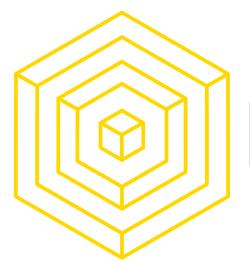
Lecture 04: Testing and Tokens

Nick Zoghb





LECTURE OUTLINE

- TESTING.JS
- TESTING SMART CONTRACTS
- BEST PRACTICES WHEN WRITING TESTS
- 4 TOKENS
- THE ERC20 STANDARD



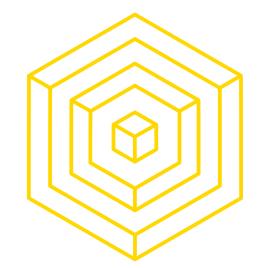




TESTING.JS







JAVASCRIPT.JS.JS

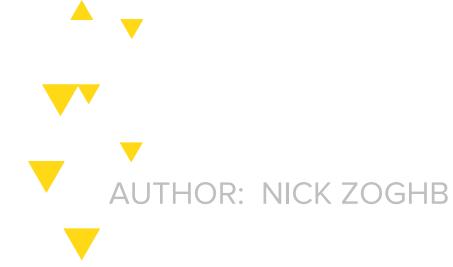




TRUFFLE.JS IT'S BEEN THERE ALL ALONG

```
JS truffle.js X
       var TestRPC = require("ethereumjs-testrpc");
       module.exports = {
         networks: {
           development: {
             host: "localhost",
             port: 8545,
             network_id: "*" // Match any network id
           },
           // add a new network definition that will self host TestRPC
           localtest: {
             provider: TestRPC.provider(),
             network_id:"*"
        // add a section for mocha defaults
  16
         mocha: {
  18
           reporter: "spec",
           reporterOptions: {
             mochaFile: 'TEST-truffle.xml'
```





TESTING WITH MOCHA HOLD THE SUGAR







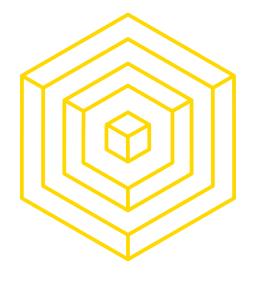


JAVASCRIPT SYNTAX WHY ARE WE DOING THIS

- How to print? Use console.log('...')
- What is 'use strict';? Enables StrictMode which detects accidental things you may be doing, throws exceptions. Why would you do this? "Fail fast and fail loudly"
- What are callbacks?

```
describe('User', function() {
    describe('#save()', function() {
        it('should save without error', function(done) {
            var user = new User('Luna');
            user.save(function(err) {
                if (err) done(err);
                else done();
            });
        });
    });
}
```





```
// global variable
var allUserData = [];
 // generic logStuff function that prints to console
function logStuff (userData) {
   if (typeof userData === "string"){
       console.log(userData);
   else if (typeof userData === "object"){
       for (var item in userData) {
           console.log(item + ": " + userData[item]);
```







```
// A function that takes two parameters, the last one a callback
function
function getInput (options, callback) {
    allUserData.push (options);
    callback (options);
 // When we call the getInput function, we pass logStuff as a parameter.
 // So logStuff will be the function that will called back (or executed)
// inside the getInput function
getInput ({name:"Rich", speciality:"JavaScript"}, logStuff);
// name: Rich
 // speciality: JavaScript
```







What are keywords?

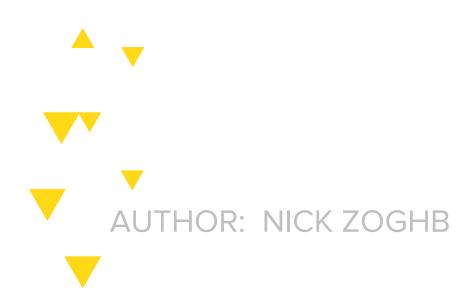
- let vs. var
 - Difference is that **var** allows variable access to global scope
 - let is limited to local scope
- const
 - Variable cannot change

```
function foo () {
  typeof(bar);
  let bar = "baz";
  var jumbo = "tron";
foo();
// ReferenceError: can't access
// lexical declaration `bar`
// before initialization
console.log(jumbo);
```

```
const x = 5;
x = 6;

// ERROR - read only
```

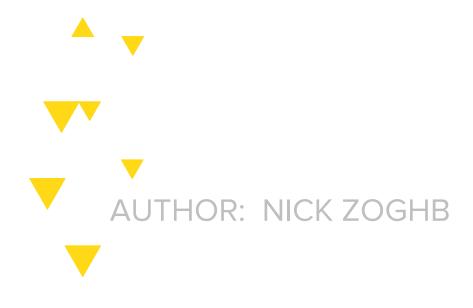






What are keywords?

- describe, it
 - describe is used to group tests together by some criteria
 - it is used to define a test case
- before, beforeEach, after, afterEach
 - These are hooks to run before/after first/each it or describe







MOCHA SYNTAX AN EXAMPLE

```
// Run once before the first test case
describe('earth', function(){
  beforeEach(function(){
    console.log('hello, World!')
  });
  it('sky', function(){
    /** ... */
  });
  describe('sea', function() {
    /** ... */
  });
});
```

```
// beforeEach() can be applied to describe()
describe('earth', function(){
  beforeEach(function(){
    console.log('hello, World!')
  describe('sky', function(){
    it('birds should soar', function(){ /** ... */ });
  });
  describe('sea', function(){
    it('fish should swim', function(){ /** ... */ });
 });
});
```

- What's going on here?
- a) beforeEach() runs on each it() block only
- b) beforeEach() runs on each describe() block only
- c) beforeEach() runs on both





MOCHA SYNTAX AN EXAMPLE

```
// Run once before the first test case
describe('earth', function(){
  beforeEach(function(){
    console.log('hello, World!')
  });
  it('sky', function(){
    /** ... */
  });
  describe('sea', function() {
    /** ... */
  });
});
```

```
// beforeEach() can be applied to describe()
describe('earth', function(){
  beforeEach(function(){
    console.log('hello, World!')
  describe('sky', function(){
    it('birds should soar', function(){ /** ... */ });
  });
  describe('sea', function(){
    it('fish should swim', function(){ /** ... */ });
 });
});
```

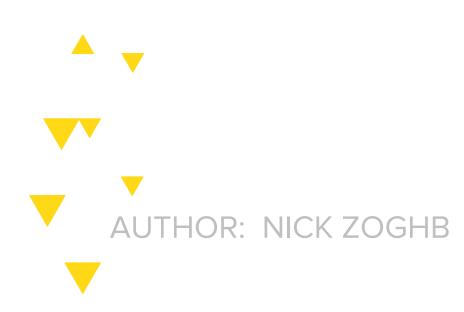
- What's going on here?
- a) beforeEach() runs on each it() block only (even nested ones)
- b) beforeEach() runs on each describe() block only
- c) beforeEach() runs on both





- to
- be
- been
- is
- that
- which
- and
- has

- have
- with
- at
- of
- same
- but
- does





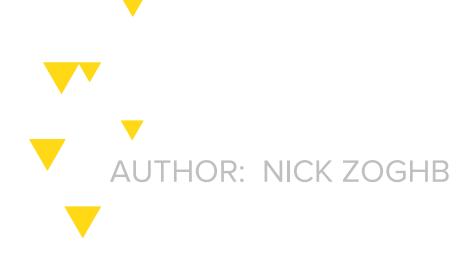


Take the example of .not:

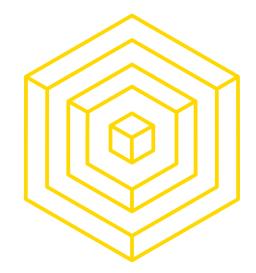
```
expect(function () {}).to.not.throw();
expect({a: 1}).to.not.have.property('b');
expect([1, 2]).to.be.an('array').that.does.not.include(3);
```

Please abide by best practices (see more <u>here</u>):

```
expect(2).to.equal(2); // Recommended
expect(2).to.not.equal(1); // Not recommended
```







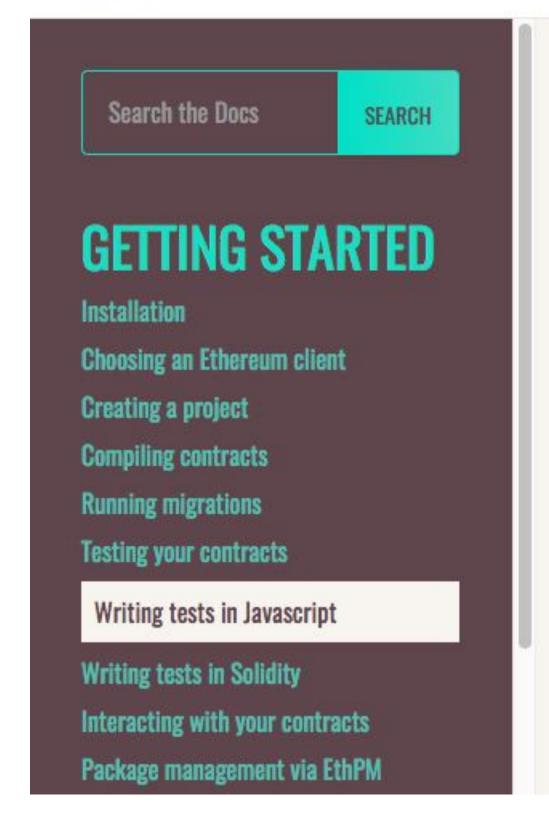
ASYNCHRONOUS PROGRAMMING







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WRITING TESTS IN JAVASCRIPT

Truffle uses the Mocha testing framework and Chai for assertions to provide you with a solid framework from which to write your Javascript tests. Let's dive in and see how Truffle builds on top of Mocha to make testing your contracts a breeze.

