



# Algorand School

2022

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Open Source: [github.com/cusma/algorand-school](https://github.com/cusma/algorand-school)





Our journey today:

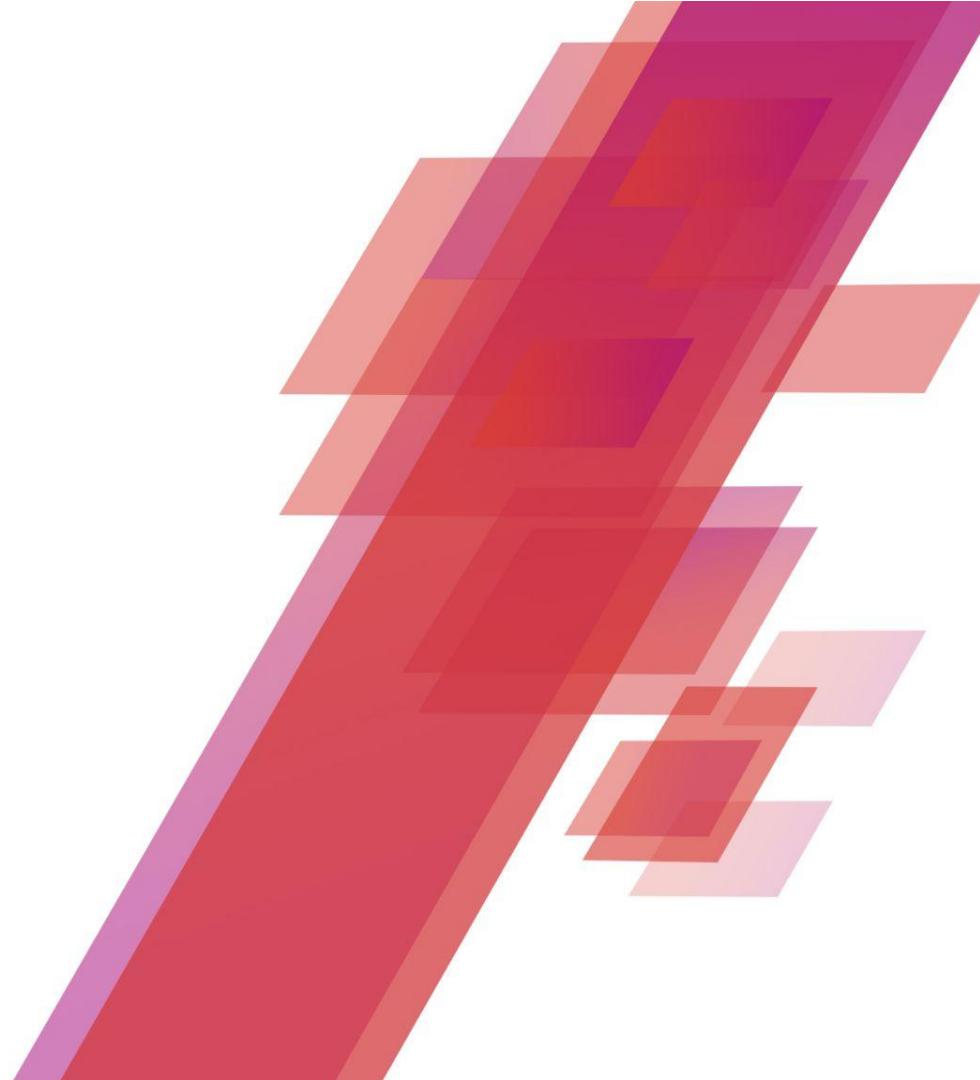
understanding Algorand Consensus  
and Algorand Networks, how to use  
Algorand Dev Tools, how to develop  
decentralized applications on the  
Algorand Virtual Machine





## Agenda

- Blockchain as an infrastructure
- Analog properties for Digital things
- Algorand Consensus
- Algorand Sustainability
- Algorand Decentralized Governance
- Algorand Networks
- Algorand Interoperability
- Algorand Transactions
- Algorand Accounts
- Algorand Standard Assets
- Algorand Virtual Machine
- Algorand Smart Contracts on Layer-1
- Smart Signatures & Smart Contracts
- TEAL
- PyTEAL & ABI & Beaker
- dApp Example & Use Cases

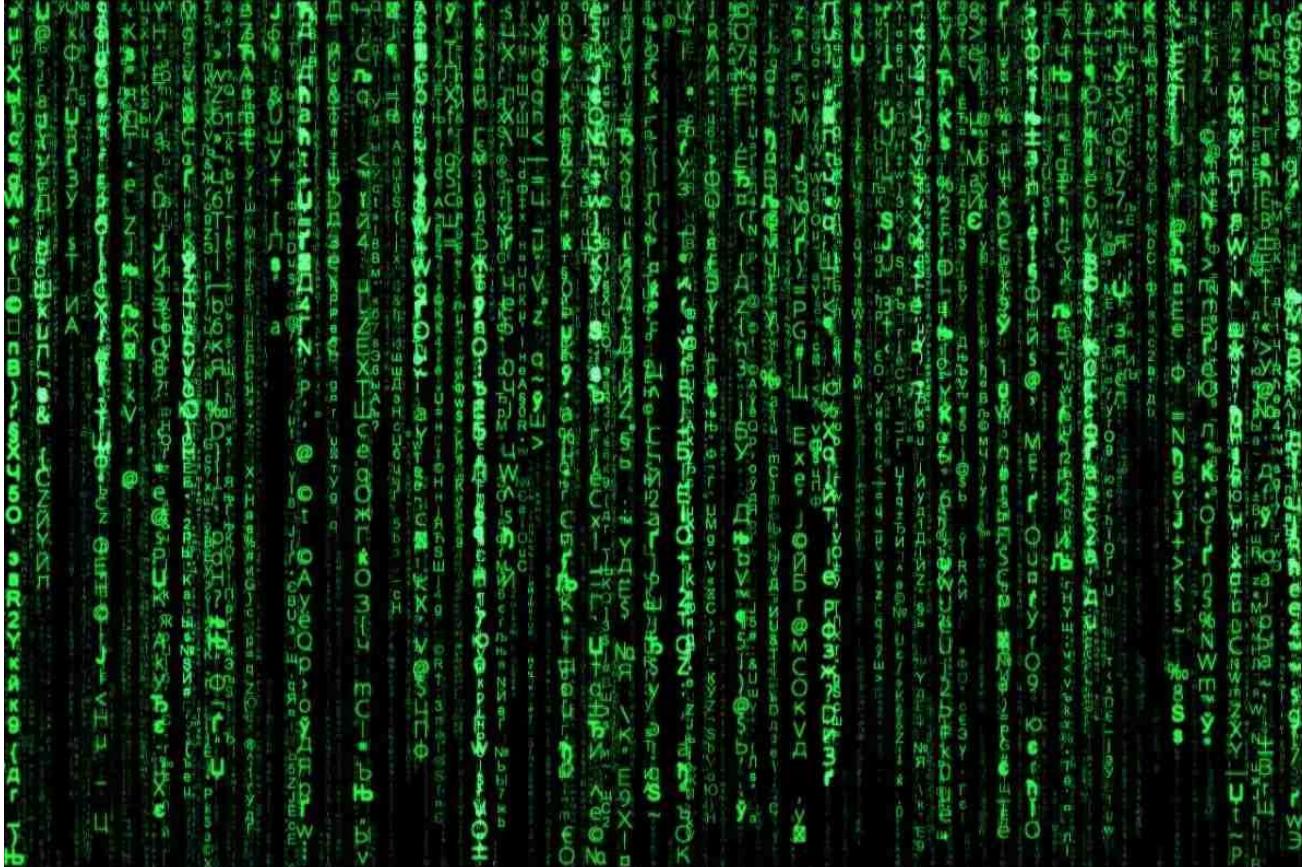




# BLOCKCHAIN AS INFRASTRUCTURE

For native digital value

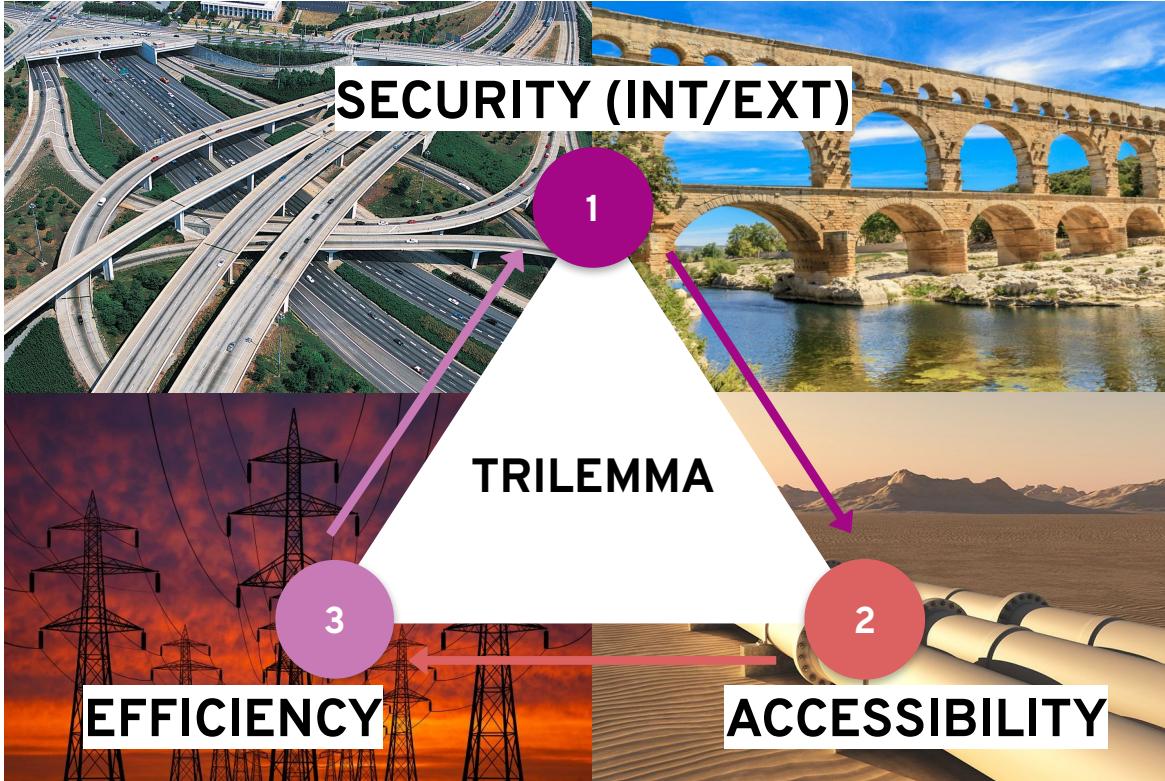
# *Blockchain is a digital infrastructure for value*



*"The ability to create something which is not duplicable in the digital world has enormous value."*

Eric Schmidt

# The *infrastructure trilemma*



Public or private? Who has the control? Duty and responsibility? Aligned incentives?

# The problem of *native digital value*



In the digital age  
everything can be represented in bits  
**as a string of 0 and 1**



Strings of 0 and 1 are useful  
because you can  
**duplicate them easily**

**Value** is therefore difficult to represent in the digital age:  
**SCARCITY, AUTHENTICITY, UNICITY**

# How to build such infrastructure? *Protocol* is the answer



# This is not just an *information technology* problem



DISTRIBUTED SYSTEMS

CRYPTOGRAPHY

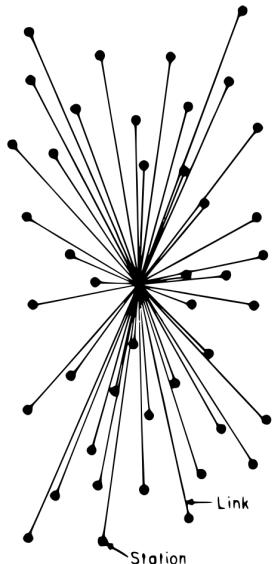
GAME THEORY

PUBLIC  
TAMPER-PROOF  
TRANSPARENT  
TRUSTLESS  
LEDGER

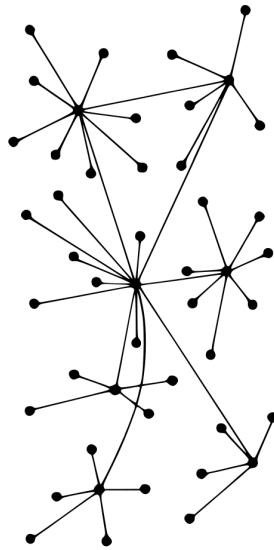
# Who controls the system? Nobody... everybody!

## DISTRIBUTED SYSTEMS

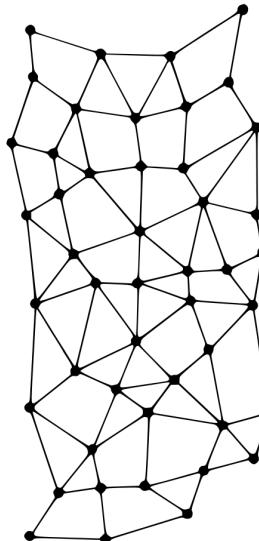
PAST



CENTRALIZED  
(A)



DECENTRALIZED  
(B)



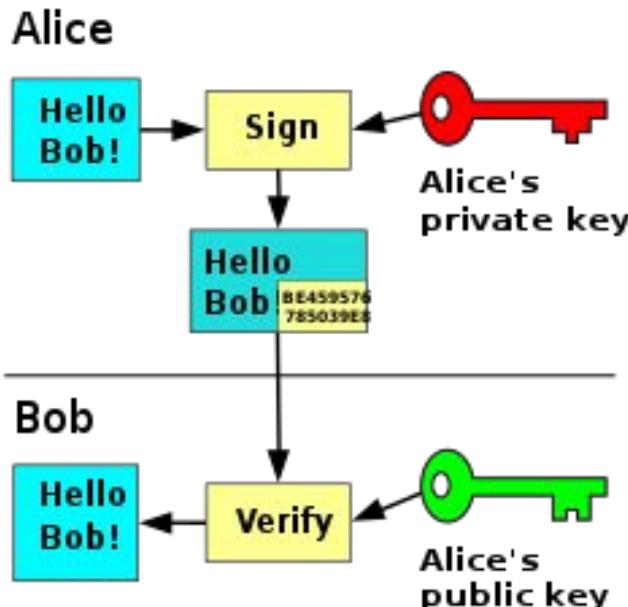
DISTRIBUTED  
(C)

FUTURE

No absolute power, no single point of failure.

