint, ensuring the integrity and consistency of the blockchain and preventing malicious actors from rewriting history.

## IV. AGGREGATED PROOFS: A COST-EFFECTIVE SOLUTION FOR BITCOIN TIMESTAMPING

### A. Introduction

- In the realm of Bitcoin timestamping, the cost associated with recording state proofs over an extended period can be substantial. Bitcoin generates state proofs by hashing data approximately every 10 minutes through the mining of new blocks. This process, while ensuring the security and integrity of the blockchain, incurs significant expenses. To address this issue, we propose a solution aimed at significantly reducing these costs by employing aggregated proofs.



### B. The Cost of Bitcoin Timestamping

- Bitcoin's state proofs are generated every 10 minutes, translating into a considerable financial burden over time. Let's break down the annual expenditure involved in this process.

- Taking into account an average transaction cost of \$20

#### *1) Cost Per Hour:*

- Blocks per hour = 60 minutes / 10 minutes = 6 Blocks
- Cost per hour = 6 blocks \* 20 = 120

#### *2) Cost Per Day:*

- Blocks per day = 24 hours \* 6 blocks = 144 blocks
- Cost per day = 144 blocks \* 20 = 2,880

#### *3) Cost Per Week:*

- Blocks per week = 7 days \* 144 blocks = 1,008 blocks
- Cost per week = 1,008 blocks \* 20 = 20,160

#### *4) Cost Per Month:*

- Blocks per month = 30 days \* 144 blocks = 4,320 blocks
- Cost per month = 4,320 blocks \* 20 = 86,400

#### *5) Cost Per Year:*

- Blocks per year = 365 days \* 144 blocks = 52,560 blocks
- Cost per year = 52,560 blocks \* 20 = 1,051,200

- As illustrated, the yearly cost for Bitcoin timestamping amounts to a staggering \$1,051,200. This calls for a more efficient approach to reducing these expenses.

### *C. The Proposed Solution Aggregated Proofs*

- To mitigate these costs, we propose aggregating data into bundles of 10 (can be increased to 128) and storing these aggregates on the Bitcoin blockchain. This method leverages the principle of aggregated proofs to achieve significant cost reduction. To understand how this works, consider C to be the cost of timestamping, B is the number of blocks, T is the cost of transaction, and n is the number of chains. As such, C would be calculated as B x T/n. Taking average Transaction cost (T) to be \$20 and the number of chains n=10, we can do the calculations as:

#### *1) Cost Per Hour:*

- Cost per hour = 6 blocks \* 20/10 = 12

#### *2) Cost Per Day:*

- Cost per day = 144 blocks \* 20/10 = 288

#### *3) Cost Per Week:*

- Cost per week = 1,008 blocks \* 20/10 = 2,016

#### *4) Cost Per Month:*

- Cost per month = 4,320 blocks \* 20/10 = 8,640

#### *5) Cost Per Year:*

- Cost per year = 52,560 blocks \* 20/10 = 105,120
- Despite the significant cost reduction, the implementation of aggregated proofs introduces some challenges, particularly in the validation process. Validators must shift from single to compound validations, ensuring both the integrity of aggregated proofs and the accuracy of individual proofs.

### *D. The Technical Breakdown How It Works*

- The proposed solution leverages zero-knowledge proofs (ZKPs) to enhance the efficiency and security of Bitcoin timestamping. Here's a detailed breakdown of the process

#### *1) Creation of Individual Zero-Knowledge Proofs (ZKPs):*

- Each piece of data or transaction generates an individual zero-knowledge proof. Within LayerEdge, this is done using the HMDA protocol. A ZKP allows one party to prove to another that a statement is true without revealing any information beyond the veracity of the statement itself. In this context, the ZKP verifies the integrity and validity of each transaction without exposing its details.

#### *2) Aggregation of Zero-Knowledge Proofs:*

- Once individual ZKPs are created, they are aggregated into a single proof by the LayerEdge verification layer. This aggregated proof represents the combined validity of all the included data blocks. The aggregation process ensures the integrity and non-repudiation of the combined proof.

#### *3) Settlement on Bitcoin:*

- The aggregated proof is then settled on the Bitcoin network. Instead of recording each individual proof, only the aggregated proof is included in a new block. This significantly reduces the number of transactions recorded on the bitcoin network, thus lowering associated costs.

#### *4) Verification of Aggregated Proof Integrity:*

- Validators must verify that the aggregated proof accurately represents the data it claims to include. This involves confirming that the provided proof matches the computed value from the included data blocks, ensuring the aggregation process is secure and untampered.