Note: If you're unfamiliar with writing unit tests in Mocha, please see Mocha's documentation before continuing.

USE CONTRACT() INSTEAD OF DESCRIBE()

Structurally, your tests should remain largely unchanged from that of Mocha: Your tests should exist in the ./test directory, they should end with a .js extension, and they should contain code that Mocha will recognize as an automated test. What makes Truffle tests different from that of Mocha is the contract() function: This function works exactly like describe() except it enables Truffle's clean-room features. It works



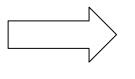






(Source)





```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval
synchronous_func(5)
```

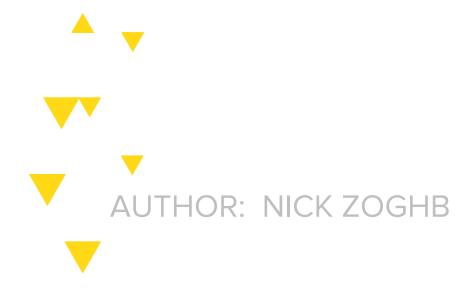




```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

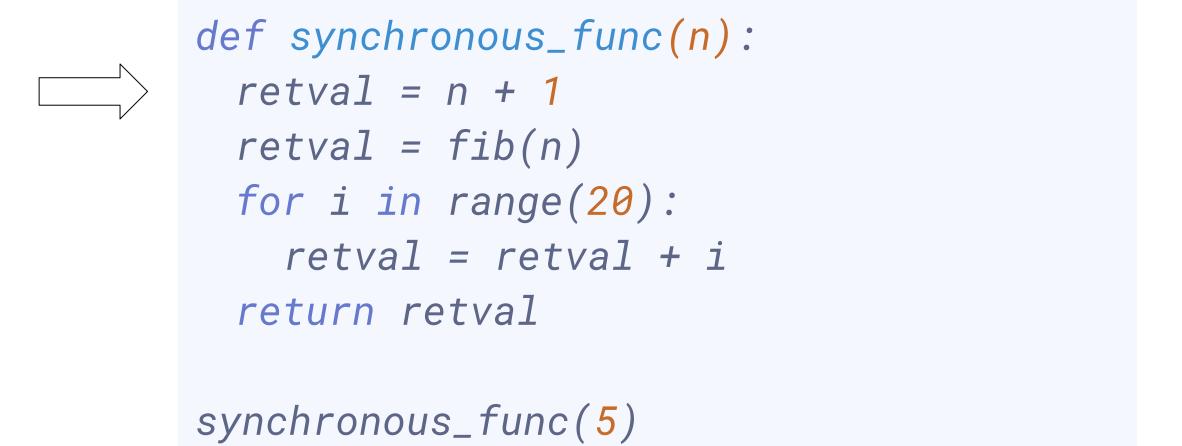
synchronous_func(5)
```

Variables: n = 5

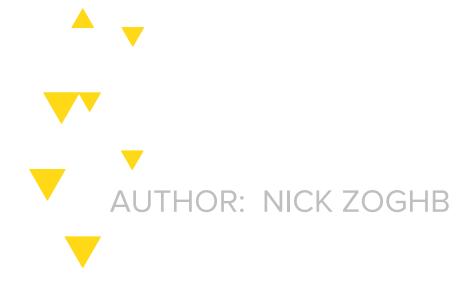






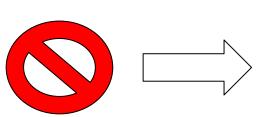


Variables: n = 5retval = 6









```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

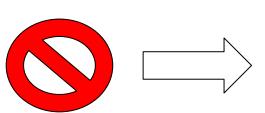
synchronous_func(5)
```

```
n = 5
retval = ...
(10ms)
```









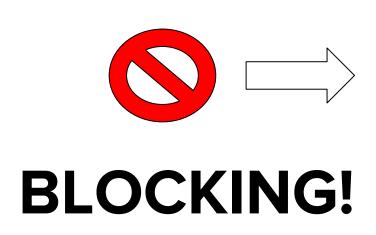
```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

```
n = 5
retval = ...
(20ms)
```







```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

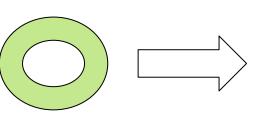
synchronous_func(5)
```

```
n = 5
retval = ...
(30ms)
```





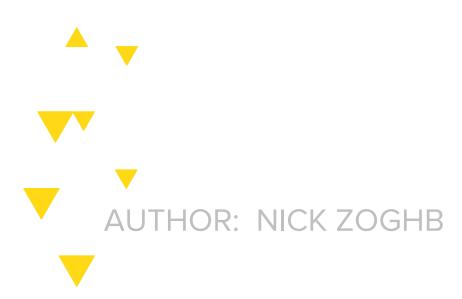




```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

Variables: n = 5retval = 8





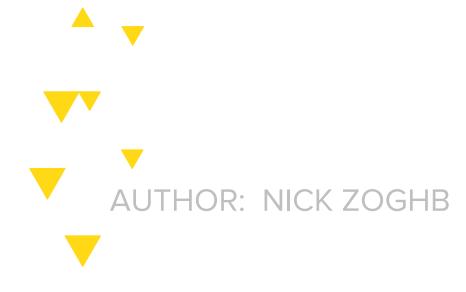


```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

n =
$$5$$

retval = 13
i = 0



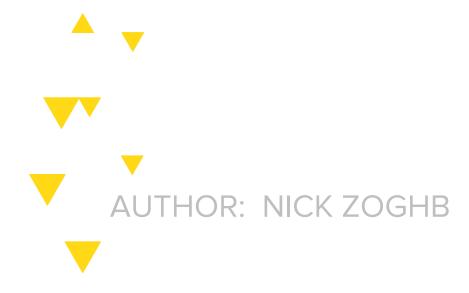


```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

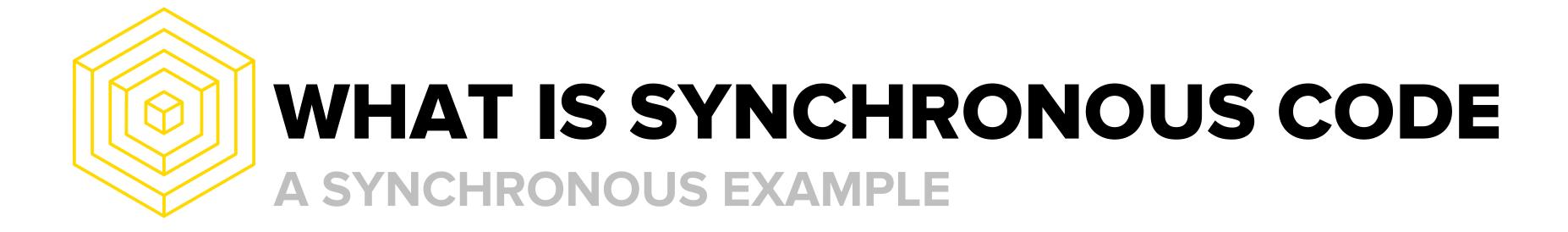
synchronous_func(5)
```

Variables:

n = 5retval = 13i = 0