# Don't trust, verify!

## CRYPTOGRAPHY



**Input**                          **Hash sum**

Fox	Hash function	DFCD3454
The red fox runs across the ice	Hash function	52ED879E
The red fox walks across the ice	Hash function	46042841

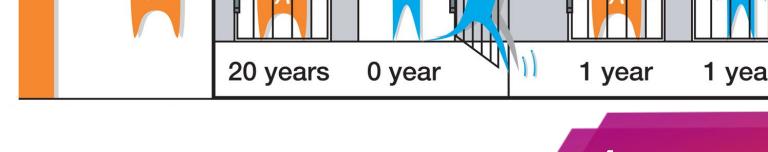
Nobody can break the rules...  
and  
...everybody can verify.

# Align incentives: collective self-protecting system

## GAME THEORY

Equilibrium in which **attacking** the system is **less convenient than protecting it.**

*Cost of the attack:* make malicious behaviours expensive.

		Prisoners' dilemma	
		prisoner B	remain silent
		confess	remain silent
prisoner A	confess		
	remain silent		

## ANALOG PROPERTIES FOR DIGITAL THINGS

Consensus as “law of Physics” for digital world

# Who owns what? Let's write it down!

A **blockchain** is a **public ledger** of transactional data.

WHO  
OWNS  
WHAT

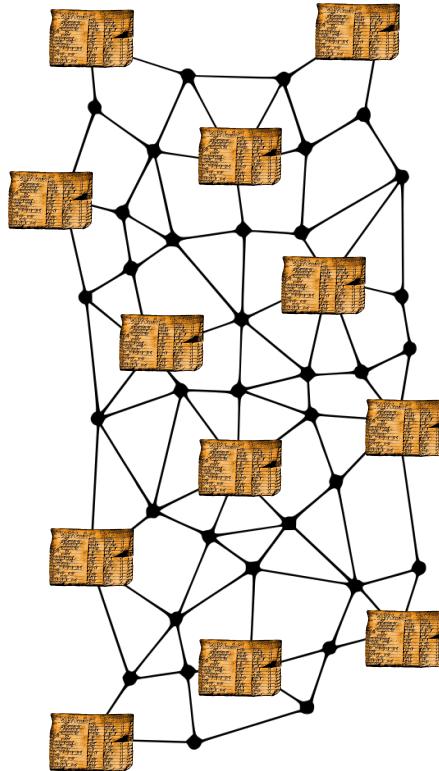


*World's first writing – cuneiform – traces its beginnings back to an ancient system of accounting.*

# More copies are better than one!

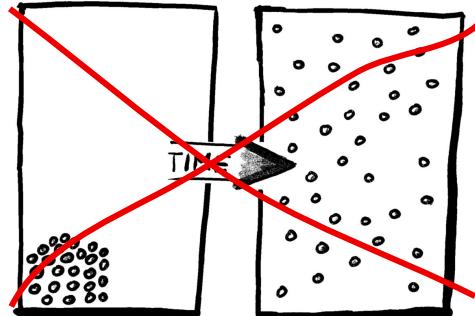
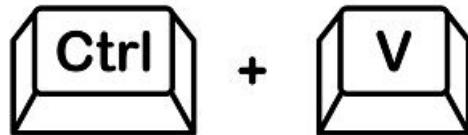
Distributed and replicated across a **system of multiple nodes** in a network.

All “*ledger keepers*” should work together, using the **same set rules**, to **verify** the transactions to add to each copy of the finalized ledger.

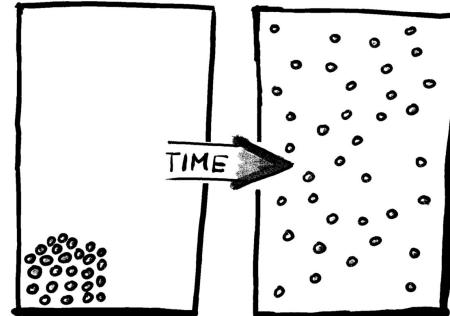
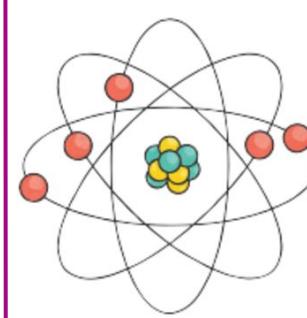


# Entropy, irreversibility and the arrow of time

Bits can be copy & pasted and are not obliged to follow the arrow of time!



Atoms can't be copy & pasted and are obliged to follow the arrow of time!



# A chain of transactions organized in blocks

The “**block**” refers to a set of transactions that are proposed and verified by the other nodes and eventually added to the ledger (**no copy & paste**).

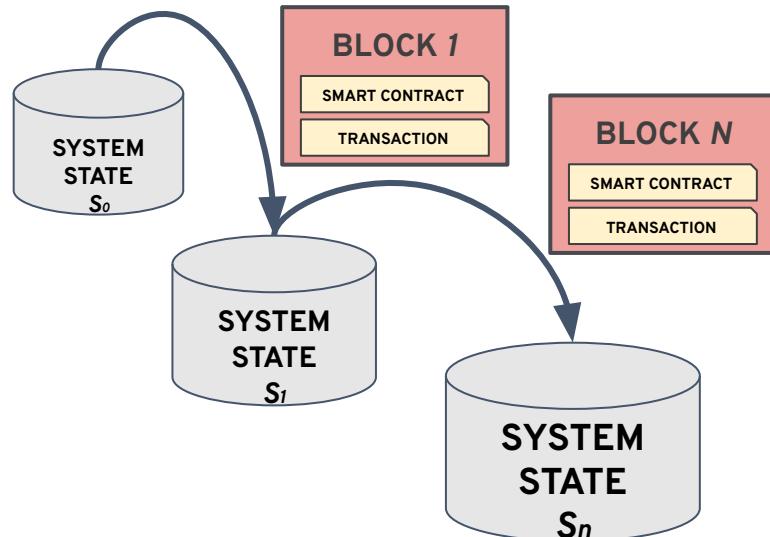
The “**chain**” refers to the fact that each block of transactions contains proof (a cryptographic hash) of what was in the previous block (**arrow of time**).



Can transactions be reverted or modified ex-post? No! *Dura lex, sed lex!*

# A distributed state machine

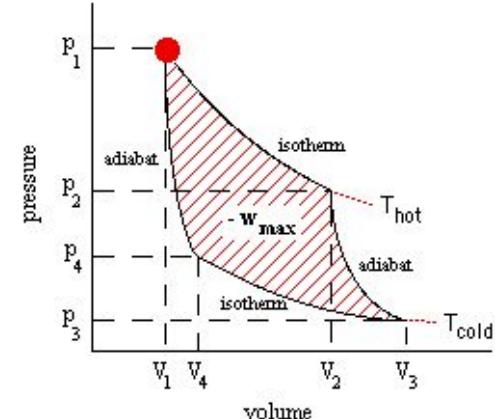
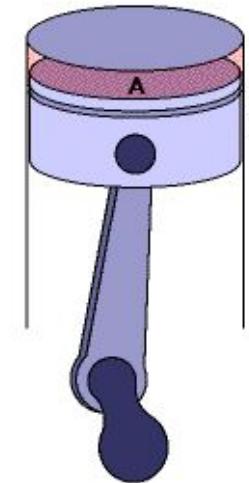
The **evolution** of the **states of the system** is determined...



...acting on bits, through what?

# A machine

The **evolution** of the **states of the system** is determined...



...acting on atoms, through the inviolable laws of Physics!

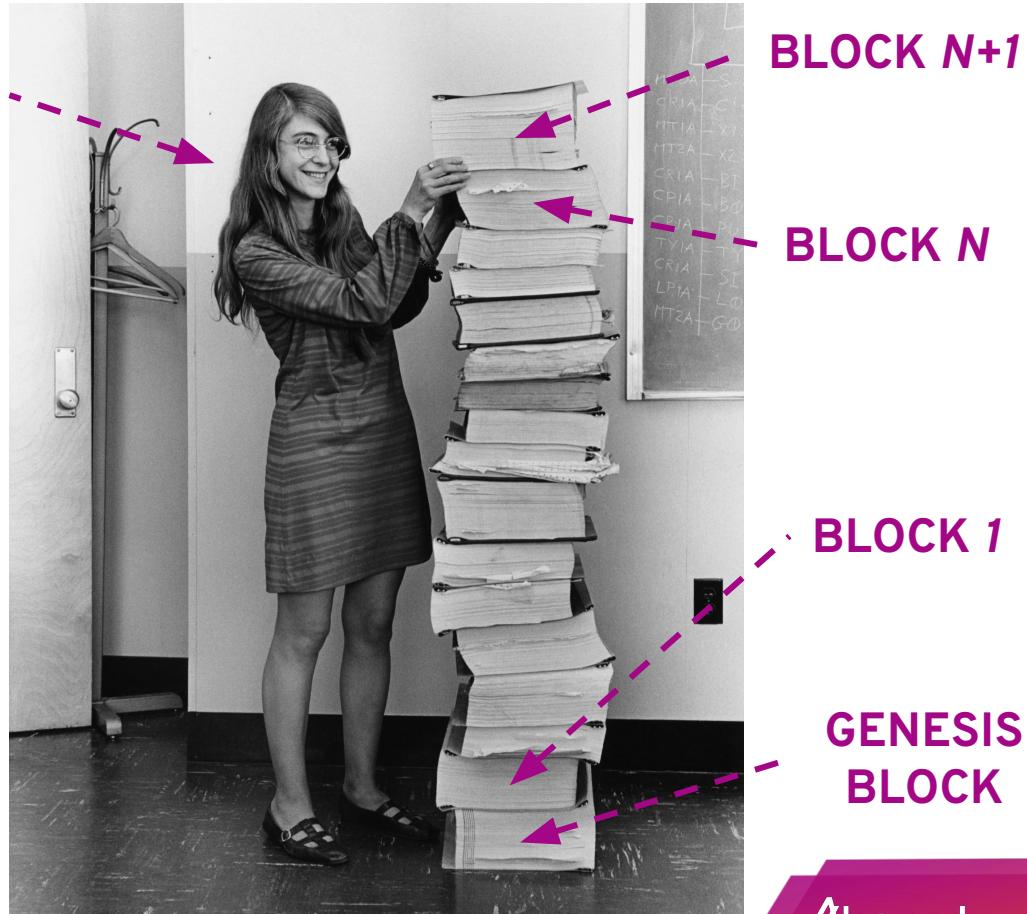
# The responsibility of correct information

BLOCK  
PROPOSER

How should we **replace** the role  
played by the **law of Physics** in  
evolving the state of a machine?

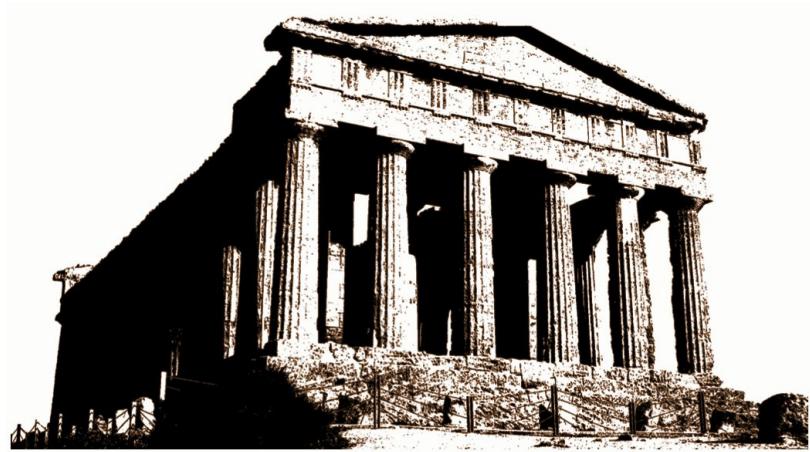
With a **set of software rules**,  
called **Consensus Protocol** that  
evolves the **state** of the system.

Margaret Hamilton in 1969, standing next to listings of the software  
she and her MIT team produced for the Apollo project.



# The architecture of consensus

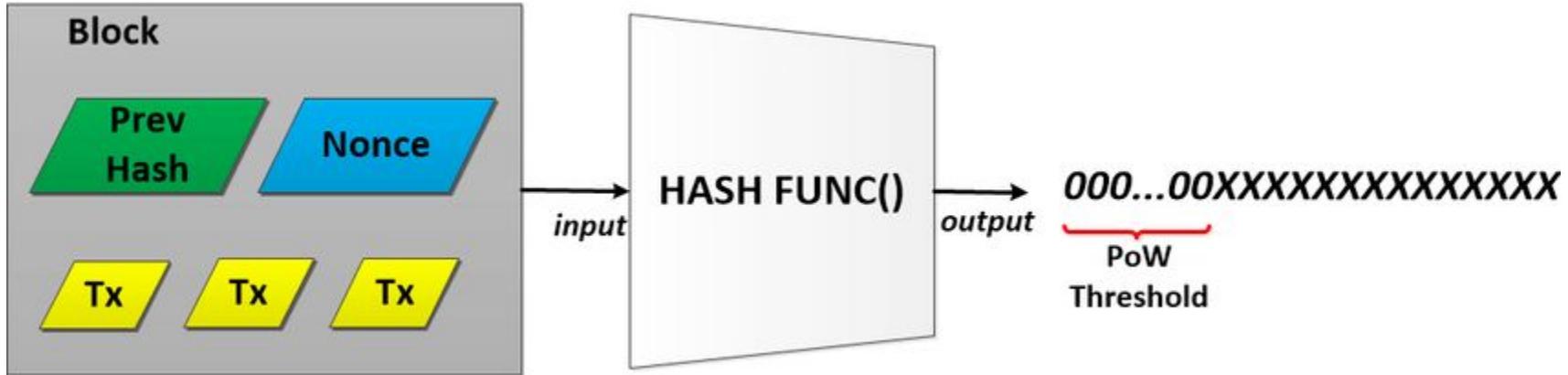
1. How to choose the **proposer for the next block** for a **public and permissionless** blockchain?
2. How to ensure that **there is no ambiguity** in the choice of the next block?
3. How to ensure that the **blockchain stays unique** and has **no forks**?
4. How to ensure that **consensus mechanism itself can evolve** over time while the blockchain is an immutable ledger?