#### *5) Data Accuracy and Validity:*

- Validators must also confirm the accuracy and validity of each data block within the aggregation. This involves ensuring that each data block doesn't have any data inconsistencies.

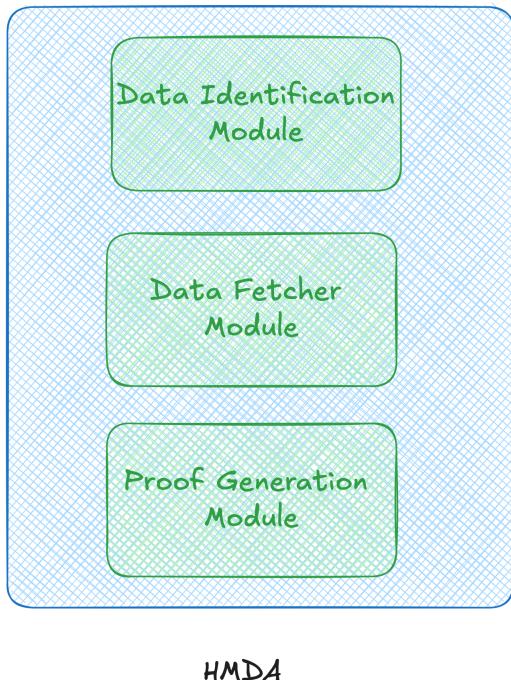
### E. Role of Zero-Knowledge Proofs

- Aggregated proofs often employ zero-knowledge proofs (ZKPs) to verify data integrity without revealing the underlying data. ZKPs enable validators to confirm that the aggregated data matches the provided proof without inspecting each data block individually. Zero-knowledge proofs add a layer of complexity to data verification, allowing for secure and private validation of aggregated data.

### F. Summary

- In summary, the introduction of aggregated proofs in Bitcoin timestamping offers a substantial cost-saving opportunity by consolidating transactions into bundles of 10. This approach reduces annual expenses by over 90%, from \$1,051,200 to \$105,120. However, it requires validators to adapt to compound validations, ensuring both the integrity of aggregated proofs and the accuracy of individual proofs. The use of zero-knowledge proofs further enhances data verification, providing a secure and efficient solution for reducing Bitcoin timestamping costs. The positive impact of adopting aggregated proofs is undeniable, presenting a cost-effective and efficient solution for Bitcoin timestamping while maintaining the integrity and security of the blockchain.

## V. ARCHITECTURE



### A. HMDA Protocol

- The Hybrid Modular Data Availability (HMDA) protocol is a key component within the LayerEdge ecosystem, designed to enhance data settlement and verification.

HMDA's primary function is to generate zero-knowledge (zk) proofs for Proof-of-Stake (PoS) chains and Data Availability (DA) layers that do not inherently produce these proofs. By creating cryptographic proofs, HMDA ensures the security and integrity of data, which is then settled on the Bitcoin network for final verification.

### B. Key Features of HMDA

#### 1) Proof Generation:

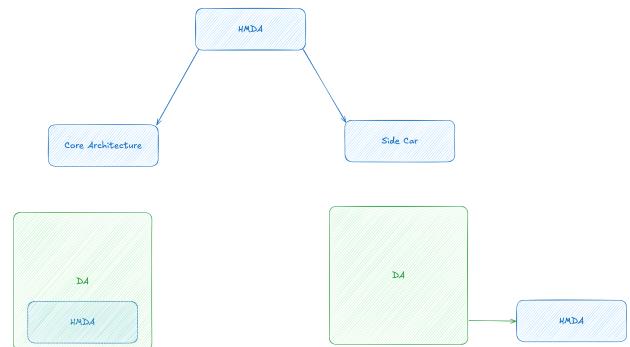
- HMDA generates zk proofs essential for validating transactions on PoS chains and DA layers that lack native proof generation capabilities. These proofs are crucial for ensuring that data remains secure and verifiable

#### 2) Interaction with Verification Layer:

- Once generated, HMDA's zk proofs are sent to the LayerEdge verification layer. This layer aggregates the proofs into comprehensive aggregated proofs, which are then settled on the Bitcoin network. This process guarantees secure and efficient data settlement.

#### 3) Integration with DA Layers:

- **Core Architecture Integration:** In cases like Nubit, HMDA is embedded directly into the core architecture of the DA layer. This ensures automatic generation of zk proofs for any chain or protocol using Nubit, facilitating seamless data settlement on Bitcoin.
- **Sidecar Approach:** For DA layers such as Celestia, Avail, Arbitrum, and Eigenlayer, HMDA operates as a modular sidecar. This flexible integration allows these layers to optionally incorporate HMDA for zk proof generation and data settlement on Bitcoin, without altering their core architecture.