```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```





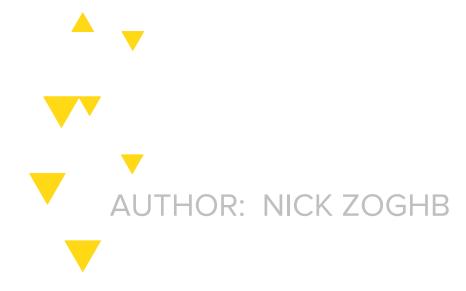


```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

Variables:

n = 5retval = 16i = 2

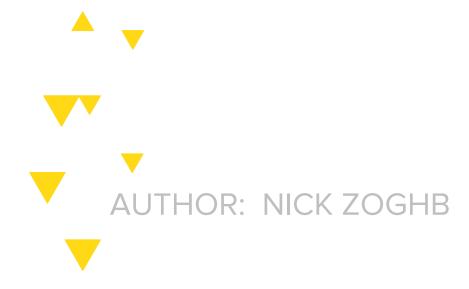




```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

```
n = 5
retval = ...
```





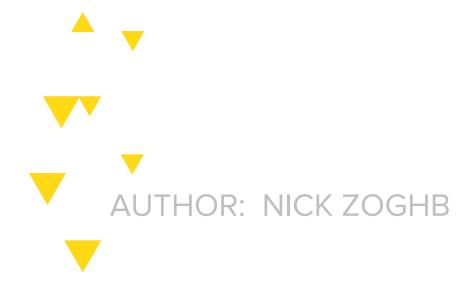


```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

Variables:

n = 5 retval = 203 i = 19





```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

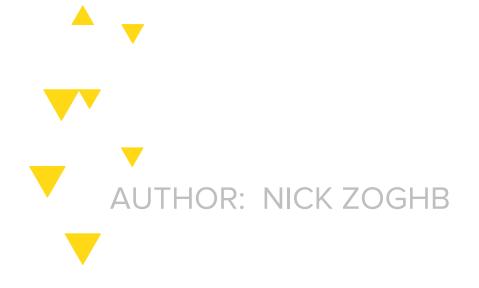
synchronous_func(5)
```

Variables: n = 5

retval = 203

i = 19

Returns: 203





```
def synchronous_func(n):
    retval = n + 1
    retval = fib(n)
    for i in range(20):
        retval = retval + i
        return retval

synchronous_func(5)
```

Variables: n = 5

retval = 203

i = 19

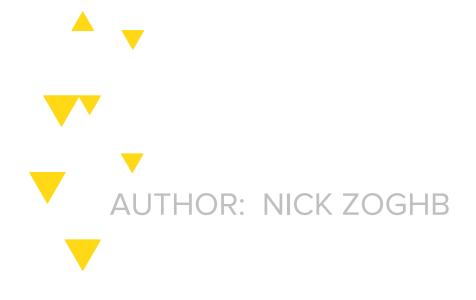
Returns: 203

Synchronous programming: functions are blocking. In other words, if you call a function foo it will not relinquish control till it has completed its execution. Read more here.









(Source)

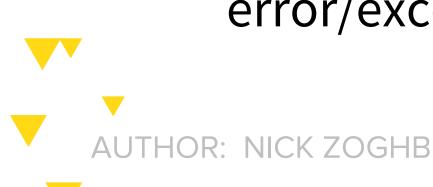




A *promise* is a 'black box'. It could be in one of three states

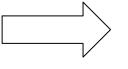
- Pending: The asynchronous operation is still running
- Resolved: The asynchronous operation has completed successfully
- Rejected: The asynchronous operation is complete but is unsuccessful, probably some error/exception was thrown











```
def asynchronous_func(n):
    retval = n + 1
    retval = promise_fib(n)
    if n < 10:
        retval = retval + n
        return retval

asynchronous_func(5)</pre>
```



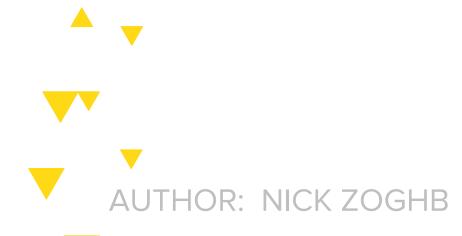




```
def asynchronous_func(n):
    retval = n + 1
    retval = promise_fib(n)
    if n < 10:
        retval = retval + n
        return retval

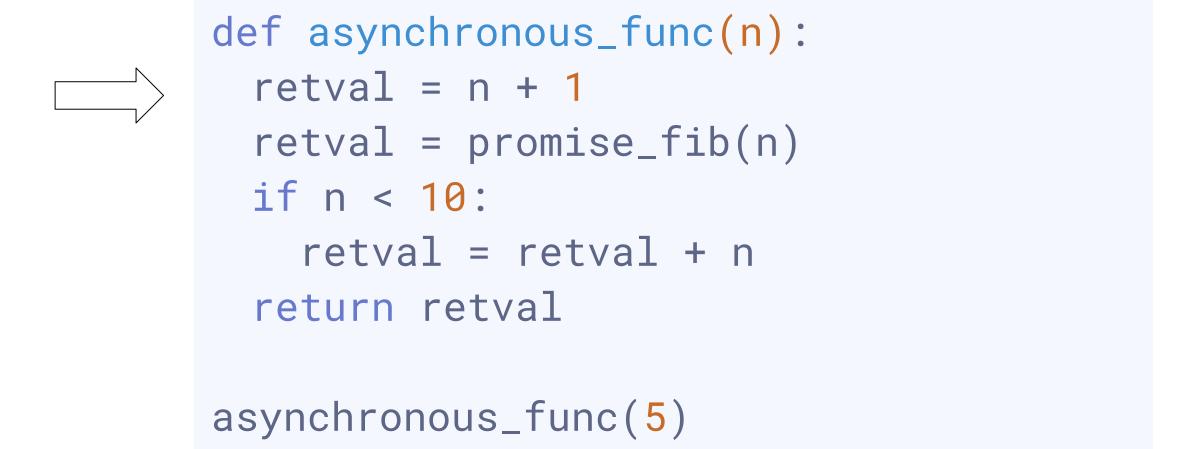
asynchronous_func(5)</pre>
```

Variables: n = 5









Variables: n = 5retval = 6







```
def asynchronous_func(n):
    retval = n + 1
    retval = promise_fib(n)
    if n < 10:
        retval = retval + n
        return retval

asynchronous_func(5)</pre>
```

Variables:

```
n = 5
retval = (**)
<Promise>
```







```
def asynchronous_func(n):
    retval = n + 1
    retval = promise_fib(n)
    if n < 10:
        retval = retval + n
        return retval

asynchronous_func(5)</pre>
```

Variables:

```
n = 5
retval = (**)
<Promise>
```





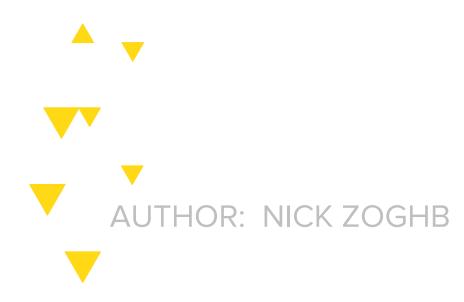


```
def asynchronous_func(n):
    retval = n + 1
    retval = promise_fib(n)
    if n < 10:
        retval = retval + n
        return retval

asynchronous_func(5)</pre>
```

Variables:

```
n = 5
retval = (**)
<Promise>
```



error





```
def asynchronous_func(n):
    retval = n + 1
    retval = promise_fib(n)
    if n < 10:
        retval = retval + n
        return retval

asynchronous_func(5)</pre>
```

Variables:

```
n = 5
retval = (**)
<Promise>
```

Cannot conduct outside operations on *promises*. So let's backtrack...







```
def asynchronous_func(n):
    retval = n + 1
    pretval = promise_fib(n)
    temp = 0
    if n < 10:
        temp = n
    return pretval.ret_prom() + temp</pre>
```

Variables: n = 5

pretval = iii

Promise>

temp = 5

Added one extra line to maintain functionality.

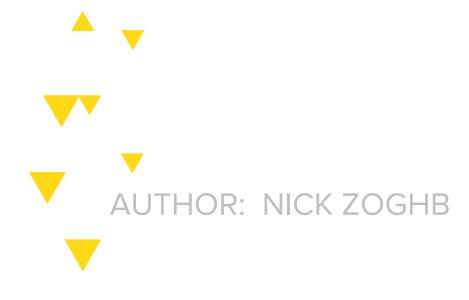






```
def asynchronous_func(n):
    retval = n + 1
    pretval = promise_fib(n)
    temp = 0
    if n < 10:
        temp = n
    return pretval.resolve() + temp</pre>
```

```
Variables: n = 5
    pretval = 8
    <ResolvedPromise>
    temp = 5
Returns: 13
```