Temple of Concordia

Valley of Temples (Agrigento), 440-430 B.C.

# Proof of Work consensus mechanism



Miners **compete with each other** to append the next block and **earn a reward for the effort**, fighting to win an **expensive computational battle**.

The **more computational power**, the **higher the probability** of being elected as block proposer.

# Proof of Work limits

- Huge electrical consumption
- Concentration of governance in few mining farms
- Soft-forking of the blockchain



# Proof of Stake consensus mechanism

Network participants **show their commitment and interest** in keeping the ledger safe and secure **proving the ownership of value stored on the ledger itself.**

The **higher the skin in the game** the **higher the probability** of being elected as block proposer.



# Proof of Stake limits



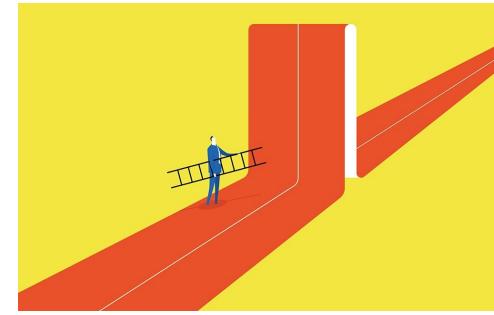
BPoS

## BONDED PROOF OF STAKE

Validators **bind their stake**, to **show their commitment** in validating and appending a new block.  
Misbehaviors are punished.

### CRITICAL ISSUES

- Participating in the consensus protocol makes users' stakes illiquid
- Risk of economic barrier to entry



DPoS

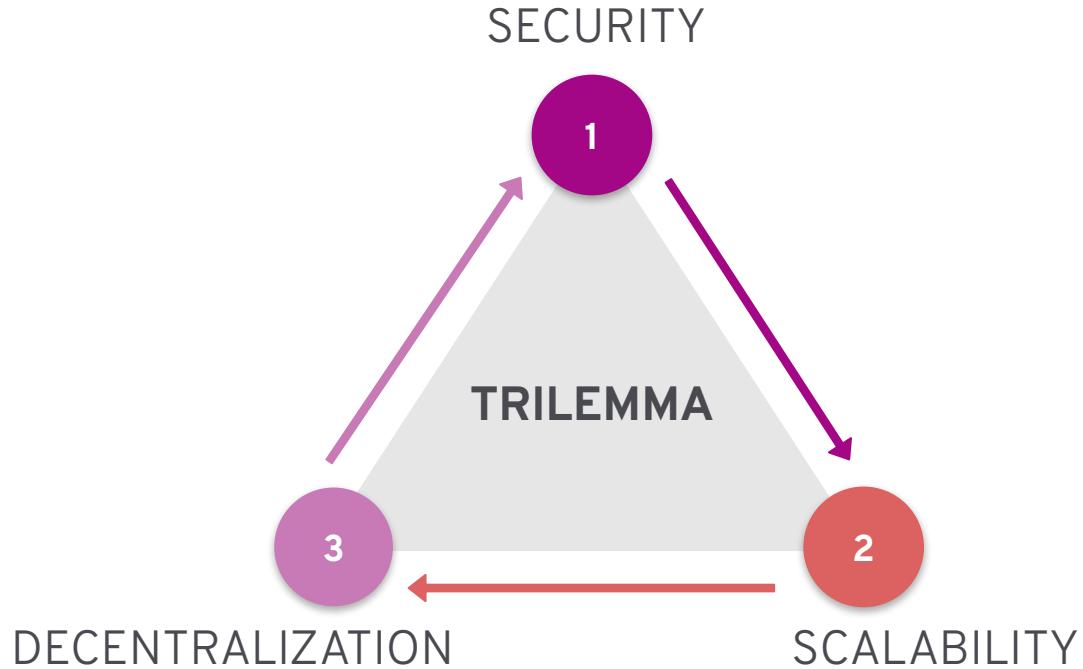
## DELEGATED PROOF OF STAKE

Users **delegate the validation** of new blocks to a **fixed committee**, through weighted voting based on their stakes.

- Known delegate nodes, therefore exposed to DDoS attacks
- Centralization of governance



# Is the *Blockchain Trilemma* unsolvable?





## ALGORAND CONSENSUS

Pure Proof of Stake (PPoS)

# Algorand PPoS Consensus

- **Scalable** 6000 TPS, billions of users
- **Fast** < 3.9 s per block
- **Secure** 0 downtime for over 22M blocks
- **Low fees** 0.001 ALGO per txn
- **No Soft Forks** prob.  $< 10^{-18}$
- **Instant Transaction Finality**
- **Carbon neutral**
- **Minimal hardware node requirements**
- **No delegation or binding of the stake**
- **No minimum stake**
- **Secure with respect DDoS**
- **Network Partitioning resilience**



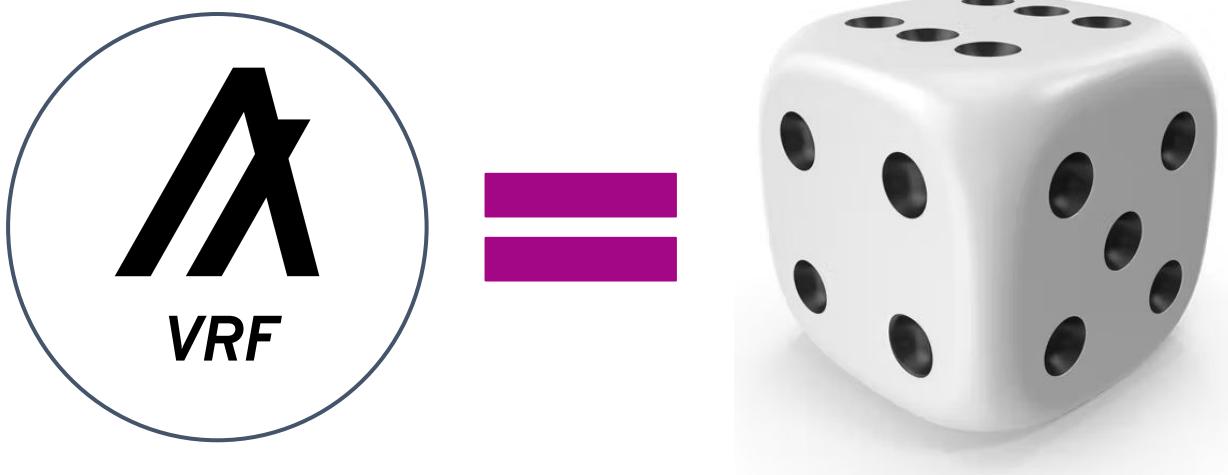
**Silvio Micali**

*Algorand Founder*

*Professor MIT, Turing Award, Gödel Prize*

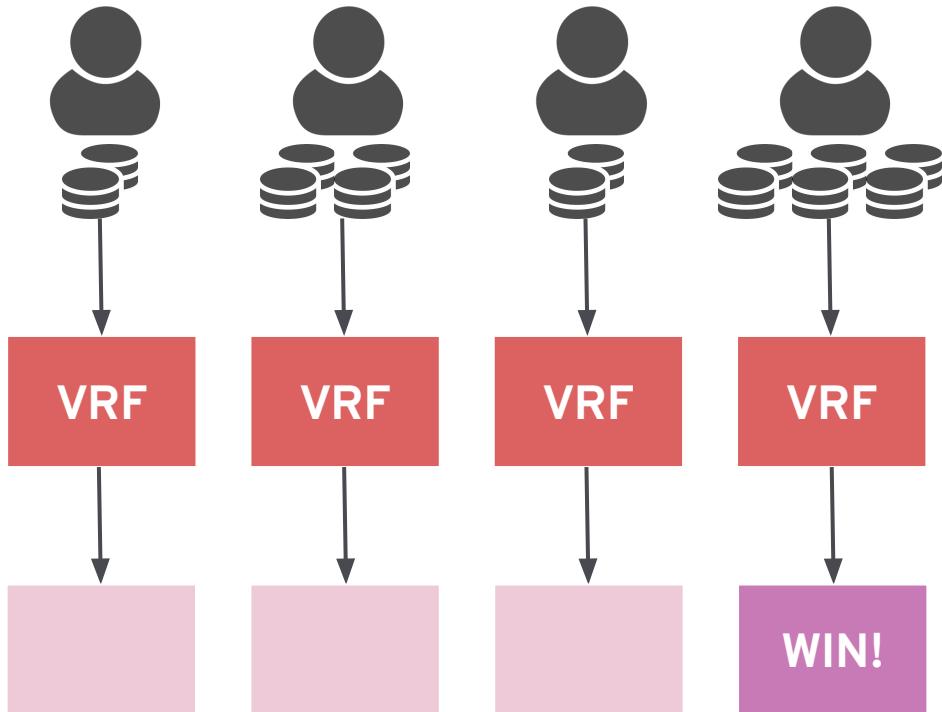
*Digital Signatures, Probabilistic Encryption, Zero-Knowledge Proofs, Verifiable Random Functions* and other primitives of modern cryptography.

# Tamper-proof, unique and verifiable dices



1. Dices are **perfectly balanced** and **equiprobable**, nobody could tamper their result!
2. Keep **observing dice rolls** by no means increases the chance of guessing the next result!
3. Each dice is **uniquely signed** by its owner, nobody can roll someone else dices!
4. Dices are **publicly verifiable**, everybody can read the results of a roll!

# Who chose the *next block*?



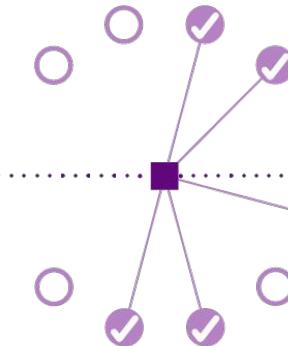
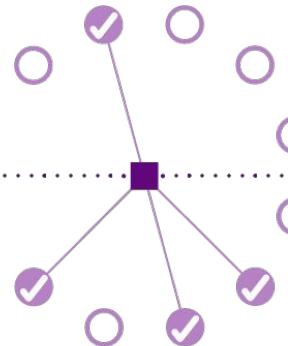
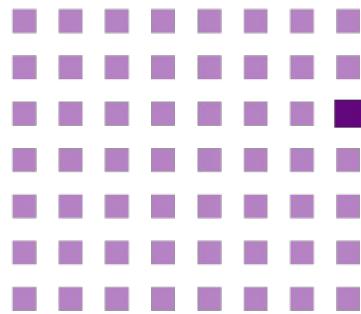
1. Each **ALGO** could be assimilated to a **tamper-proof dice** participating in a safe and secret **cryptographic dice roll**. More ALGOs more dices to roll.
2. For **each new block**, dice rolls are performed in a **distributed, parallel and secret** manner, directly on online accounts' hardware (in microseconds).
3. The **winner is revealed** in a safe and **verifiable way** only after winning the dice roll, proposing the next block.

# A glimpse on “simplified” VRF sortition

1. A **secret key (SK)** / **public verification key (VK)** pair is associated **with each ALGO in the account**
2. For each new round  $r$  of the **consensus protocol** a **threshold  $L(r)$**  is defined
3. **Each ALGO** in the account **performs a VRF**, using its own **secret key (SK)**, to generate:
  - a. a pseudo-random number:  $Y = VRF_{SK}(\text{seed})$
  - b. the verifiable associated proof:  $\rho_{SK}(\text{seed})$
4. If  $Y = VRF_{SK}(\text{seed}) < L(r)$ , that specific ALGO “**wins the lottery**” and **virally propagates the proof** of its victory  $\rho_{SK}(\text{seed})$  to other **network's nodes**, through “gossiping” mechanism
5. Others node can use the **public verification key (VK)** to verify, through  $\rho_{SK}(\text{seed})$ , that the number  $Y$  was generated by **that specific ALGO, owned by the winner of the lottery**

# Pure Proof of Stake, in short

Each **round** of the consensus protocol appends a new block in the blockchain:



An account is elected to  
**propose the next block**

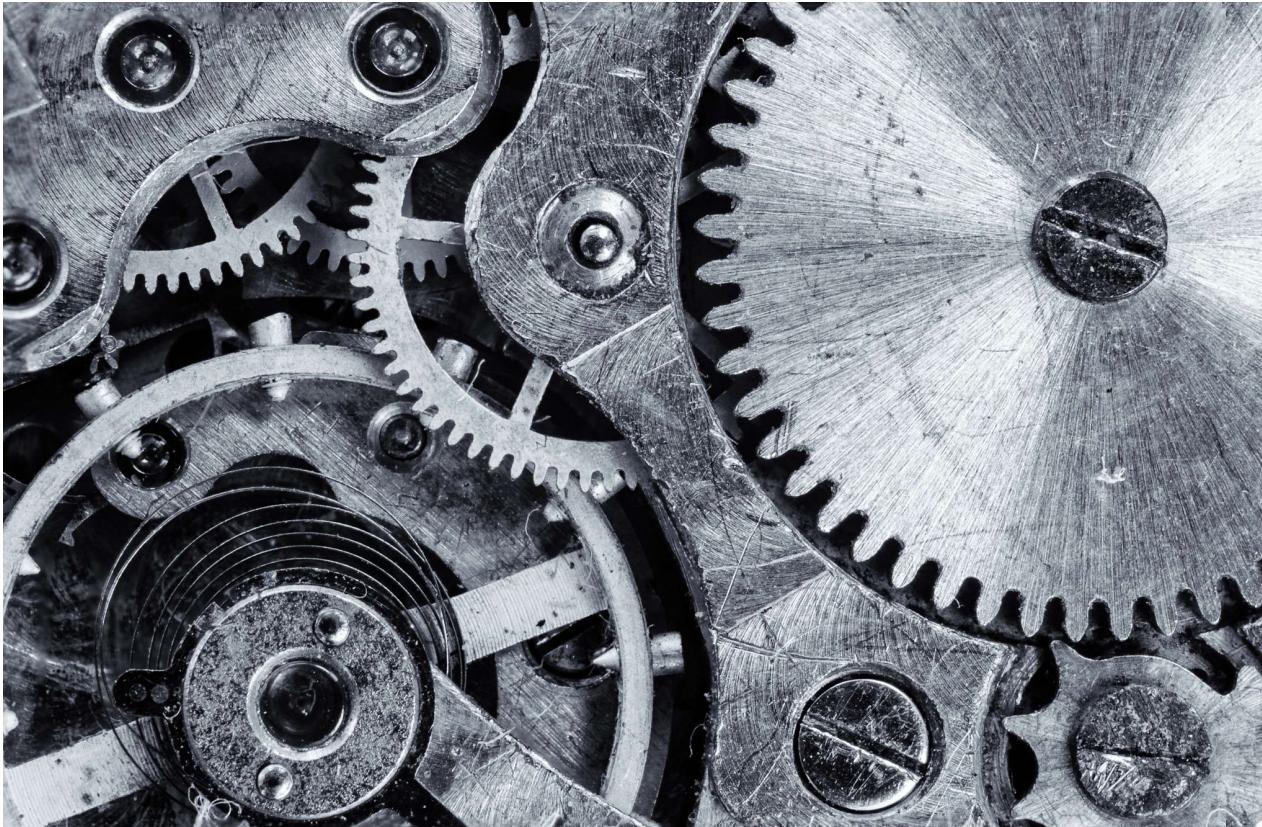
A **committee** is elected  
to filter and **vote** on the  
block proposals

A **new committee** is  
elected to reach a quorum  
and **certify** the block

The **new block** is **appended** to  
the blockchain

Through the **cryptographic lottery**, an **online account** is elected with probability directly proportional to its stake: each ALGO corresponds to an attempt to win the lottery!