#### 4) Enhancing Data Security and Efficiency:

- HMDA contributes to data security by generating zk proofs that verify the authenticity of transactions and ensure the integrity of data. By integrating with

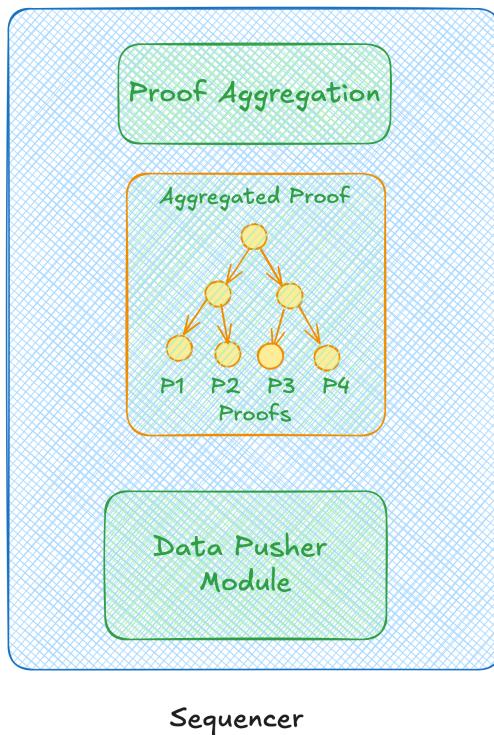
the LayerEdge verification layer, HMDA supports efficient data settlement on the Bitcoin network, helping reduce costs and improve scalability.

#### 5) Benefits of HMDA:

- **Cost Efficiency:** HMDA's ability to generate zk proofs and the subsequent aggregation by LayerEdge leads to significant reductions in data settlement costs.
- **Scalability:** HMDA supports various chains and DA layers, enhancing the scalability of the LayerEdge ecosystem.
- **Interoperability:** The protocol's integration with multiple DA layers and PoS chains demonstrates its flexibility and adaptability in different blockchain environments.

#### C. Verification Layer Sequencers

- Sequencers play a crucial role in LayerEdge by generating state proofs and pushing them onto the Bitcoin blockchain using OP\_RETURN transactions. The responsibilities of Sequencers include

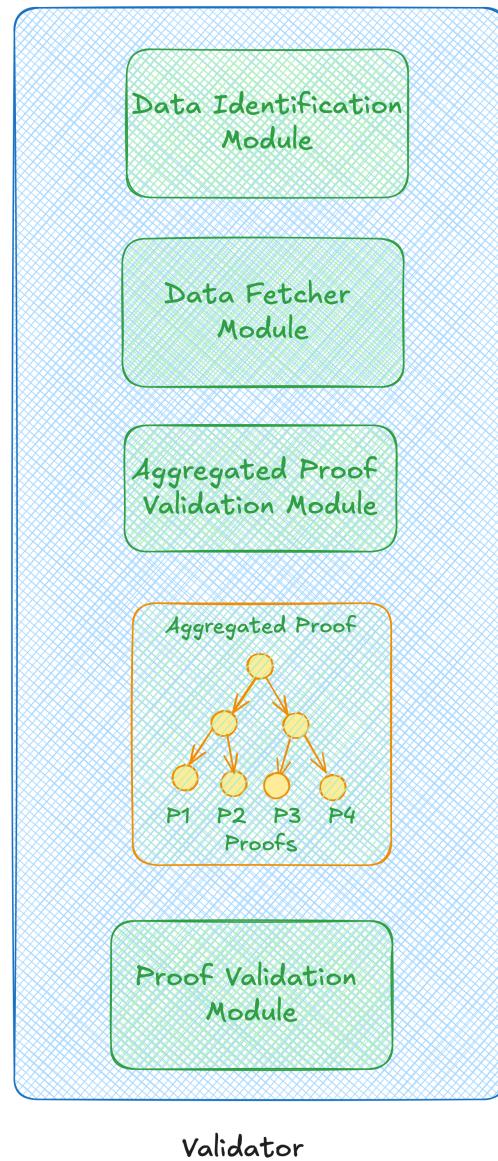


- **Data Aggregation** They aggregate transaction data and state updates into a compact format suitable for inclusion in Bitcoin transactions. This is done by combining multiple transactions into a single data batch. This aggregation process simplifies the handling of large volumes of transactions and helps

reduce the overall computational load. Aggregated data is then prepared for further processing or submission to the Bitcoin network.