```
def asynchronous_func(n):
    retval = n + 1
    pretval = promise_fib(n)
    temp = 0
    if n < 10:
        temp = n
    return pretval.resolve() + temp</pre>
```

Variables: n = 5
 pretval = 8
 <ResolvedPromise>
 temp = 5
Returns: 13

The promise is forced to return at the end with pretval.resolve()

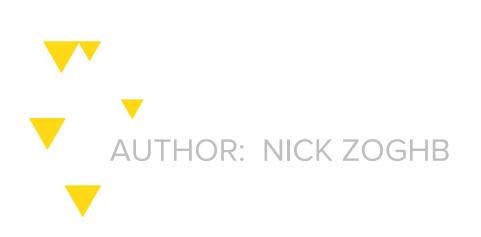




```
def asynchronous_func(n):
    retval = n + 1
    pretval = promise_fib(n)
    temp = 0
    if n < 10:
        temp = n
    return pretval.resolve() + temp</pre>
```

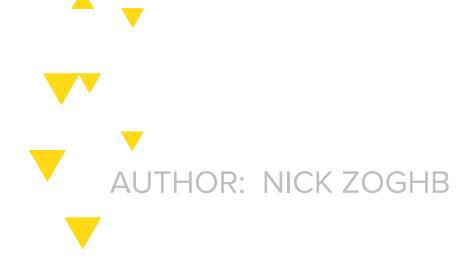
Variables: n = 5
 pretval = 8
 <ResolvedPromise>
 temp = 5
Returns: 13
(Oms blocked)

The promise is forced to return at the end with pretval.resolve()







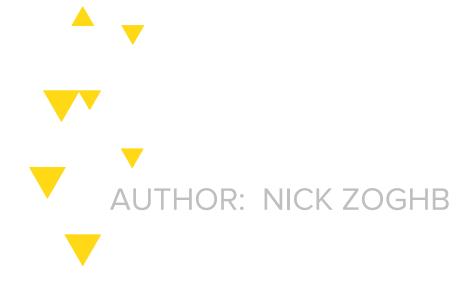






1 failing

1) Contract: AsyncTest ~Asserting on a promise~ Each promise should be forced to resolve before returning: AssertionError: promise cannot be operated on: expected {} to equal 'some control value' at Context.<anonymous> (test/badAuctionTest.js:29:12) at <anonymous> at process._tickCallback (internal/process/next_tick.js:188:7)





WHAT IS A PROMISE? .then(...)

```
beforeEach(function() {
  return db.clear()
    .then(function() {
      return db.save([tobi, loki, jane]);
   });
});
describe('#find()', function() {
  it('respond with matching records', function() {
    return db.find({ type: 'User' }).should.eventually.have.length(3);
 });
```

(Source)





WHAT IS A PROMISE? async/await

```
beforeEach(async function() {
  await db.clear();
  await db.save([tobi, loki, jane]);
});
describe('#find()', function() {
  it('responds with matching records', async function() {
    const users = await db.find({ type: 'User' });
    users.should.have.length(3);
 });
```

(Source)







nick **20** 11:09 PM

wtf why are there so many ways to write callbacks

Read more <u>here</u>

```
AUTHOR: NICK ZOGHB
```

```
resolvingPromise.then( (result) => {
      expect(result).to.equal('i fail');
   }).then(done,done);
 });
 //Output: Error: promise rejected
 it('promise rejects', (done) => {
   rejectingPromise.then( (result) => {
     expect(result).to.equal('promise resolved');
   }).then(done,done);
 });
 If you want to use the 'done' callback, this is the best way.
  - Your test failures are caught and displayed
  - When you forget to supply 'done' as argument, you will get
    'done is not defined'
  - If you forget to end your test with '.then(done,done)</code>',
    mocha warns you about a missing 'done'.
});
describe('return a promise', () => {
  //Output: / assertion success
 it('assertion success', () => {
   return resolvingPromise.then( (result) => {
      expect(result).to.equal('promise resolved');
   });
 });
```





TESTING SMART CONTRACTS







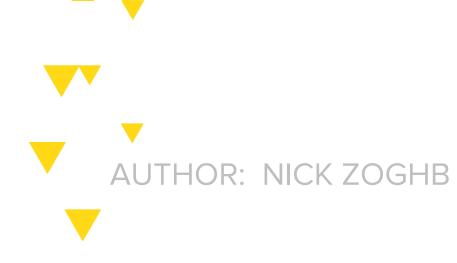
...IN JAVASCRIPT





```
'use strict';
const GoodAuction = artifacts.require("./GoodAuction.sol");
const Poisoned = artifacts.require("./Poisoned.sol");
const NotPoisoned = artifacts.require("./NotPoisoned.sol");
contract('GoodAuctionTest', function(accounts) {
   const args = {_bigAmount: 9999999999999, _smallAmount: 200,
       _biggerSmallAmount: 300, _zero: 0};
    let good, notPoisoned, poisoned;
   beforeEach(async function() {
       /* Deploy a new GoodAuction to attack */
       good = await GoodAuction.new();
       /* Deploy NotPoisoned as a test control */
       notPoisoned = await NotPoisoned.new({value: args._bigAmount});
       await notPoisoned.setTarget(good.address);
   });
   describe('~GoodAuction Works~', function() {
        it("The clean contract should lock on to the auction",
            async function() {
                let cleanBalance = await notPoisoned.getBalance.call();
               /* Why do you think `.valueOf()` is necessary? */
               assert.equal(cleanBalance.valueOf(), args._bigAmount,
                    "value set correctly");
               /* Why do you think `.call(...) ` is used? */
                let target = await notPoisoned.getTarget.call();
               assert.equal(target, good.address,
                    "target locked correctly");
       });
        it("The clean contract should send value to the auction",
           async function() {
                await notPoisoned.bid(args._smallAmount);
```







What are the new keywords?

- contract('NameOfSuite', function(accounts)) {...}
 - Before each contract function is run, your contracts are redeployed to the running Ethereum client so the tests within it run with a clean contract state
 - The contract function provides a list of accounts made available by your Ethereum client which you can use to write tests
- artifacts.require("./contract.sol");
 - Because Truffle has no way of detecting which contracts you'll need to interact with within your tests, you'll need to ask for those contracts explicitly
- web3.eth.getBalance









What are the new keywords?

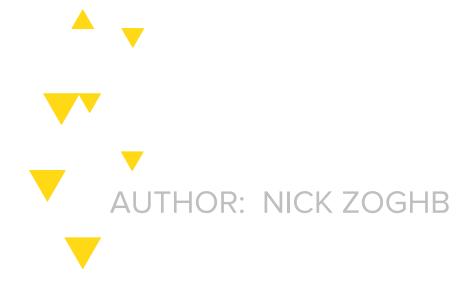
- .call(...)
 - Used to specify that a method is explicitly NOT a transaction, e.g. a getter method
 - Transactions will not execute if .call(...) is used
- function(accounts)
 - This is used to reference *Ganache* accounts. By default, **accounts[0]** is what is used for methods
- contract.address
 - Default way to get a contract's address on the network
- .valueOf()
 - Used to retrieve number from a contract balance
- AUTHOR: NICK ZOGHB





What are the new keywords?

- {from: someOther.address, value: someAmount}
 - o from
 - Usually executed from EOA's for testing
 - Only non-transaction calls work for contract addresses
 - o value
 - Specify some amount of wei to send from an account's balance
 - Does not work if the account does not have enough value







DEPLOYING WITHIN TESTS

CONTRACTS ON CONTRACTS

```
contract('MetaCoin', function(accounts) {
  it("should put 10000 MetaCoin in the first account", function() {
    return MetaCoin.deployed().then(function(instance) {
        return instance.getBalance.call(accounts[0]);
    }).then(function(balance) {
        assert.equal(balance.valueOf(), 10000, "10000 wasn't in the first account");
    });
  });
});
```

V.S.

