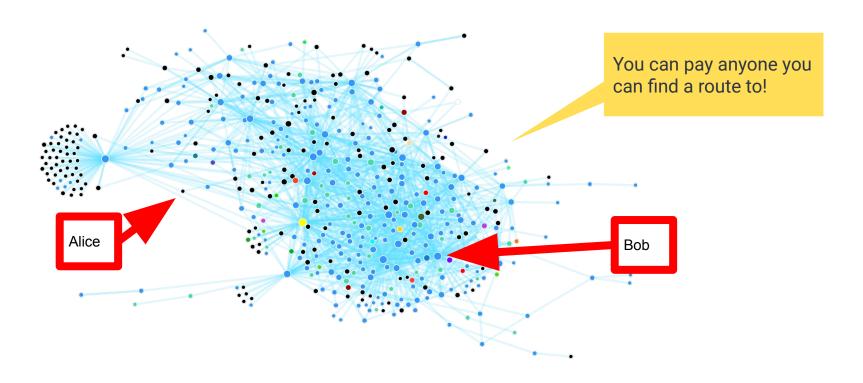
Chaincode LN residency - NY 2019

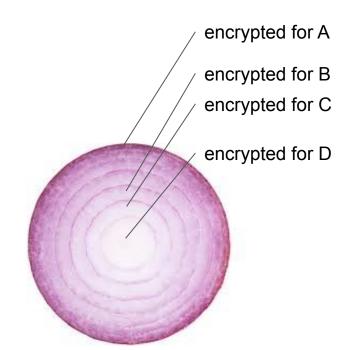
Network of Payment Channels



Routing

Routing in LN mixes 2 different concepts:

- How to find a route ?
 - This is not really part of the LN protocol. You can compute routes locally, ask someone to do it for you...
- How to send and relay payments once you have a route?
 - This is part of LN
 - Sender creates an "onion" packet that tells each node what the next hop is
 - Nodes "peel off" their own decryption layer, and forward the decrypted packet

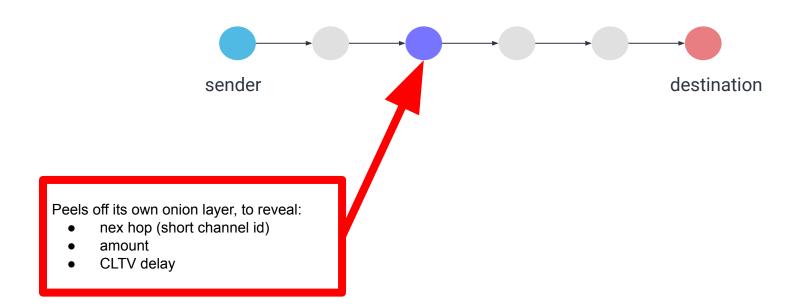


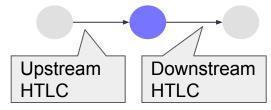
Routing Table

- Node Announcement
- Channel Announcement
- Channel Update
 - 1 for each "side" of the channel
 - Contains info that you need to route through a channel



Routing





- Upstream HTLC
 - Amount
 - CLTV expiry
- Downstream HTLC
 - Short channel id
 - Amount
 - CLTV expiry
- Why would it fail ?

- Badly formatted HTLC
- Upstream errors
 - o Balance
 - Number/value of pending payments
- Relay errors
 - Relay fees not met
 - CLTV delta not met
 - Balance/pending payments errors
- No such channel
- Channel is offline

- Different types of errors
 - 0x8000 (BADONION): unparsable onion encrypted by sending peer
 - 0x4000 (PERM): permanent failure (otherwise transient)
 - 0x2000 (NODE): node failure (otherwise channel)
 - 0x1000 (UPDATE): new channel update enclosed
- Errors returned to the sender using the same shared secrets
 - Can currently be gamed
- Sender will either
 - try the same route with updated fee/cltv parameters
 - temporarily ban the failing channel and try another route
 - fail the payment

- Sender needs a "good enough" routing table:
- Missing nodes/channel => cannot compute a route
- Outdated info => fail and retry
 - Bad UX
 - Instant payments no longer instant
- How to efficiently synchronize routing tables?

Routing Table Sync

Basic Version: broadcast gossip messages

- Node Announcements
- Channel Announcements
- Channel Updates