- **OP\_RETURN Transaction Submission** Sequencers submit the compiled state proofs as OP\_RETURN transactions on the Bitcoin blockchain. These transactions serve as a cryptographic commitment to the current state of the off-chain data.
- **Timestamping** Utilizing Bitcoin's robust timestamping capabilities, Sequencers ensure that each state proof is securely anchored to the Bitcoin blockchain, providing a verifiable record of the state at a specific time.

#### D. Verification Layer Validators



Validator

- Validators in the LayerEdge architecture are responsible for verifying the state proofs posted on the Bitcoin blockchain. Their role includes:
  - **State Proof Verification** Validators independently verify the integrity and correctness of state proofs submitted by Sequencers. This verification ensures that the data and transactions reflected in the state proofs are accurate and consistent.
  - **Consensus Mechanism** Validators participate in a consensus mechanism designed to achieve agreement on the validity of state proofs. This mechanism typically involves cryptographic validation and agreement among a set of distributed validators.
  - **Network Security** By validating state proofs, Validators contribute to the overall security and reliability of the LayerEdge framework. They help prevent malicious or erroneous data from being accepted as valid, thereby maintaining the integrity of the blockchain network.
- The collaboration between Sequencers and Validators forms a robust verification layer that leverages Bitcoin's security and immutability while scaling to accommodate high volumes of data from Layer 1 and Layer 2 applications. This architecture ensures that the LayerEdge framework can handle significant data throughput while maintaining trust and security across the network.

## VI. THE BENEFITS OF VERIFICATION LAYER

- One of the primary benefits of the LayerEdge Verification Layer is its ability to aggregate zero-knowledge (zk) proofs, which are cryptographic methods that allow one party to prove to another that a statement is true without revealing any additional information. This capability is particularly valuable for Proof-of-Stake (PoS) chains and Data Availability (DA) layers that may not inherently generate zk proofs.
  - **Robust Data Integrity:** By aggregating zk proofs, the Verification Layer ensures that the data being processed and settled is both accurate and secure. The aggregated proofs are highly resistant to tampering, providing a strong guarantee of data integrity.
  - **Prevention of Fraudulent Activity:** The use of zk proofs makes it extremely difficult for malicious actors to manipulate transaction data. The Verification Layer's ability to aggregate these proofs further strengthens this security, making it a formidable defense against fraud.
- Another significant benefit of the LayerEdge Verification Layer is its integration with the Bitcoin network for final data settlement. Bitcoin's established reputation as the most secure and decentralized blockchain makes it an ideal choice for settling critical data.
- **Reduced Settlement Costs:** The Verification Layer aggregates multiple zk proofs into a single comprehensive proof before submitting it to the Bitcoin network. This aggregation significantly reduces the number of transactions required, thereby lowering the overall cost of data settlement on Bitcoin.
- **Leveraging Bitcoin's Security:** By anchoring data to Bitcoin, LayerEdge leverages the security and immutability of the Bitcoin blockchain. This ensures that once data is settled, it cannot be altered or undone, providing an additional layer of security.
- The LayerEdge Verification Layer is designed to be highly scalable and flexible, accommodating the growing demands of decentralized networks and integrating seamlessly with various blockchain protocols.
- **Support for Multiple Chains and Protocols:** The Verification Layer's architecture allows it to work with a wide range of PoS chains and DA layers. This interoperability makes it a versatile solution that can be adopted by different blockchain ecosystems, each with unique data settlement needs.
- **Efficient Handling of Large Data Volumes:** As blockchain networks grow and the volume of transactions increases, the ability to efficiently aggregate and verify large amounts of data becomes critical. The Verification Layer is equipped to handle this, ensuring that the network remains performant even under heavy loads.
- The Hybrid Modular Data Availability (HMDA) protocol is a key component of the LayerEdge ecosystem, enhancing the functionality of the Verification Layer.
  - **Comprehensive Proof Generation:** HMDA generates zk proofs for PoS chains and DA layers that do not natively produce such proofs. The Verification Layer then aggregates these proofs, ensuring comprehensive and verifiable data settlement.
  - **Seamless Integration:** Whether HMDA is embedded within the core architecture of a DA layer or operates

as a sidecar service, it integrates smoothly with the Verification Layer. This seamless integration enhances the overall efficiency and security of the data settlement process.

## VII. CONCLUSION

### A. Recap of LayerEdge's Advantages

#### 1) Integration with Bitcoin's Security Features:

- LayerEdge integrates seamlessly with Bitcoin's security features, leveraging its PoW consensus and immutability to provide a secure and scalable data availability solution.