```
let contract = await MetaCoin.new();
let balance = await MetaCoin.getBalance.call(accounts[0]);
assert.equal(balance.valueOf(), 10000, "10000 wasn't in the first account");
```





...IN SOLIDITY





```
pragma solidity ^0.4.15;
import "truffle/Assert.sol";
import "truffle/DeployedAddresses.sol";
import "../contracts/Betting.sol";

contract TestBetting {
    Betting betting = Betting(DeployedAddresses.Betting());

    function testChooseOracle() {
        address oracle = betting.chooseOracle(0x56a686aa7ce2a9a4210dfe2dc28d24fdd8d83a1e);
        address expected = betting.oracle();
        Assert.equal(oracle, expected, "Oracle chosen by Owner should be registered.");
    }
}
```

(DeployedAddresses.sol is dynamically created at test time)

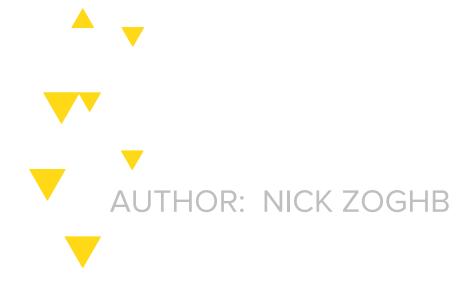






- Truffle Solidity tests can be used to cover a small piece of code, basically providing the ability to test every single function in contracts in an isolated way.
- Truffle JavaScript tests (Mocha) demonstrate that different pieces of the system work together. Allows for testing complex scenarios with multiple calls and transactions.

Read more <u>here</u>







BEST PRACTICES WHEN WRITING TESTS



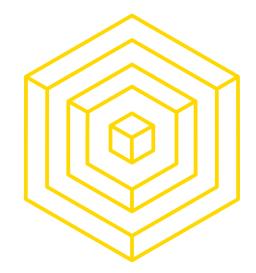




AUTHOR: NICK ZOGHB

ERC: Ethereum Smart Contract Packaging Specification New Issue #190 ① Open pipermerriam opened this issue on Jan 10 · 12 comments pipermerriam commented on Jan 10 • edited Contributor Assignees No one assigned EIP: Draft Labels Title: Ethereum Smart Contract Packaging Specification Authors: Piper Merriam, Tim Coulter, Denis Erfurt (mhhf), RJ Catalano (VoR0220), Iuri Matias (iurima editor-needs-to-review Status: Draft Type: Standards Track Created: 2017-01-10 Projects None yet **Abstract** Milestone No milestone This ERC proposes a specification for Ethereum smart contract packages. 6 participants The specification was collaboratively developed by the following Ethereum development framework maintainers. Tim Coulter (Truffle) Denis Erfurt (Dapple) Piper Merriam (Populus) RJ Catalano (Eris PM) Iuri Matias (Embark)



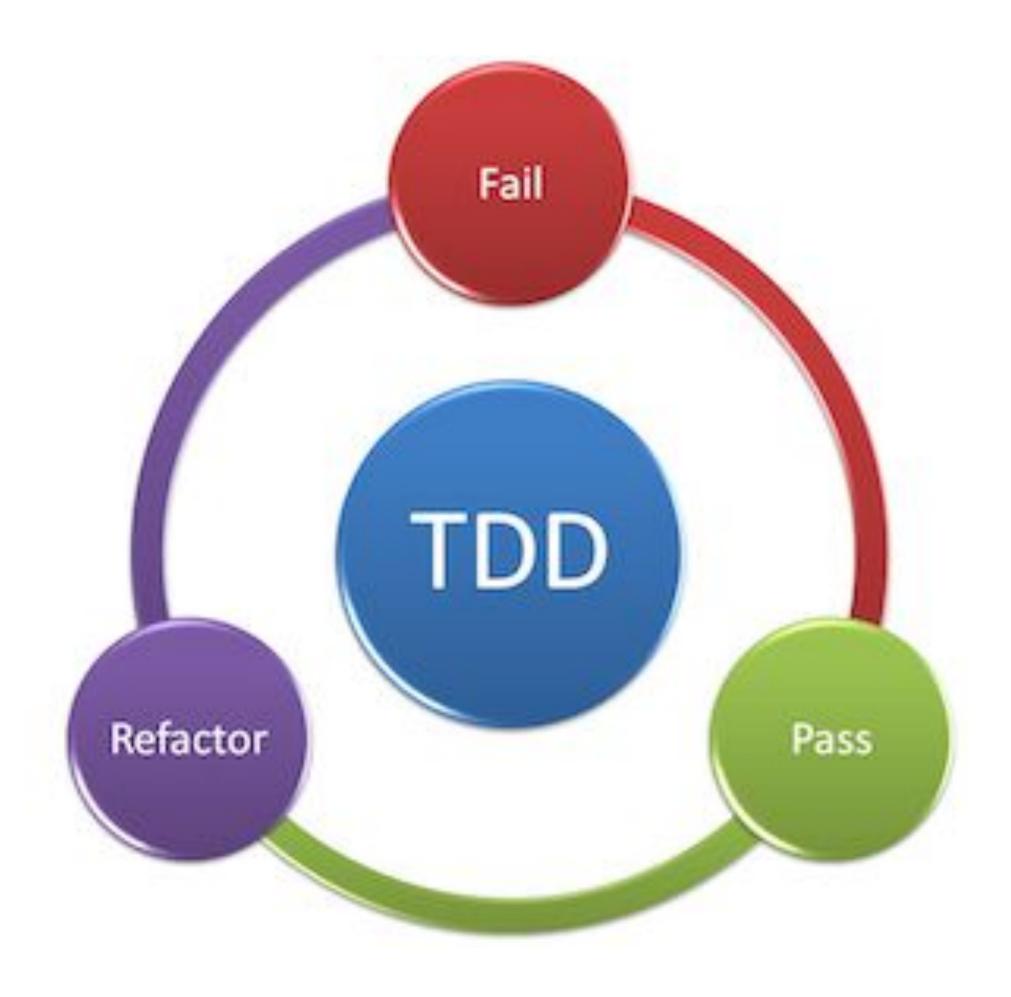


TEST-DRIVEN DEVELOPMENT















- Write very specific test cases
 - Write a lot of them!
 - Cover %% of application functionality
- Make new changes only after passing old tests
- Make tests run as fast as possible as possible









WHAT TO TEST



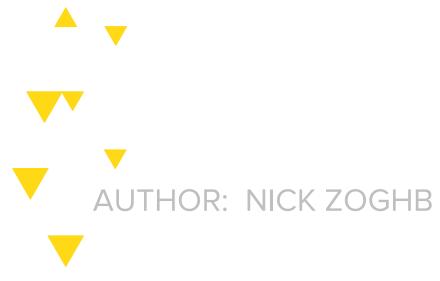




LECTURE 03: SMART CONTRACT SECURITY

WOAH, SO META!

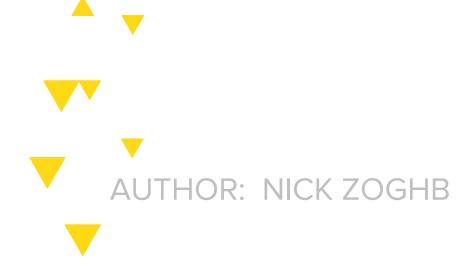






UNIT AND INTEGRATION TESTING YOU NEED BOTH

- A unit test is a test written by the programmer to verify that a relatively small piece of code is doing what it is intended to do. They are narrow in scope, they should be easy to write and execute
 - Unit tests shouldn't have dependencies on outside systems
 - They test internal consistency as opposed to proving that they play nicely with some outside system.
- An integration test is done to demonstrate that different pieces of the system work together
 - Integration tests cover whole applications
 - Example cases: proving interoperability between two smart contracts, querying external databases,
 etc.



(Source)

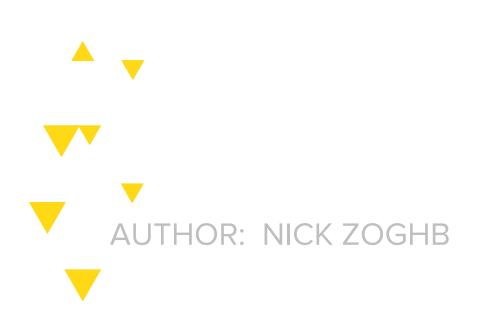




UNIT TESTS ~ Solidity



INTEGRATION TESTS → JavaScript

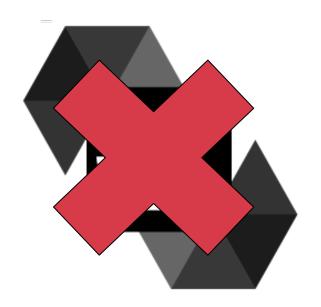




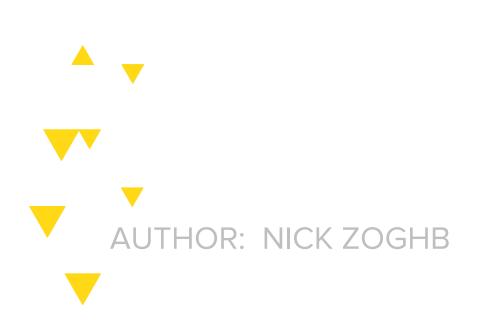








UNIT TESTS → JavaScript INTEGRATION TESTS → JavaScript











NEED FOR SPEED







DECLARATIONS, SETUP, TEARDOWN

PUT ON YOUR SEATBELTS FOR THIS