# Ok, but... how long does it take?



# Less than 3.9 seconds!



# Pure Proof of Stake security

Algorand's decentralized Byzantine consensus protocol can tolerate an **arbitrary number of malicious users** as long as honest users hold a **super majority of the total stake** in the system.

1. The adversary **does not know which users he should corrupt**.
2. The adversary **realizes which users are selected too late** to benefit from attacking them.
3. Each **new set of users will be privately and individually elected**.
4. During a network partition in Algorand, the adversary is **never able to convince two honest users to accept two different blocks** for the same round.
5. Algorand is able to **recover shortly after network partition** is resolved and guarantees that new blocks will be generated at the same speed as before the partition.

# Pure Proof of Stake: the output pre-upgrade!

<b>BLOCKS</b>	> 23M with 0 downtime
<b>BLOCKCHAIN SIZE</b>	~ 1 TB
<b>ADDRESSES</b>	> 27M with ~ 2M monthly active addresses
<b>AVG. BLOCK FINALIZATION</b>	~ 4,4 sec per block (pre-upgrade)
<b>TXNS WEEKLY VOLUME</b>	~ 11M transactions (March 2022)
<b>TPS WEEKLY PEAK</b>	~ 1150 transactions per second

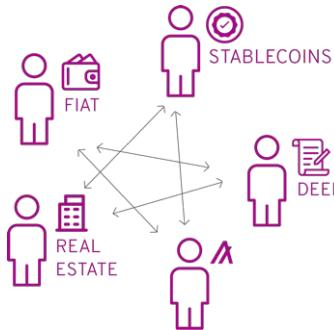
\* up to August 2022

# Algorand Layer-1 primitives

## Algorand Standard Assets (ASA)

- ✓ SECURITIES
- ⌚ CURRENCIES
- ⌚ STABLECOINS
- ⌚ UTILITY TOKENS
- ⌚ CERTIFICATIONS
- ⌚ REAL ESTATE

## Atomic Transfers (AT)



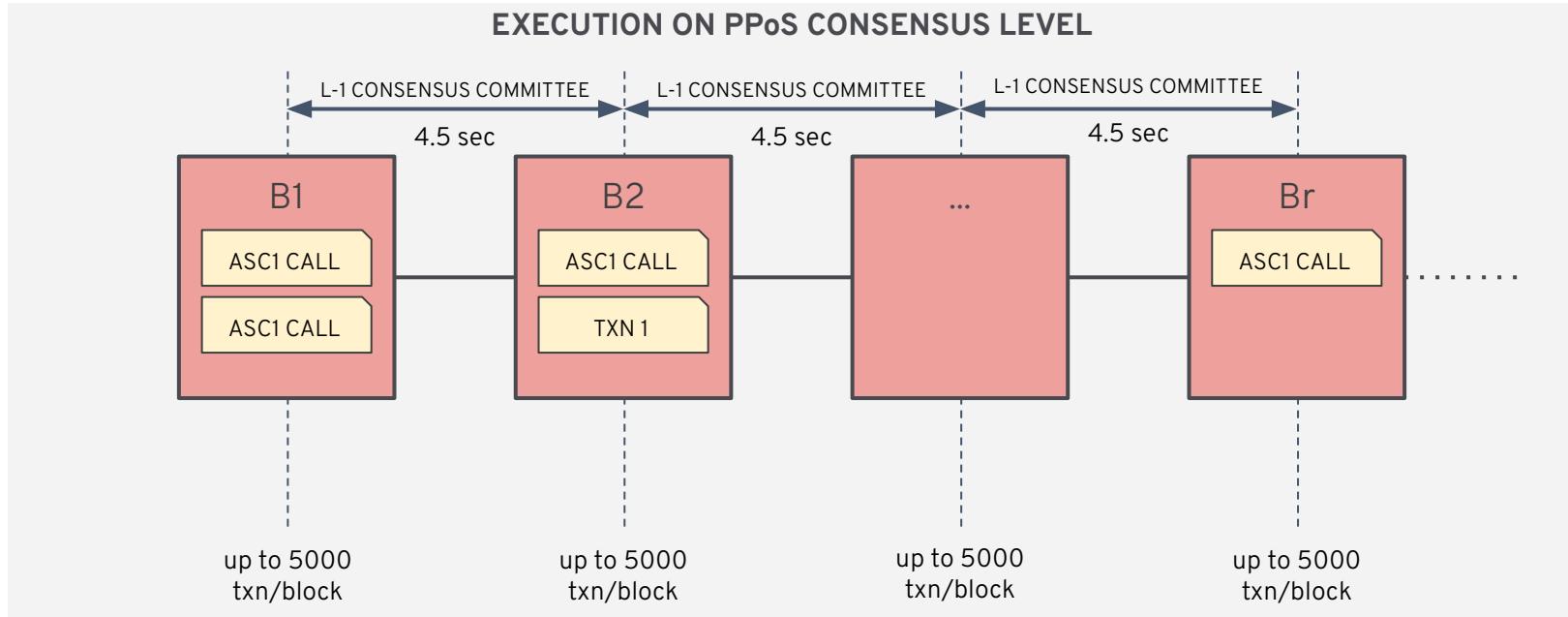
## Algorand Virtual Machine (AVM)

- ⌚ FAST
- ✓ SECURE
- ⌚ LOW COST

## Algorand State Proof (ASP)

- TRUSTLESS
- INTEROPERABLE
- POST-QUANTUM SECURE

# What does *execution on Layer-1* mean?



**AVM execution does not slow down the whole blocks production!**

# What does *execution on Layer-1* mean?

- Smart Contracts are executed “*at consensus level*”
- Benefit from network's speed, security, and scalability
- Fast trustless execution (~4.5 seconds per block)
- Low cost execution (0.001 ALGO regardless SC's complexity)
- Instant Finality of Smart Contracts' effects
- Native interoperability with Layer-1 primitives
- Safe high level languages (PyTeal, Reach, Clarity)
- Low energy consumption



## ALGORAND SUSTAINABILITY

“Permission-less” is not “Responsibility-less”

Full paper: “Proof of Stake Blockchain Efficiency Framework”

# **“Permission-less” is not “Responsibility-less”**

- Algorand is a *permission-less* network , so **no centralized authority can know or impose** how node runners should power their nodes .
- As decentralized infrastructure, Algorand is **responsible for its impact** on Planet Earth , although no centralized authority controls it.
- Algorand **should acts proactively** (not hiding behind the “*permission-less excuse*”) and set blockchains’ sustainability bar high .

# Proof of unsustainable Work

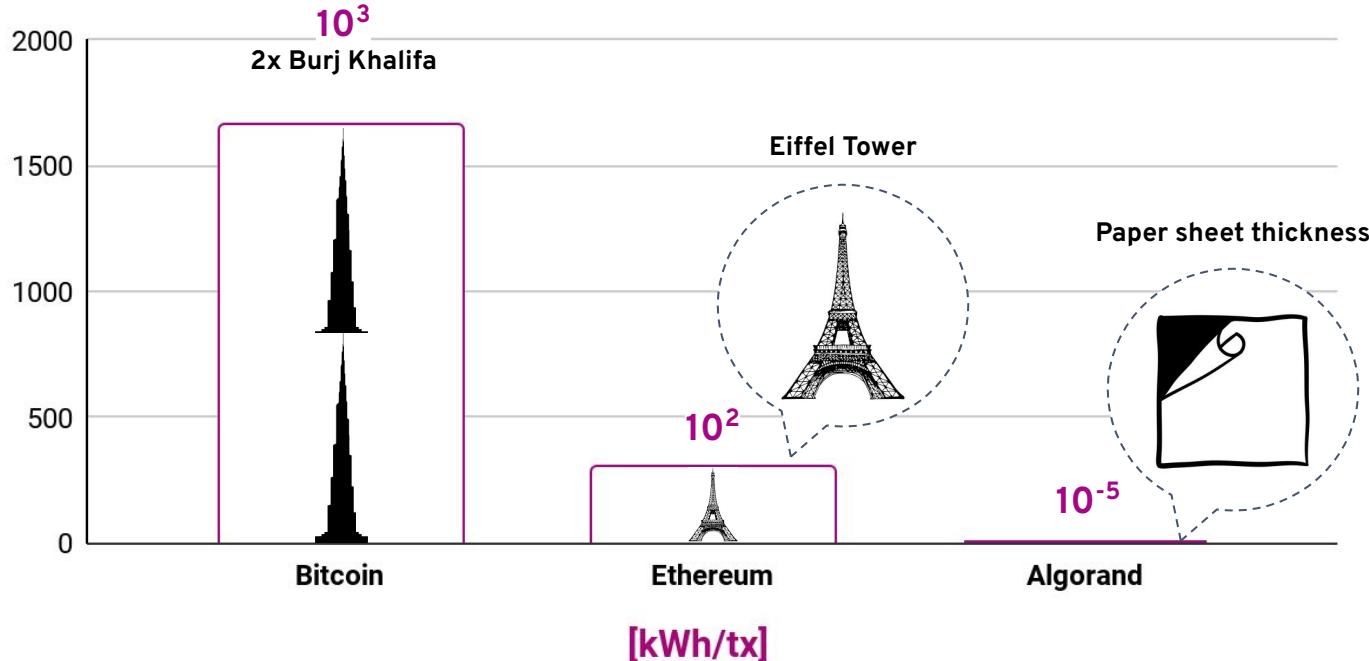
- **Proof of Work** is a planetary **wasteful computational battle**, in which miners **MUST burn energy** to secure the blockchain.
- Showing off personal commitment in the ecosystem through the **consumption of computational and energetic resources** is at the **core of PoW** consensus mechanism.

**Our planet Earth can no longer afford unsustainable technologies.**

# A matter of orders of magnitude (PoW vs PPoS)

## Energy per transaction

\*Algorand transactions are 100% final



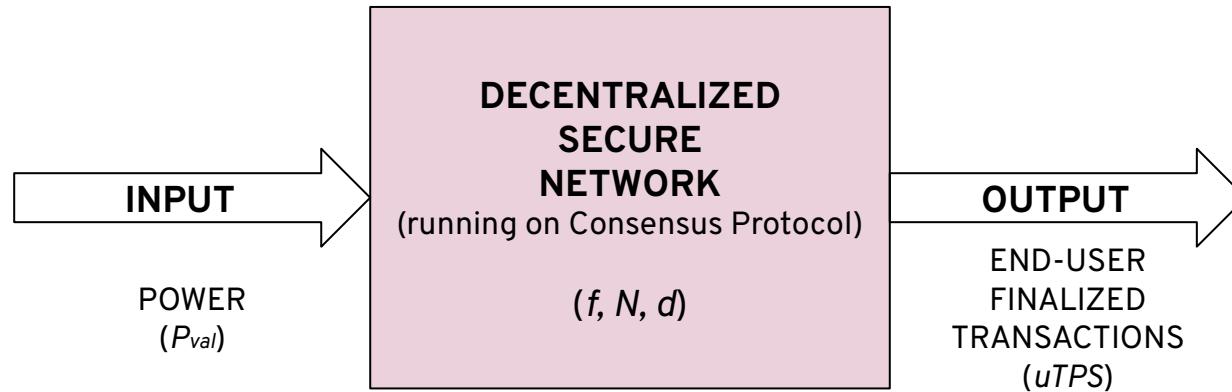
# You like to win easy!



What about others Proof of Stake?

# When the going gets tough, the tough get going (PoS vs PPoS)

Blockchain **sustainability** must consider **scalable end-user transactions** ( $uTPS$ )  
**finality** ( $f$ ), **nodes hardware** ( $N$ ), and **secure network decentralization** ( $d$ ).