#### 2) Cost Reduction through Aggregated Proofs:

- The implementation of aggregated proofs in Bitcoin timestamping introduces a significant cost-saving opportunity by consolidating transactions into bundles of 10 (which can be increased up to 128). This method reduces annual expenses by over 90%, from \$1,051,200 to \$105,120, while maintaining the integrity and security of the blockchain. Aggregated proofs enhance data verification efficiency, making them a valuable addition to LayerEdge's capabilities.

#### 3) Efficient and Secure Data Availability:

- LayerEdge provides a scalable and secure solution for data availability, addressing the challenges posed by increasing data demands and ensuring that the network can handle high volumes of data without compromising performance.

### B. Future Implications

#### 1) Potential Impact on Bitcoin and Blockchain Technology:

- LayerEdge has the potential to significantly impact Bitcoin and the broader blockchain ecosystem by providing a scalable and secure data availability solution, paving the way for more complex and data-intensive applications.
- The cost-saving benefits of aggregated proofs can further enhance the economic feasibility of data-intensive blockchain applications, encouraging innovation and adoption within the ecosystem.

#### 2) Prospects for Wider Adoption of LayerEdge:

- The innovative approach of LayerEdge paves the way for its wider adoption, offering substantial benefits for various blockchain applications and contributing to the overall advancement of blockchain technology.

- By addressing both security and cost-efficiency, LayerEdge with aggregated proofs can attract a broader range of users and developers, fostering a more robust and versatile blockchain environment.

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## VIII. GLOSSARY

- **Blocksize War** A historical conflict within the Bitcoin community focused on the optimal block size for the Bitcoin blockchain, which concluded with a preference for smaller block sizes and the adoption of Segregated Witness (SegWit).
- **Layer 1 Applications** Decentralized applications (dApps) that run directly on the base layer of a blockchain, such as Bitcoin.
- **Layer 2 Solutions** Secondary chain or protocols built on top of a blockchain to improve its scalability and efficiency, such as the Lightning Network.
- **Data Congestion** The overload of transactions and data on a blockchain, leading to slower processing times and higher fees.
- **Gas Fees** Transaction fees required to process and validate transactions on a blockchain network.
- **Hybrid Modular Data Availability (HMDA)** A framework combining modular data storage solutions with Bitcoin's security features to enhance data availability, scalability, and security for blockchain networks.
- **Proof of Work (PoW)** A consensus mechanism used by Bitcoin that requires network participants (miners) to perform computational work to validate transactions and secure the network.
- **Consensus Protocol** A system used to achieve agreement on a single data value among distributed

- processes or systems, ensuring data consistency and security.
- **Bitcoin Staking** A process where Bitcoin holders can participate in Proof of Stake (PoS) blockchains by staking their assets to secure the network, eliminating the need for third-party custody services.
  - **Proof of Stake (PoS)** A consensus mechanism where validators are chosen to produce blocks based on the amount of cryptocurrency they hold and are willing to "stake" as collateral.
  - **Extractable One-Time Signatures (EOTS)** Cryptographic signatures that reveal the secret key if duplicated across different blocks, ensuring validator accountability.
  - **Bitcoin Timestamping** A method of recording block hashes and staking set votes on the Bitcoin blockchain to create tamper-proof checkpoints, enhancing security against long-range attacks.
  - **Checkpoints** Points in the blockchain where data is recorded to prevent forks and ensure network integrity.
  - **Long-Range Attacks** Attacks where an adversary attempts to rewrite a blockchain's history by creating an alternative chain fork, typically after the unbonding period in PoS networks.
  - **Rapid Finality** The quick confirmation of transactions in a blockchain network, significantly reducing block times from minutes to seconds.
  - **Block Time** The time it takes to generate a new block in a blockchain, which affects transaction confirmation speed.
  - **Aggregated Proofs:** A method of combining multiple proofs into a single, compact proof to reduce the cost and data size required for verification on the blockchain.
  - **Zero-Knowledge Proofs (ZKPs):** Cryptographic protocols that allow one party to prove to another that a statement is true without revealing any information beyond the validity of the statement.
  - **State Proofs:** Cryptographic proofs that confirm the state of data at a given point in time on the blockchain, ensuring its integrity and authenticity.
  - **Mining:** The process of using computational power to solve cryptographic puzzles, which in turn validates transactions and adds them to the blockchain, creating new blocks.
  - **Validators:** Participants in the blockchain network responsible for verifying and validating transactions and blocks to ensure the network's security and integrity.
  - **Hashing:** The process of converting an input (or 'message') into a fixed-size string of bytes, typically for the purpose of data verification and integrity.
  - **Transaction Costs:** Fees paid by users to have their transactions included in a new block on the blockchain. These costs compensate miners for the computational power used in mining.