```
contract('GoodAuctionTest', function(accounts) {
 const args = {_bigAmount: 99999999999999, _smallAmount: 200,
   _biggerSmallAmount: 300, _zero: 0};
 let good, notPoisoned, poisoned;
 beforeEach(async function() {
   /* Deploy a new GoodAuction to attack */
   good = await GoodAuction.new();
   /* Deploy NotPoisoned as a test control */
   notPoisoned = await NotPoisoned.new({value: args._bigAmount});
   await notPoisoned.setTarget(good.address);
 });
 describe(... {...});
```





Contract: BadAuctionTest

~BadAuction Works~

- The clean contract should lock on to the auction (54ms)
- The clean contract should send value to the auction (203ms)
- ✓ Another clean contract with a lower/the same bid should not be able to displace the highest bidder (417ms)
- ✓ Another clean contract with a higher bid should be able to displace the highest bidder (395ms)

~Push/Pull Attack Vector~

- The poisoned contract should lock on to the auction (44ms)
- The poisoned contract should send value to the auction (170ms)
- The bad auction should not be able to accept a new highest bidder (416ms)

Contract: GoodAuctionTest

~GoodAuction Works~

- The clean contract should lock on to the auction (47ms)
- The clean contract should send value to the auction (108ms)
- ✓ Another clean contract with a lower/the same bid should not be able to displace the highest bidder (343ms)