**Being sustainable while centralized, insecure or not scalable  
is worthless!**

# Reframing the question

*Is Algorand blockchain efficient  
at consuming energy  
to finalize end user useful transactions  
in a secure, scalable and decentralized way?*

# Algorand solves *blockchain trilemma* sustainably

- **Algorand transactions are 100% available to end-users**  
(other PoS blockchains consume their own transactions for consensus)
- **Algorand transactions are 100% instantly final**  
(other PoS must consume the energy of several blocks to ensure transactions' finality)
- **Algorand transactions are secured by a very decentralized network**  
(some PoS blockchain have only few validators)
- **Algorand security is a feature of its own efficiency**  
(Algorand never experienced downtime since the genesis block)



## ALGORAND NETWORKS

### Nodes, Indexer and APIs

# Algorand Node configurations

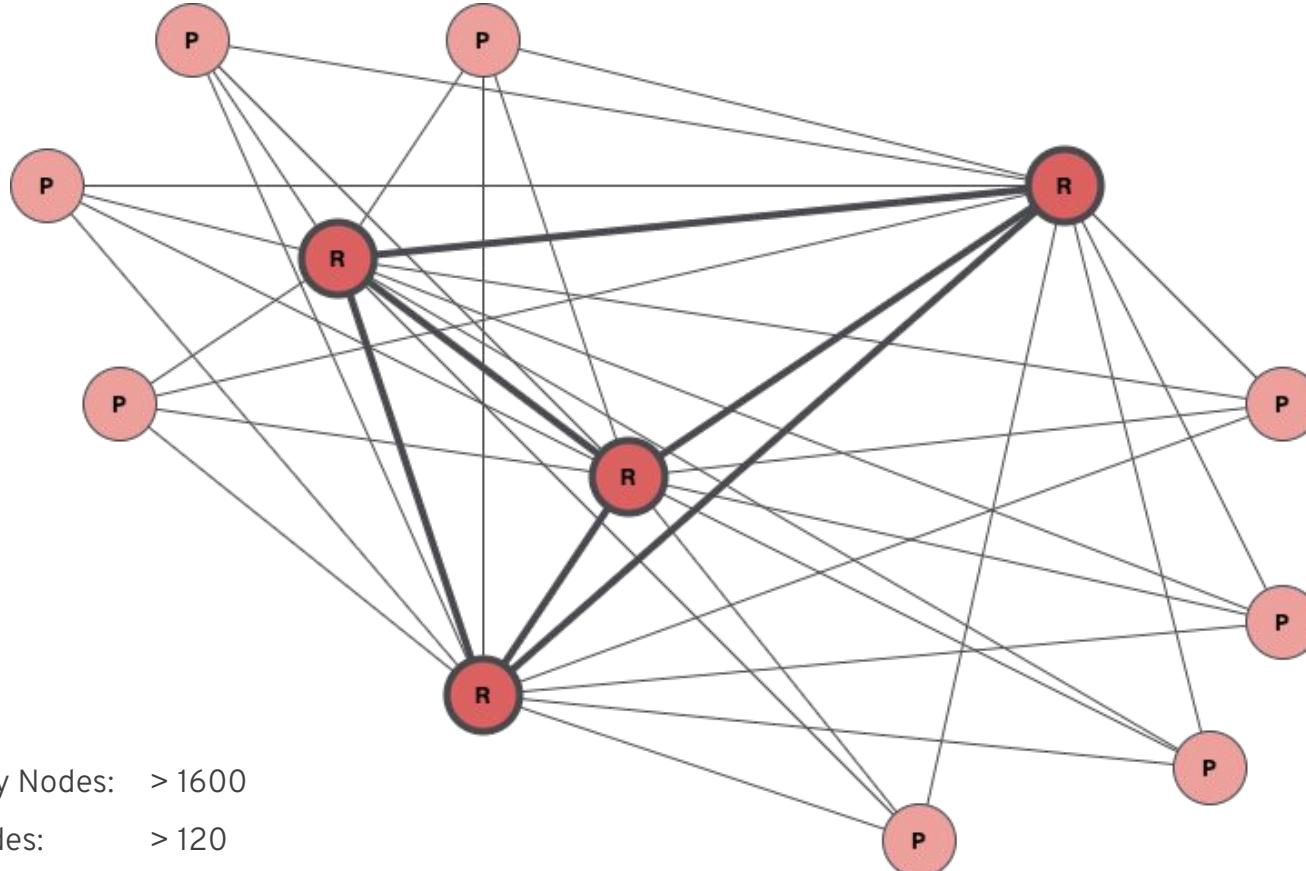
## 1. Non-Relay Nodes

- Participate in the PPoS consensus (if hosting participation keys)
- Connect only to Relay Nodes
- Light Configuration: store just the lastest 1000 blocks (Fast Catch-Up)
- Archival Configuration: store all the chain since the genesis block

## 2. Relay Nodes

- Communication routing to a set of connected Non-Relay Nodes
- Connect both with Non-Relay Nodes and Relay Nodes
- Route blocks to all connected Non-Relay Nodes
- Highly efficient communication paths, reducing communication hops

# Example of Algorand Network topology



## Node Metrics

- Non-Relay Nodes: > 1600
- Relay Nodes: > 120

# Access to Algorand Network

The **Algorand blockchain is a distributed system of nodes** each maintaining their **local state** based on validating the history of blocks and the transactions therein. **Blockchain state integrity** is maintained by the **consensus protocol** which is implemented within the **Algod daemon** (often referred to as the node software).

An application **connects to the Algorand blockchain** through an **Algod client**, requiring:

- a valid Algod REST API endpoint IP address
- an Algod token from an Algorand node connected to the network you plan to interact with

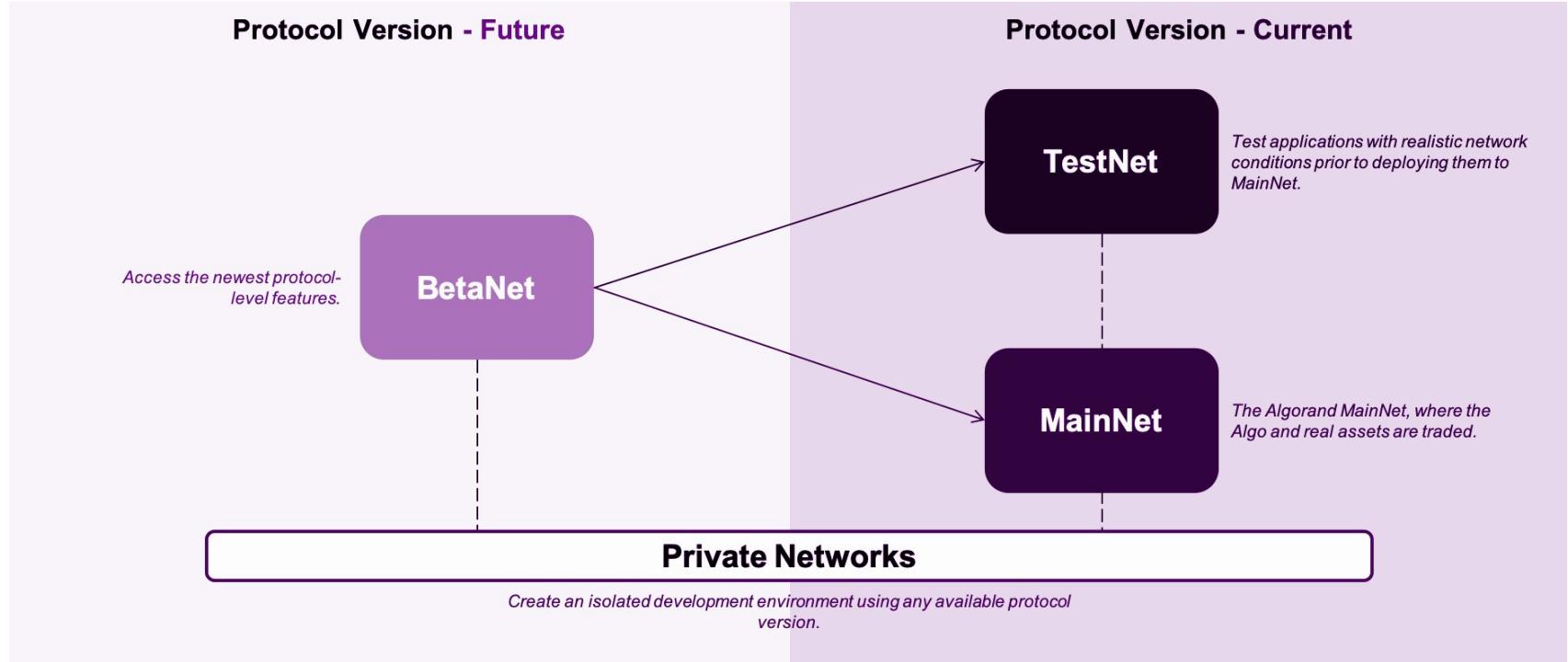
These **two pieces of information** can be provided by **your local node** or by a **third party node aaS**.

# How to get an Algod Client?

There are **three ways** to get a REST API Algod **endpoint IP address / access token**, each with their respective pros and cons depending on development goals.

	Use a third-party service	Use Docker Sandbox	Run your own node
<b>Time</b>	<b>Seconds</b> - Just signup	<b>Minutes</b> - Same as running a node with no catchup	<b>Days</b> - need to wait for node to catchup
<b>Trust</b>	1 party	1 party	Yourself
<b>Cost</b>	Usually free for development; pay based on rate limits in production	Variable (with free option) - see <a href="#">node types</a>	Variable (with free option) - see <a href="#">node types</a>
<b>Private Networks</b>	✗	✓	✓
<b>goal , algokey , kmd</b>	✗	✓	✓
<b>Platform</b>	Varies	MacOS; Linux	MacOS; Linux
<b>Production Ready</b>	✓	✗	✓

# Algorand Networks



# Algorand Node - Writing on the blockchain

1. [Install \(Linux, MacOS, Windows\)](#)
2. Choose a **network** (MainNet, TestNet, BetaNet, PrivateNet)
3. [Start & Sync](#) with the network, [Fast Catchup](#)

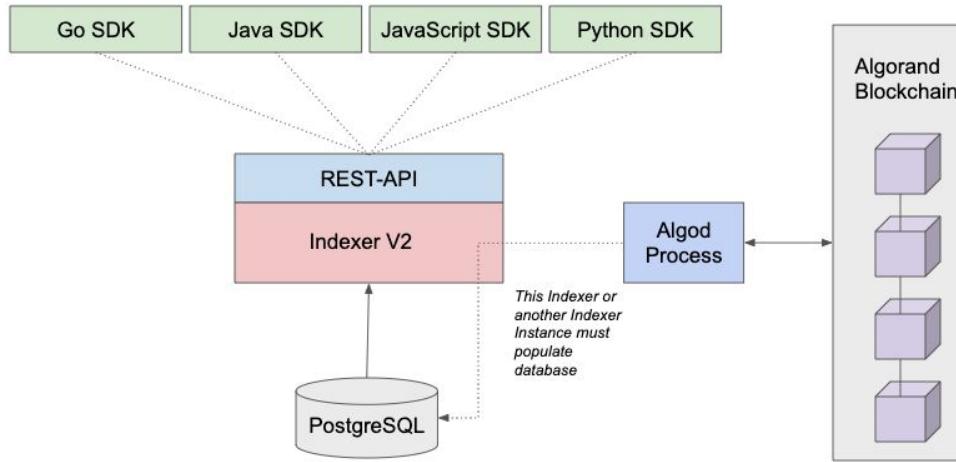
## Interacting with Algorand Nodes

1. CLI utilities: [\*\*goal\*\*](#), [\*\*kmd\*\*](#) and [\*\*algokey\*\*](#)
2. REST API interface: [\*\*algod V2\*\*](#), [\*\*kmd\*\*](#), [\*\*indexer\*\*](#)
3. Algorand SDKs: [\*\*JavaScript\*\*](#), [\*\*Python\*\*](#), [\*\*Java\*\*](#) o [\*\*Go\*\*](#)

### genesis.json (mainnet)

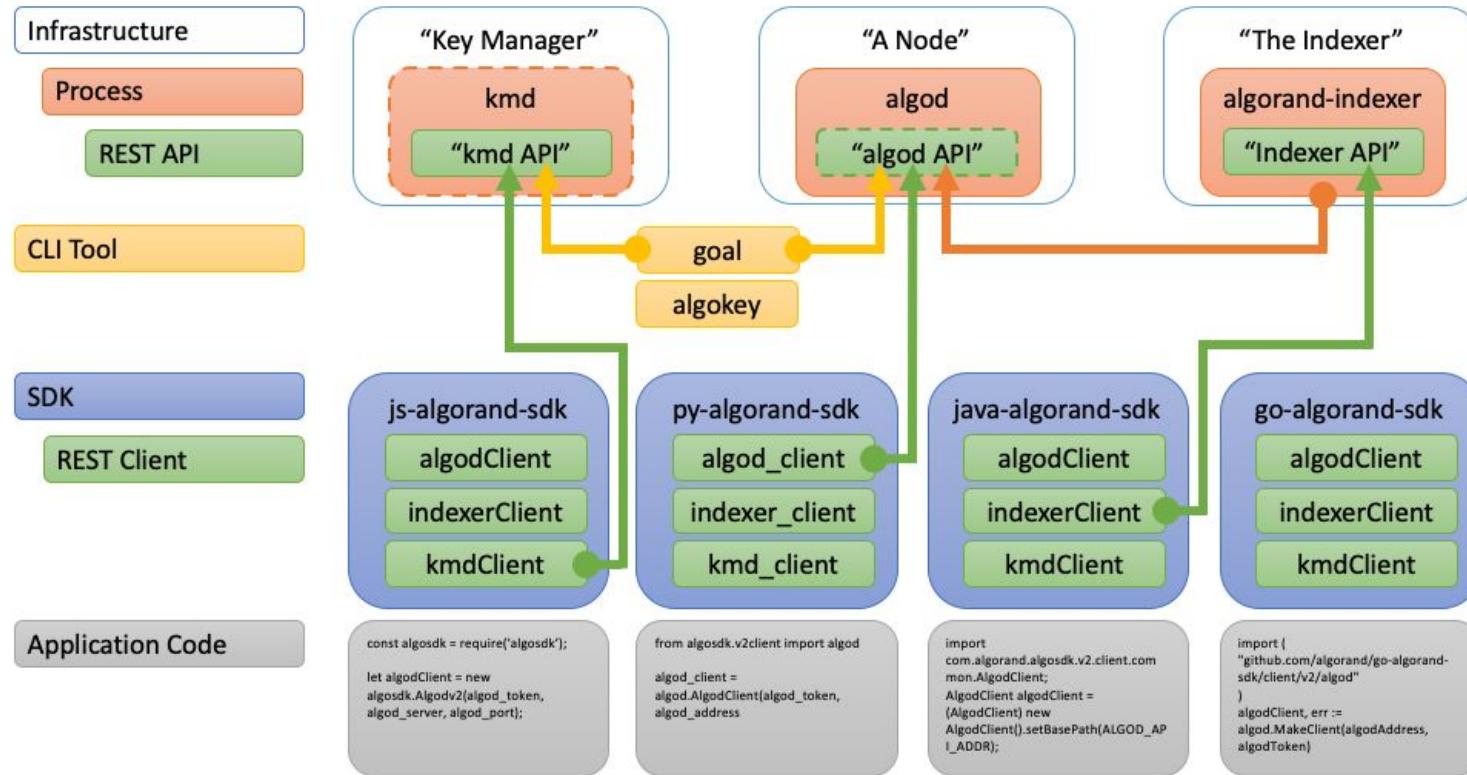
```
{  
  "alloc": [  
    {  
      "addr": "7377777777777777...77777777UFEJ2CI",  
      "comment": "RewardsPool",  
      "state": {  
        "algo": 1000000000000,  
        "onl": 2  
      }  
    },  
    {  
      "addr": "Y76M3MSY6DKBRHBL7C3...F2QWNPL226CA",  
      "comment": "FeeSink",  
      "state": {  
        "algo": 100000,  
        "onl": 2  
      }  
    },  
    ...  
  ],  
  "fees": "Y76M3MSY6DKBRHBL7C3NNDX...F2QWNPL226CA",  
  "id": "v1.0",  
  "network": "mainnet",  
  "proto":  
    "https://github.com/algorandfoundation/specs/tree/5615ad  
c36bad610c7f165fa2967f4ecfa75125f0",  
    "rwd": "73777777777777777777...77777777UFEJ2CI"  
  "timestamp": 1560211200  
}
```

# Algorand Indexer - Reading from the blockchain



The **Indexer** provides a **REST API interface** of API calls to **query the Algorand blockchain**. The Indexer REST APIs retrieves blockchain data from a **PostgreSQL database**, populated using the Indexer instance connected to an **Archival Algorand node that reads blocks' data**. As with the Nodes, the Indexer can be used as a **third-party service**.