- ✓ Another clean contract with a higher bid should be able to displace the highest bidder (395ms)
- ✓ Displaced higest bidder should be able to withdraw funds (337ms)

~Push/Pull Attack Vector~

- The poisoned contract should lock on to the auction (49ms)
- The poisoned contract should send value to the auction (132ms)
- ✓ The good auction should still be able to accept a new highest bidder (296ms)

15 passing (8s)







EXTRA TOOLS





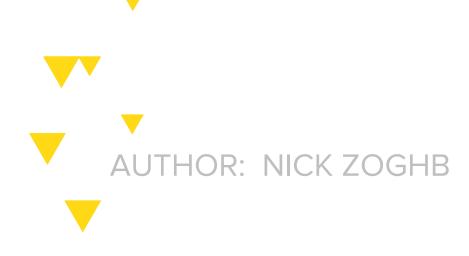


What is SolCover?

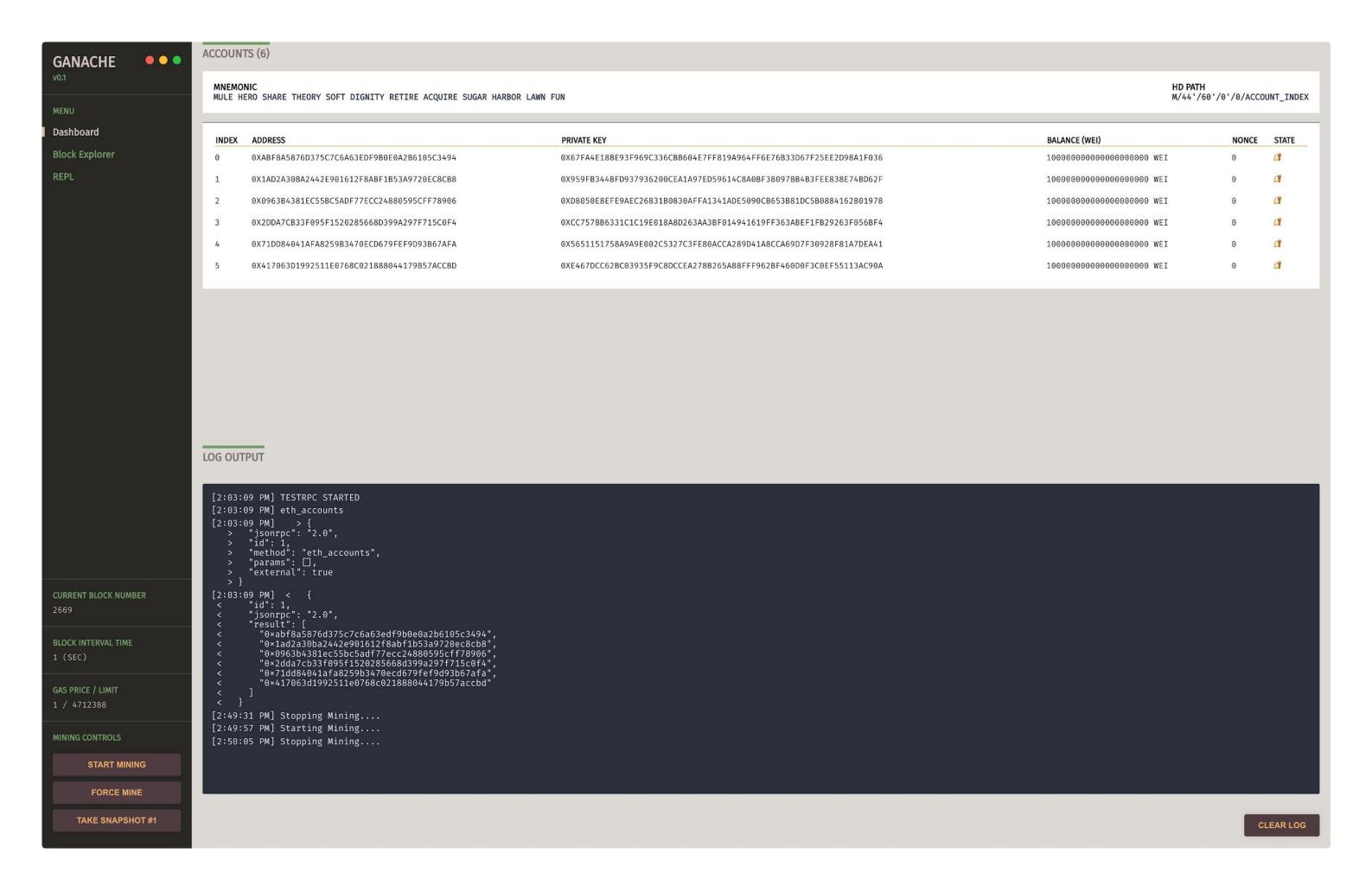
Code coverage for Solidity testing

How do I run it / how does it work?

- Github: https://github.com/sc-forks/solidity-coverage
- Article: https://blog.colony.io/code-coverage-for-solidity-eecfa88668c2

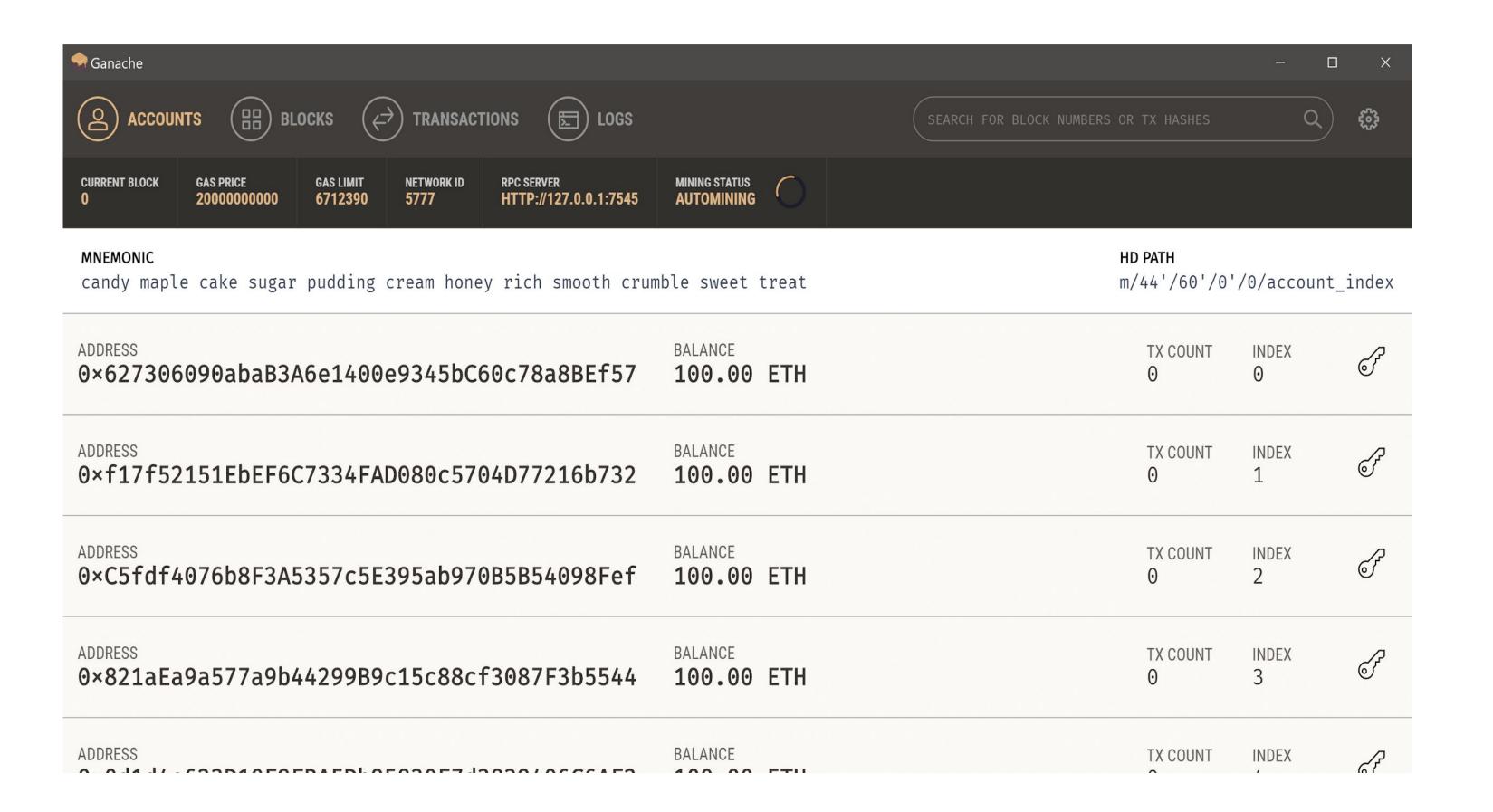






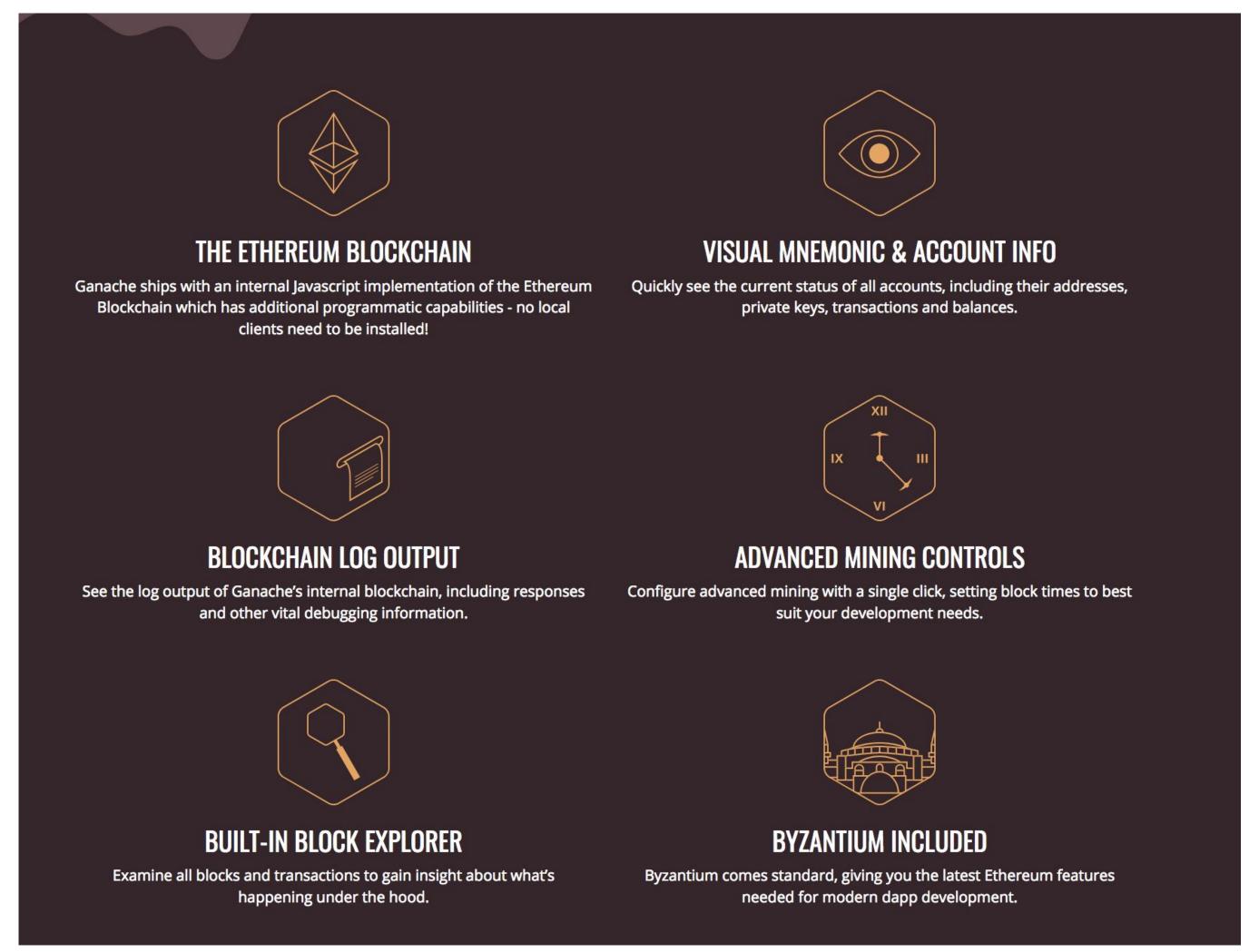




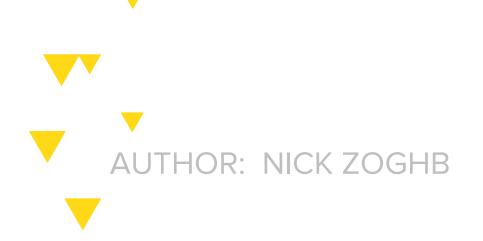














espresso is a testing framework for Solidity smart contracts, written in Javascript. Features include:

- ✓ Test parallelization
- Hot-reloading and running of tests (with a --watch flag)
- ✓ Isolated test RPC, so you don't have to have an RPC like Ganache running or muddy your development RPC
- Backwards compatibility with truffle test





ESPRESSO A BETTER FUTURE?