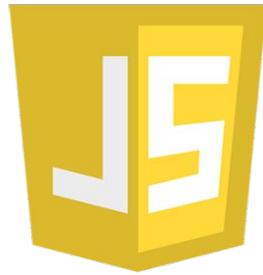
# How to interact with Algorand Node and Indexer



# Algorand SDKs



Java



JavaScript



Python

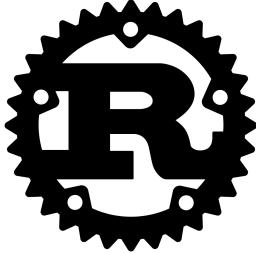


Go

# Algorand Community SDKs



C#



Rust



Dart



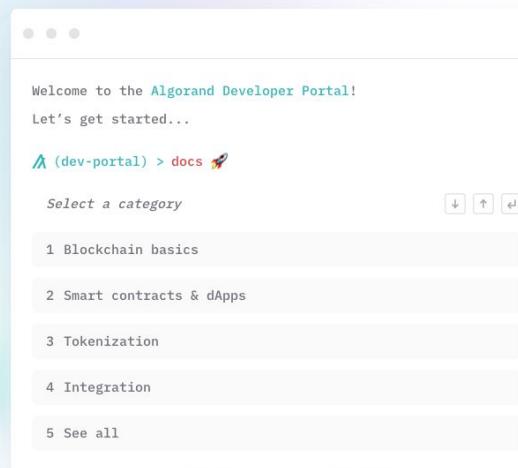
PHP



Swift

# Algorand Developer Portal

The screenshot shows the homepage of the Algorand Developer Portal. At the top left is the Algorand logo and "developer portal". A search bar with placeholder text "Search..." is next to it. To the right are links for "Docs", "Blog", "Tools", "Metrics", "Discord", and social media icons. On the far right are "Sign In" and "Sign Up" buttons. A purple banner at the top has the text "Build the future of gaming on Algorand with \$1M worth of prizes. Register [here](#)." Below the banner, the main heading "Build the future on Algorand" is displayed, with "on Algorand" in teal. To the left of the heading is a bulleted list: "Defi at global scale", "Rapidly growing ecosystem", and "Sub 5-second finality, low fees". A large teal circular graphic is on the right.



# Awesome Algorand

The screenshot shows the GitHub repository page for "Awesome Algorand". At the top, there's a pink "Contribute on GitHub" button. Below it is a header section with a pink background featuring a stylized "awesome" logo (two glasses) and the word "awesome" in white. To the right is the Algorand logo. The main content area has a dark background. It includes a lightning bolt icon followed by the text: "⚡ An awesome list about everything related to the Algorand Blockchain. Algorand is an open-source, proof of stake blockchain and smart contract computing platform." Below this, there are several status indicators: "visitors 1462", "Web 2.0 Website", "Web 3.0 Website", "CI CI passing". The "visitors" indicator is highlighted in green. The "Website" links are in yellow, and the "CI" link is in blue. The "passing" status is in green. The page also features a "Contents" section with a list of categories.

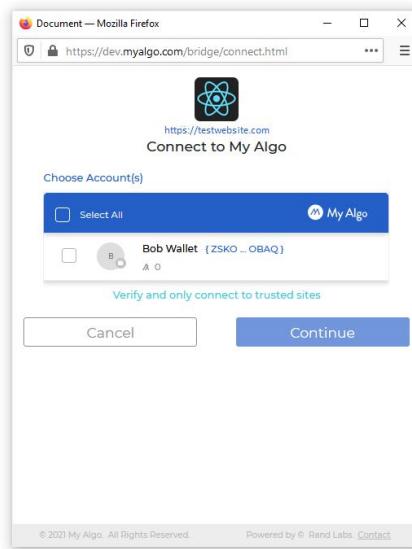
## Contents

- » Official
- » Wallets
- » Blockchain Explorers
- » Learning
  - » Tutorials
- » Development
  - » Dart
  - » Go
  - » PHP
  - » Python

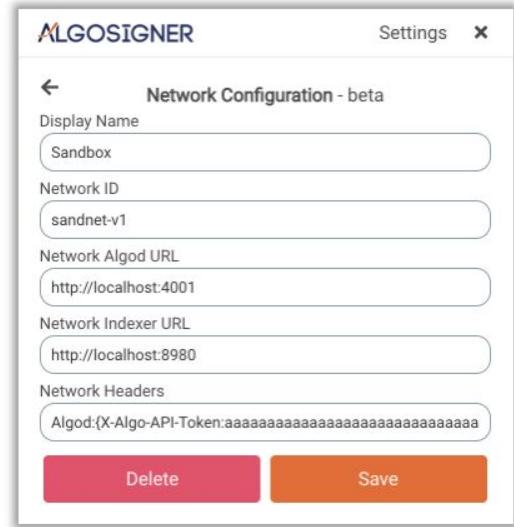
# Algorand Wallets



Mobile Wallet + Wallet Connect



MyAlgo Wallet



AlgoSigner

# Algorand Explorers

Algo Explorer





# ALGORAND INTEROPERABILITY

## State Proofs and Post-Quantum Security

Credits to [Noah Grossman](#) for contents

# Trustless interoperability

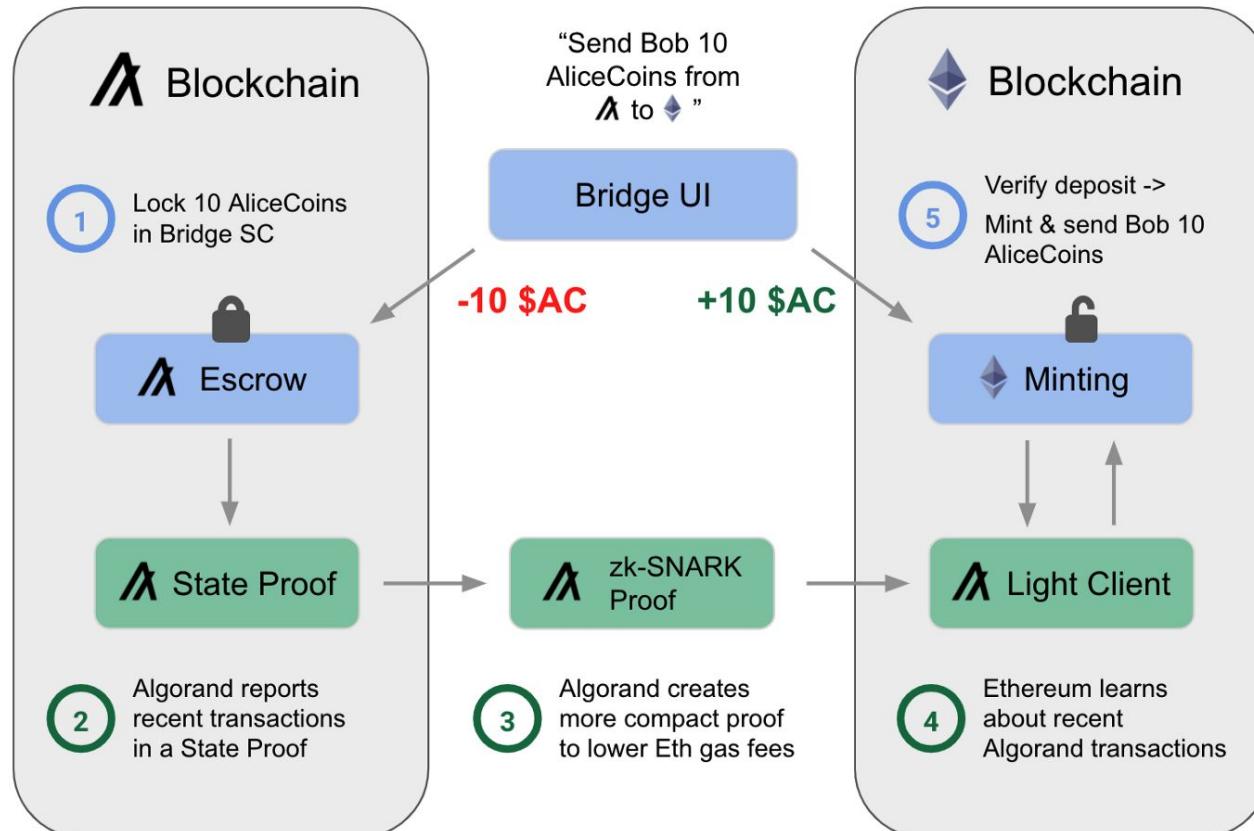
Algorand approach to interoperability:  
cross-chain transactions should rely just on

1. Trust in **departing** consensus protocol
2. Trust in **arrival** consensus protocol

**without centralized bridges or validator networks**, to handle the assets.

**Algorand State Proofs** remove trusted centralized operators becoming the  
**first trustless post-quantum secure L1 interoperability standard**.

# Post-Quantum Secure Algorand State Proofs



**Post-Quantum**  
**secure** and  
**immutable proofs**,  
attesting blockchain  
state, generated by  
Pure Proof of Stake  
consensus protocol.

## ALGORAND TRANSACTIONS

Core element of blocks

# Changing blockchain state

**Transactions** are the **core element of blocks**, which define the **evolution** of distributed ledger **state**. There are **six transaction types** in the Algorand Protocol:

1. [Payment](#)
2. [Key Registration](#)
3. [Asset Configuration](#)
4. [Asset Freeze](#)
5. [Asset Transfer](#)
6. [Application Call](#)

These six transaction types can be specified in particular ways that result in more granular perceived transaction types.

# Signature, fees and round validity

In order to be approved, Algorand's transactions must comply with:

1. **Signatures**: transactions must be correctly signed by its sender, either a **Single Signature**, a **Multi Signature** or a **Smart Signature / Smart Contract**
2. **Fees**: in Algorand transactions fees are a way to protect the network from DDoS. In Algorand Pure PoS fees are not meant to pay “validation” (as it happens in PoW blockchains). In Algorand you can **delegate fees**.
3. **Round validity**: to handle transactions’ idempotency, letting Non-Archival nodes participate in Algorand Consensus, transactions have an intrinsic validity of 1000 blocks (at most).

# Browse through a transaction

**Transactions** are characterized by two kind of **fields** (codec):

- **common (header)**
- **specific (type)**

Field	Required	Type	codec	Description
Fee	required	uint64	"fee"	Paid by the sender to the FeeSink to prevent denial-of-service. The minimum fee on Algorand is currently 1000 microAlgos.
FirstValid	required	uint64	"fv"	The first round for when the transaction is valid. If the transaction is sent prior to this round it will be rejected by the network.
GenesisHash	required	[32]byte	"gh"	The hash of the genesis block of the network for which the transaction is valid. See the genesis hash for MainNet, TestNet, and BetaNet.
LastValid	required	uint64	"lv"	The ending round for which the transaction is valid. After this round, the transaction will be rejected by the network.

Field	Required	Type	codec	Description	
Receiver	required	Address	"rcv"	The address of the account that receives the amount.	the account that pays the fee and amount.
Amount	required	uint64	"amt"	The total amount to be sent in microAlgos.	type of transaction. This value is automatically generated by developer tools.
CloseRemainderTo	optional	Address	"close"	When set, it indicates that the transaction is requesting that the Sender account should be closed, and all remaining funds, after the fee and amount are paid, be transferred to this address.	

# Payment Transaction example

Here is a transaction that sends 5 ALGO from one account to another on MainNet.

```
{  
  "txn": {  
    "amt": 5000000,  
    "fee": 1000,  
    "fv": 6000000,  
    "gen": "mainnet-v1.0",  
    "gh": "wGHE2Pwdvd7S12BL5Fa0P20EGYesN73ktiC1qzkkit8=",  
    "lv": 6001000,  
    "note": "SGVsbG8gV29ybGQ=",  
    "rcv": "GD64YIY3TWGDMCNPP553DZPPR6LDUSFQOIJVFDPPEWEG3FVOJCCDBBHU5A",  
    "snd": "EW64GC6F24M7NDSC5R3ES4YUVE3ZXXNMARJHDCCCLIHZU6TBE0C7XRSBG4",  
    "type": "pay"  
  }  
}
```

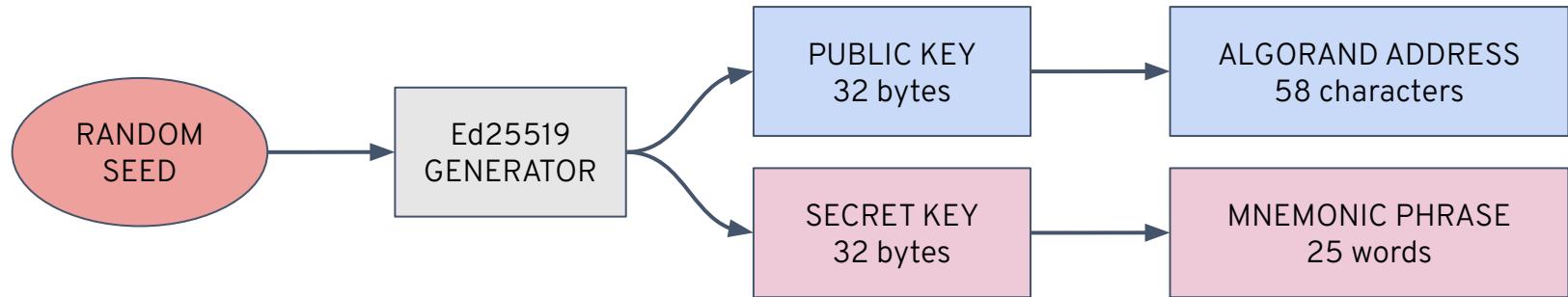


# ALGORAND ACCOUNTS

## Transactions' Authorization

# Signatures

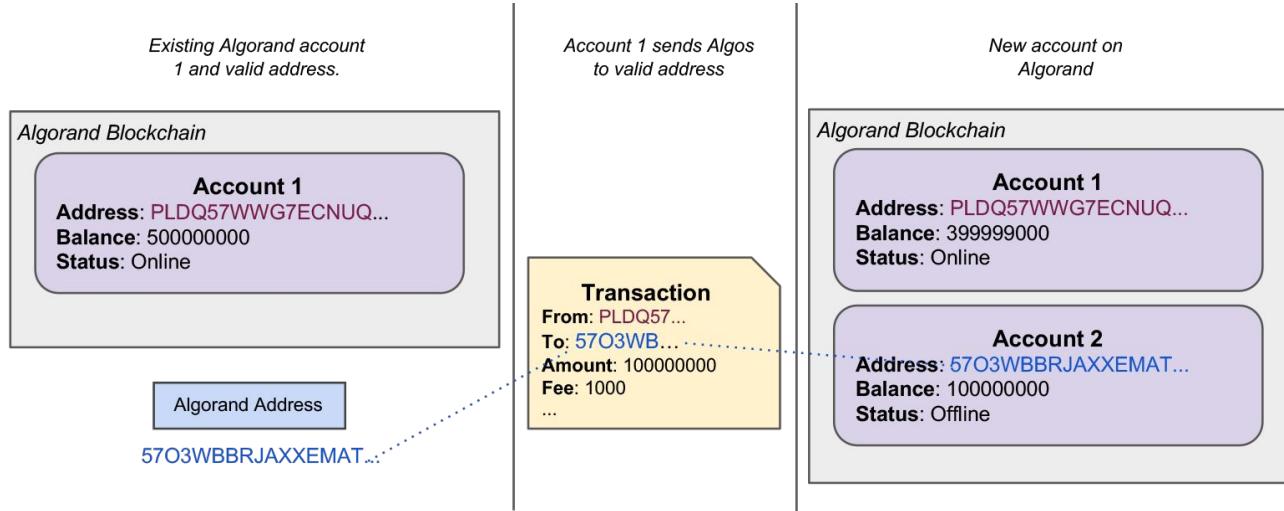
Algorand uses **Ed25519** high-speed, high-security elliptic-curve signatures.



- **ADDRESS:** the **public key** is transformed into an **Algorand Address**, by adding a 4-byte checksum to the end of the public key and then **encoding it in base32**.
- **MNEMONIC:** the 25-word **mnemonic** is generated by converting the **private key bytes** into **11-bit integers** and then **mapping** those integers to the bip-0039 English word list.

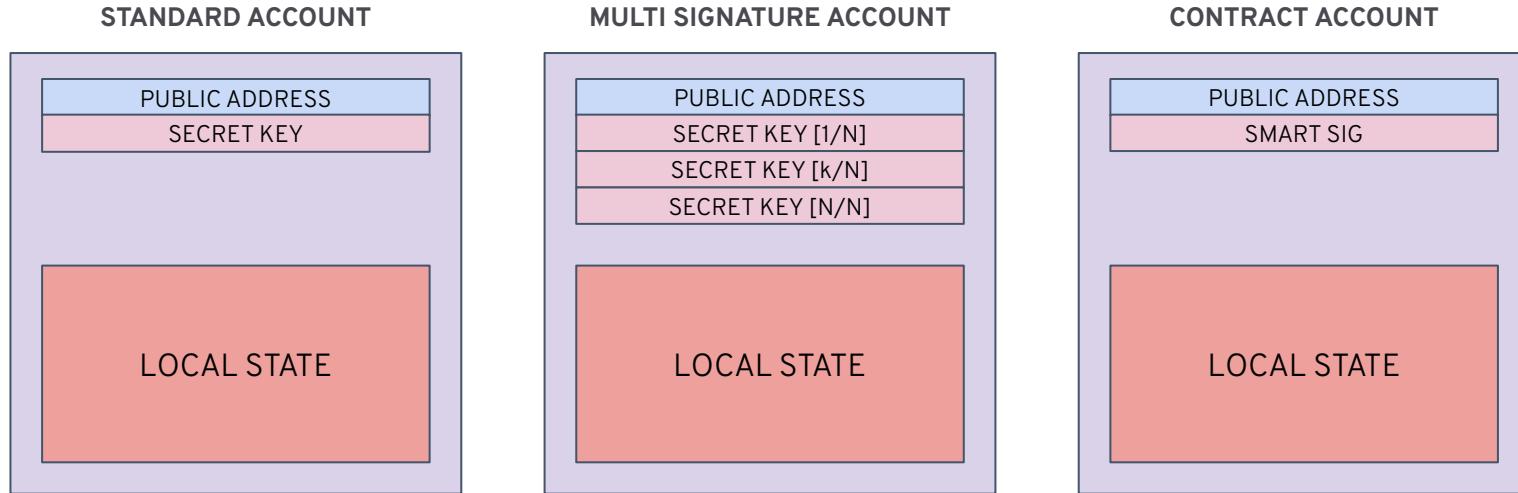
# Algorand Accounts

Accounts are entities on the Algorand blockchain associated with specific **on-chain local state**. An **Algorand Address** is the unique identifier for an **Algorand Account**.



All the potential keys pairs “already exists” mathematically, we just keep discovering them.

# Transactions Authorization and Rekey-To



**Algorand Rekeying:** powerful **Layer-1 protocol feature** which enables an Algorand account to **maintain a static public address** while dynamically **rotating the authoritative private spending key(s)**. Any Account can Rekey either to a Standard Account, MultiSig Account or LogicSig Contract Account.

# Account State Minimum Balance

Name	Current value	Developer doc	Consensus parameter name in (.go)	Note
Default	0.1 Algos	<a href="#">reference</a>	MinBalance	
Opt-in ASA	+ 0.1 Algos	<a href="#">reference</a>	MinBalance	
Created ASA	+ 0.1 Algos	<a href="#">reference</a>	MinBalance	creator of ASA does not need to opt in
Name	Current value	Developer doc	Consensus parameter name in (.go)	Note
Per page application creation fee	0.1 Algos	<a href="#">reference</a>	AppFlatParamsMinBalance	
Flat for application opt-in	0.1 Algos	<a href="#">reference</a>	AppFlatOptInMinBalance	
Per state entry	0.025 Algos	<a href="#">reference</a>	SchemaMinBalancePerEntry	
Addition per integer entry	0.0035 Algos	<a href="#">reference</a>	SchemaUintMinBalance	
Addition per byte slice entry	0.025 Algos	<a href="#">reference</a>	SchemaBytesMinBalance	



# ASA

Algorand Standard Assets on Layer-1

# ARC-3

## *Algorand Standard Asset Parameters Conventions for Fungible and Non-Fungible Tokens*

- Status: Final
- Defines **Fungible Tokens, Pure NFT, Fractional NFTs**
- Very comprehensive definition of NFT's metadata (e.g. images, videos, audio tracks, etc.) and traits as JSON structure
- Binding between the ASA and the JSON structure **uploaded on external storage** (e.g. IPFS, Arweave, etc.)
- Circulating tokens: ~ 42,000
- Generators: <https://arc3.xyz/>, <https://app.algodesk.io/>
- Example: <https://www.nftexplorer.app/asset/429087615>

# ARC-69

## *Community Algorand Standard Asset Parameters Conventions for Digital Media Tokens*

- Status: *Living*
- Adopted both in art and games (<https://algoseas.io/>)
- Simple and succinct definition of NFT's metadata and traits as JSON structure.  
Allows traits configuration after minting
- Binding between the ASA and the JSON structure **uploaded directly on-chain** as *transaction notefield*
- Circulating tokens: ~ 565,000 (most popular standard)
- Generators: <https://app.algodesk.io/>
- Example: <https://www.nftexplorer.app/asset/420625533>

# ARC-19

## *Templating of NFT ASA URLs for mutability*

- Status: *Final*
- Has been adopted as building block of **non-fungible-domain** standard proposed by NFDomains
- Makes use of ASA Reserve Address to **update the NFT metadata binding** over time.
- Circulating tokens: ~ 26,000
- Generators: <https://app.nf.domains/>
- Example: <https://app.nf.domains/name/john.algo>

# ARC-20 / ARC-18

## *Smart ASA / Royalty Enforcement Specification*

- Status: ARC-18 ([\*Draft\*](#)), ARC-20 ([\*Draft\*](#))
- Binds a native ASA with a Smart Contract creating a “*Smart ASA*”, useful whenever a **decentralized transferability policy** must be enforced on-chain (e.g. *royalties, vesting, limited amount per day*, etc.)
- Allows ASA programmable full reconfigurability on the AVM (e.g. enforcing a rule to upgrade a trait of a NFT character in game, etc.)
- [ARC-20 Reference Implementation](#)
- [ARC-18 Reference Implementation](#) (using Beaker)



# ALGORAND VIRTUAL MACHINE (AVM)

## Programming on Algorand

# What's a *Smart Contract* ?

Smart Contracts are **deterministic** programs through which complex **decentralized** trustless **applications** can be executed on the **AVM**.

# What's the AVM ?

The **Algorand Virtual Machine** is a **Turing-complete** secure **execution environment** that runs on Algorand **consensus layer**.

# What the AVM *actually* does?

Algorand Virtual Machine purpose: **approving** or **rejecting** transactions' effects **on the blockchain** according to Smart Contracts' logic.

AVM **approves** transactions' effects if and only if:

1. There is a single non-zero value on top of AVM's stack;

AVM **rejects** transactions' effects if and only if:

1. There is a single zero value on top of AVM's stack;
2. There are multiple values on the AVM's stack;
3. There is no value on the AVM's stack;

# How the AVM works?

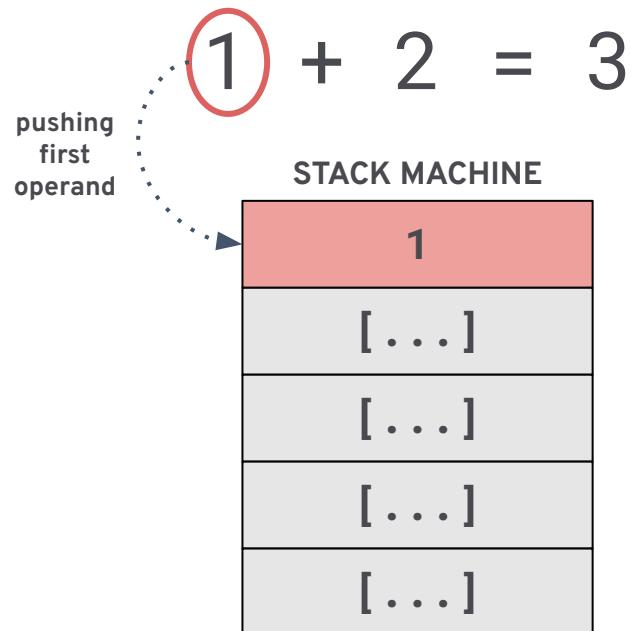
Suppose we want the AVM to **check** the following assertion:

$$1 + 2 = 3$$



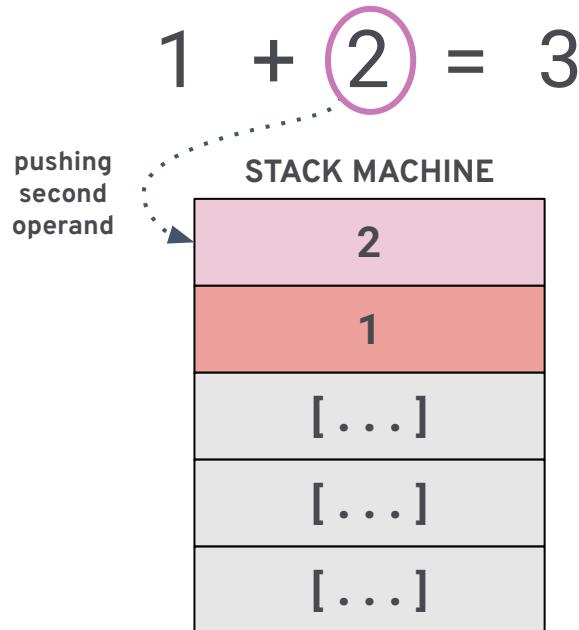
# How the AVM works?

Suppose we want the AVM to **check** the following assertion:



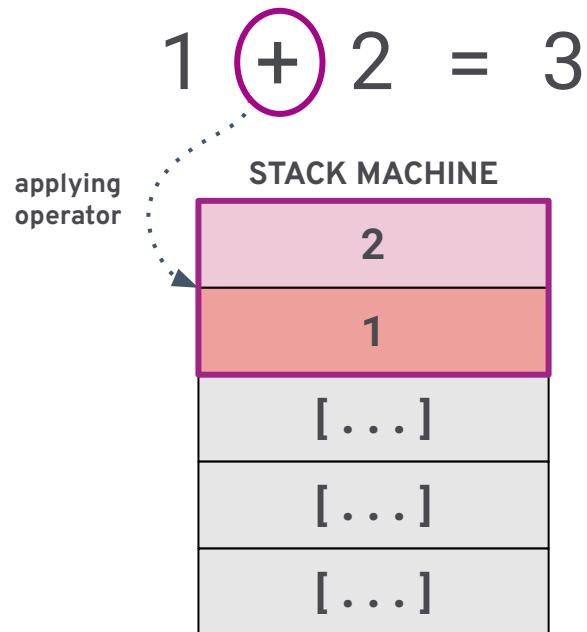
# How the AVM works?