```
Terminal Shell Edit View Window Help
                                 ■ Test1.test.is — ethdenver-contracts
                                                                                    UNREGISTERED # @ crhdenver-contracts -- watch -- node /usr/local/bin/espresso --watch -- 79×49
                                                                                                 Pauls-MacBook-Pro:ethdenver-contracts pfh$ espresso --watch
FOLDERS.
                                                                                                 Start compile!
* jay ethdenver-contracts
                           const assert require("chai") assert;
                                                                                                 Start migrate!
                                                                                                 Compiled and migrated!
 + IIII .best
                           const MetaCoin = artifacts require("Metacoin");
 + IIII _test
 * per contracts
                           const timeout - ms == Promise(res == setTimeout(res, ms));
  * iss mocks
                           contract("Metacoin", function([_, owner, recipient, anotherAcco
     /* StandardTokenMo
                             heforeEach(async function() {
    /* Metacoin.sol
                              this token -
                                                 MetaCoin new({ owner: owner });
    - /4 Migrations.sol
 + IIII migrations
                             it("text is correct", async function() {
 Time test
                              const text = mass this token text();
    /> Test1.test.js-
                               assert equal(text, "hello, ETHDenver");
   ( ) babelro
   D:anv
                             it("updateText succeeds", async function() {
   gltignore ...
                               const newText = "text 1";
                               const oldText = main this token text();
   /w index.is
                              assert notEqual(oldText, newText);
   /* package-lock_ison
                               const res = main this token updateText(newText);
   /* package json
                               const text - man this token text();
   README.md
                               assert notEqual(text, newText);
   /+ truffle.js
   yarn-error.log
   yarr.lock
.* Aa -- CE E 🗆 test
                                                                      Find Prev.
                                                                                   Find All
Line 13, Colores 42
                                                                       Speces 2 JaveScript (Sabet)
```







TOKENS



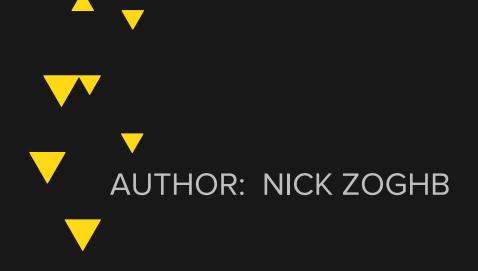




- Colored coins
 - Layered on top of Bitcoin, creating a new set of information about coins being exchanged
 - Bitcoins "colored" with specific attributes
- Colored coins => Smart assets
 - Tie ownership to real-world assets (i.e. gold on blockchain)









APP-COIN VS PROTOCOL TOKEN FROM BITCOIN TO ERC20

"Open platforms have proved difficult to create because it has been historically difficult to monetize them ... Now, however, the developers of a cloud storage service can incorporate a scarce access-token, an appcoin, into the design, distribute that token to users, retain some amount of the token for themselves, and if the platform proves popular, the token (alongside the holdings of the developers) will grow in value and remunerate the developers for providing a public good. This new model challenges the concept of equity as traditionally understood, and carries entirely different risks and rewards."





Augur (REP) is an example of an application built on top of protocols:



- Decentralized Oracle Protocol
 - REP provides a financial incentive for a network of nodes to arrive at a consensus around real-world happenings
- Exchange Protocol

Protocol tokens are decoupled from specific use-cases (even unrelated to prediction markets) and nodes active on either protocol may not be the same.

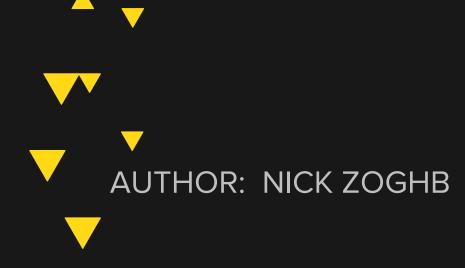




What is Ether?

Ether is a necessary element — a fuel — for operating the distributed application platform Ethereum. It is a form of payment made by the clients of the platform to the machines executing the requested operations. To put it another way, ether is the incentive ensuring that developers write quality applications (wasteful code costs more), and that the network remains healthy (people are compensated for their contributed resources).

Source

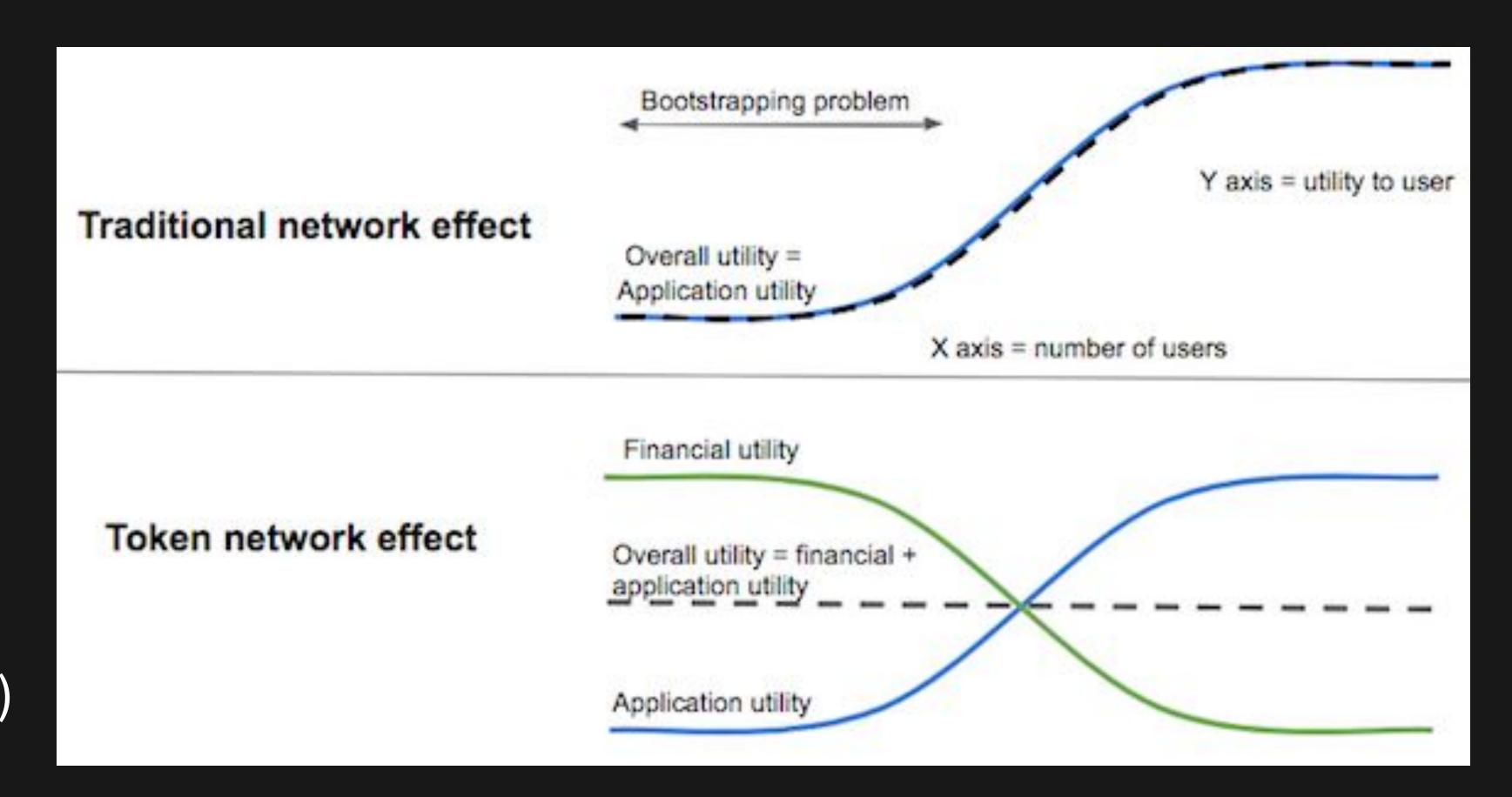




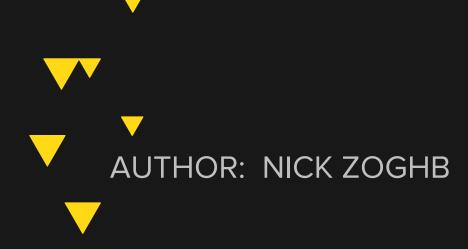


ALIGNING INCENTIVES IN THE NETWORK

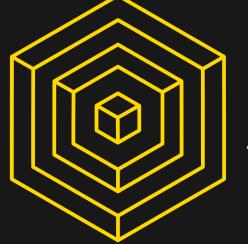
BACK TO BASICS



(Source)



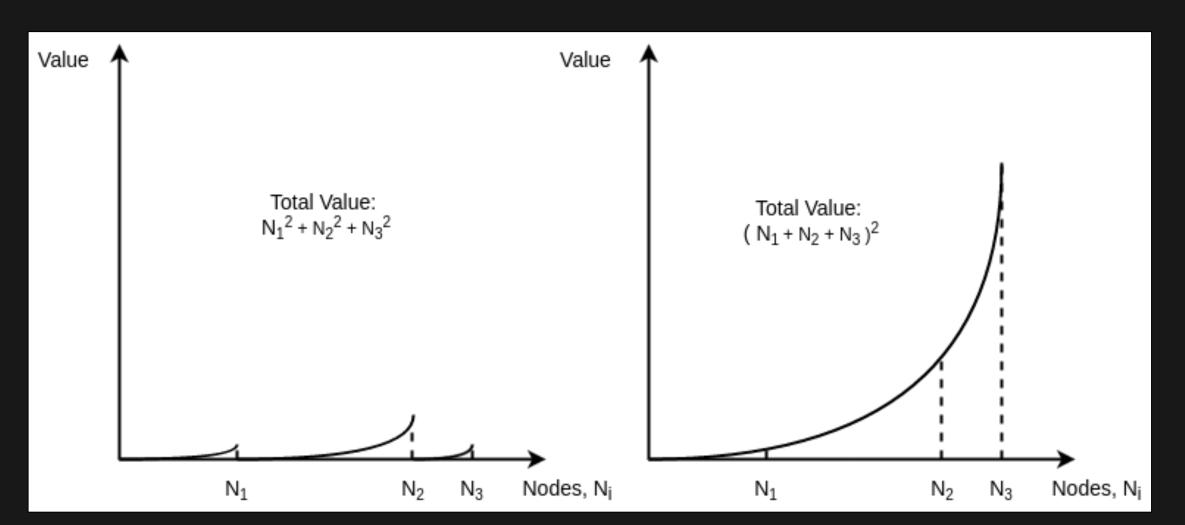




ALIGNING INCENTIVES IN THE NETWORK NOT A WELCOME INNOVATION

- Protocol tokens provide the financial incentives needed to drive a cryptoeconomic protocol which may or may not be implemented within an Ethereum smart contract
- DApps act as access points into protocols but have no cryptoeconomic backbone; App coins align dApp developer and investor incentives
- Redundancy introduces unneeded costs for end users and causes a splintering





Metcalfe's Law: $V \propto N^2$

$$(\sum N_i)^2 \ge \sum (N_i^2)$$





f Filecoin

• UNREGISTERED SECURITIES REGULATION

- Examples of interesting projects:
 - Filecoin
 - Golem





- Buzzwords
- Lack of code base
- Mishandled ICO
 - Ethereum network congestion
- Drama (here)











SEE YOU NEXT TIME

ERC, Token Standards

ERC20

Token Examples

Other EIPs

Frameworks and Tools

Launching an ICO