Suppose we want the AVM to **check** the following assertion:



# How the AVM works?

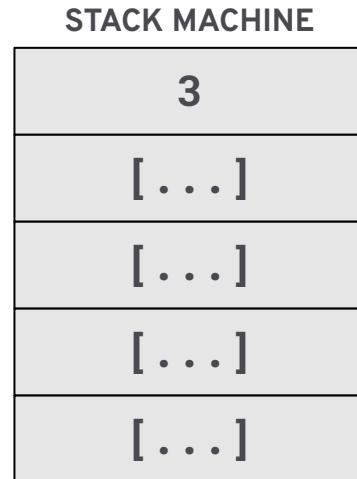
Suppose we want the AVM to **check** the following assertion:



# How the AVM works?

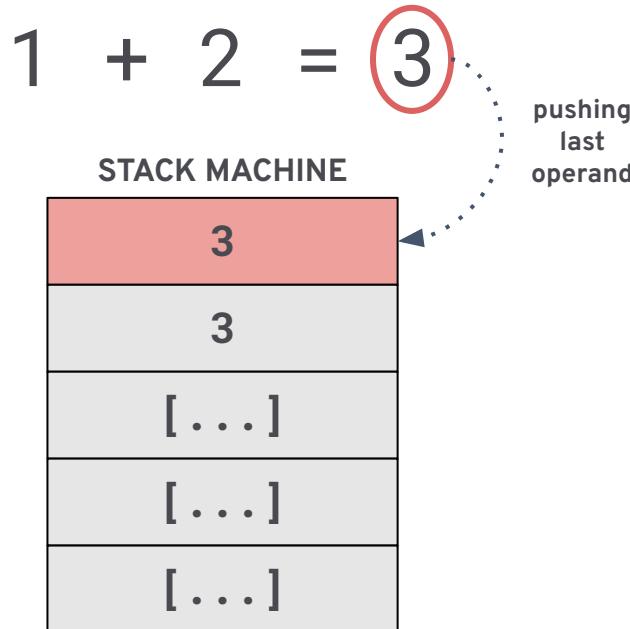
Suppose we want the AVM to **check** the following assertion:

$$1 + 2 = 3$$



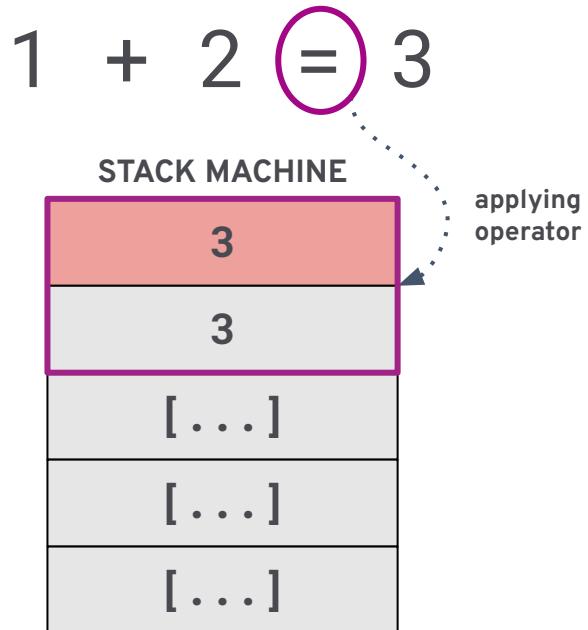
# How the AVM works?

Suppose we want the AVM to **check** the following assertion:



# How the AVM works?

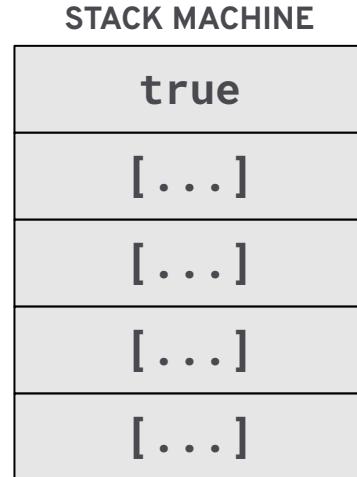
Suppose we want the AVM to **check** the following assertion:



# How the AVM works?

Suppose we want the AVM to **check** the following assertion:

$$1 + 2 = 3$$



# AVM architecture

## TRANSACTION

1. Sender
2. Receiver
3. Fee
4. FirstValid
5. LastValid
6. Amount
7. Lease
8. Note
9. TypeEnum
10. ...

## TRANSACTION ARGs

- [0]: Bytes
- [i]: Bytes
- [255]: Bytes

## APP ARG ARRAY

[0]: UInt64 / Bytes

[i]: UInt64 / Bytes

[15]: UInt64 / Bytes

### ACCOUNT ARRAY

[0]: Bytes

[i]: Bytes

[3]: Bytes

### ASSET ARRAY

[0]: UInt64

[i]: UInt64

[7]: UInt64

## APP IDs ARRAY

[0]: UInt64

[i]: UInt64

[7]: UInt64

## APP GLOBAL K/V PAIRS

[0]: UInt64 / Bytes

[i]: UInt64 / Bytes

[63]: UInt64 / Bytes

## APP LOCAL K/V PAIRS

[0]: UInt64 / Bytes

[i]: UInt64 / Bytes

[15]: UInt64 / Bytes

*Max Key + Value size: 128 bytes*

## PROGRAM

```

txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
&&
arg 0
byte base64 "YmlhbmcNvbmlnbGlv"
==
&&
txn Amount
int 42
==
txn Amount
int 77
==
|| 
&&

```

## STACK MACHINE

[0]: UInt64 / Bytes

[i]: UInt64 / Bytes

[999]: UInt64 / Bytes

## SCRATCH SPACE

[0]: UInt64 / Bytes

[i]: UInt64 / Bytes

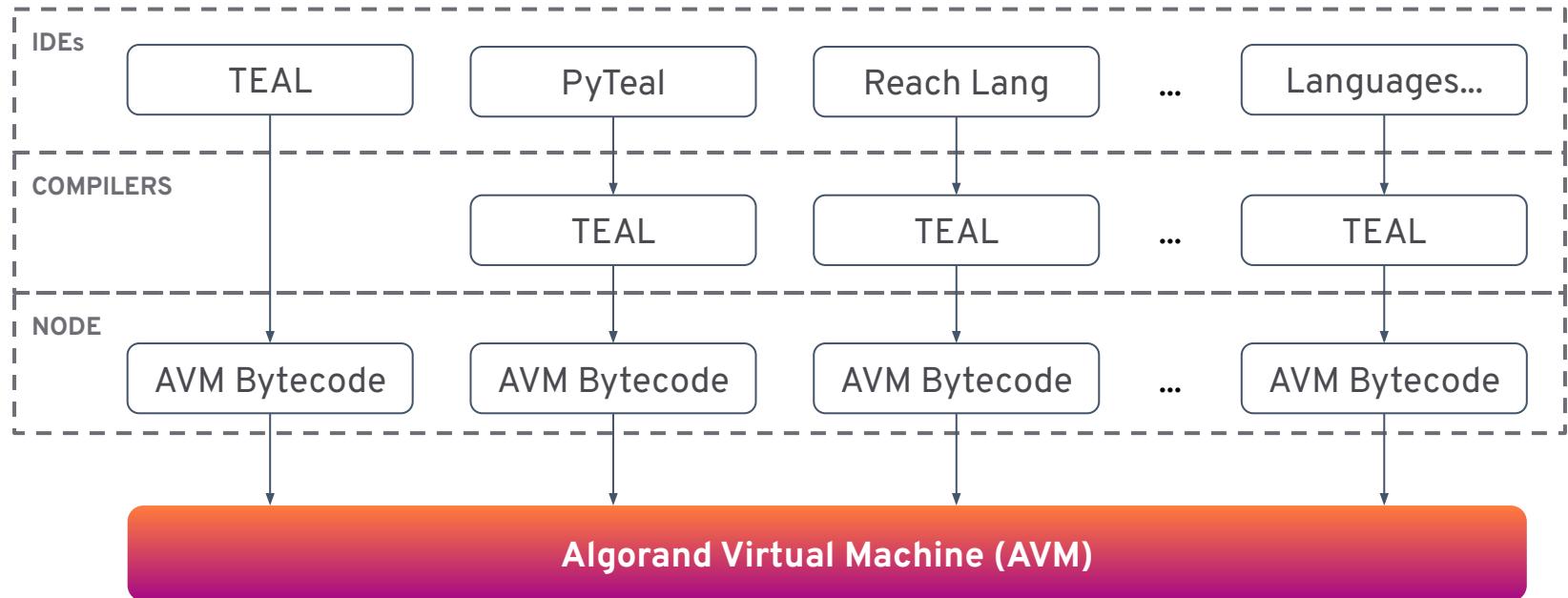
[255]: UInt64 / Bytes

*Stateless properties*

*Stateful properties*

*Processing*

# How to program the AVM?



# AVM vs EVM

	Algorand Virtual Machine	Ethereum Virtual Machine
TURING COMPLETENESS	YES	YES
EXECUTION SPEED	~ 4.5 sec regardless dApp complexity	> 20 sec depends on dApp complexity
ENERGY EFFICIENCY	$\sim 10^{-5}$ [kWh/txn] all final	$\sim 10^2$ [kWh/txn] not all final
EXECUTION COSTS	Flat Fee for Smart Contract Calls and Inner Transactions	Depends on dApp complexity
INTEROPERABILITY	native interoperability ASA, AT, MultiSig, RekeyTo...	user defined solutions / standards
EFFECTS FINALITY	instant	~ 6 blocks
MATHEMATICAL PRECISION	512 bits	256 bits
PROGRAMMABILITY	TEAL, PyTEAL, Reach, ...	Solidity, Viper, Reach, ...

# What can be built on the AVM?

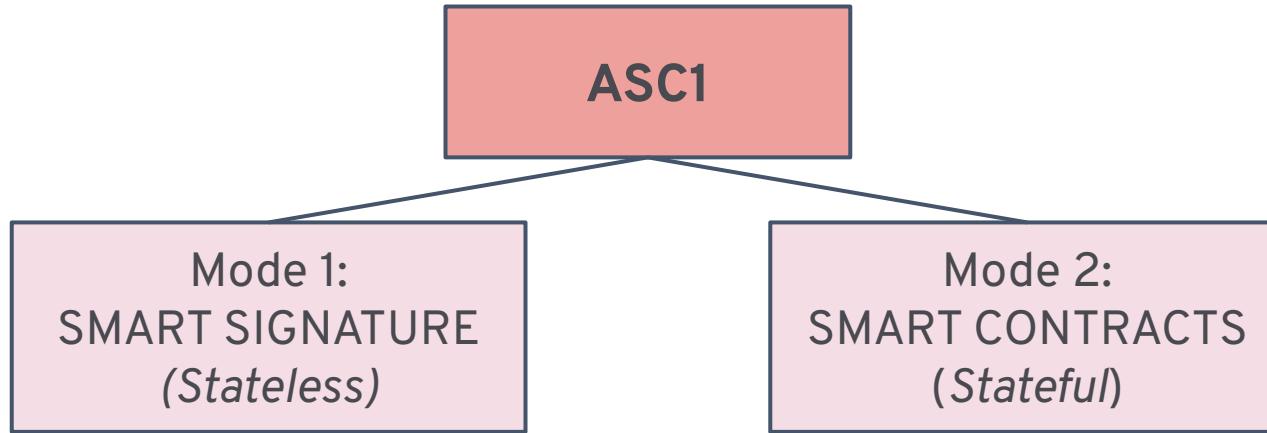
- Escrow accounts
- KYC processes
- Financial instruments (Bonds, ETFs, etc.)
- Loan payment
- Voting applications
- Auctions
- Multiparty or Delegated fund management
- Programmatic recurring fees / recurring debt
- And more...



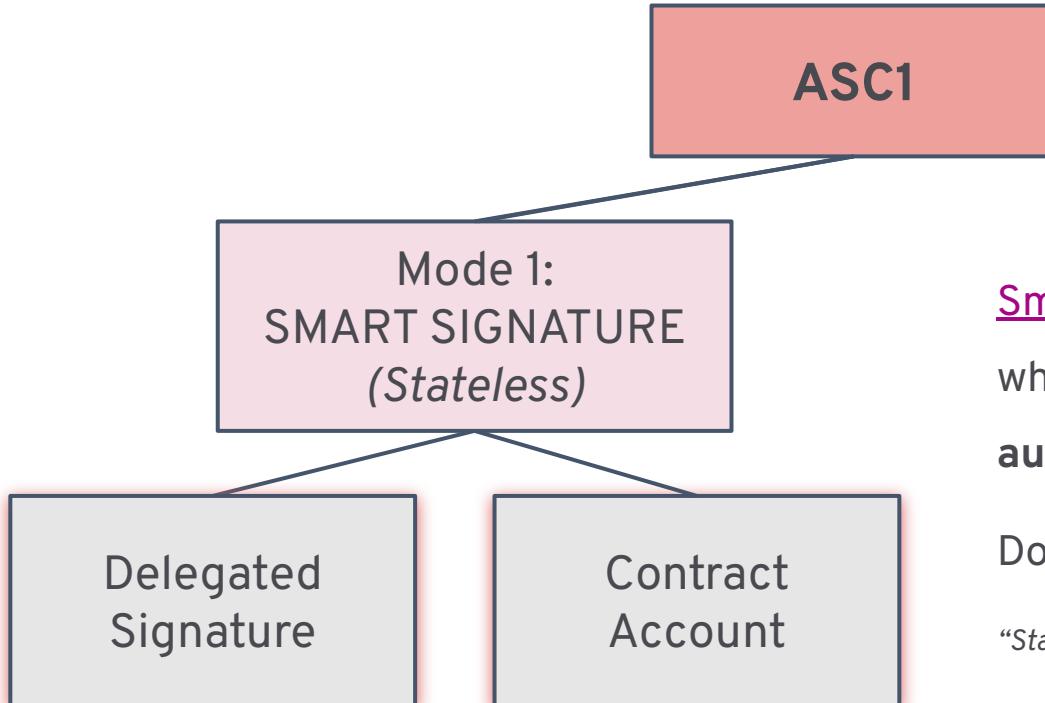
## ASC1

Algorand Smart Contracts on Layer-1

# AVM Modes



# Stateless ASC1

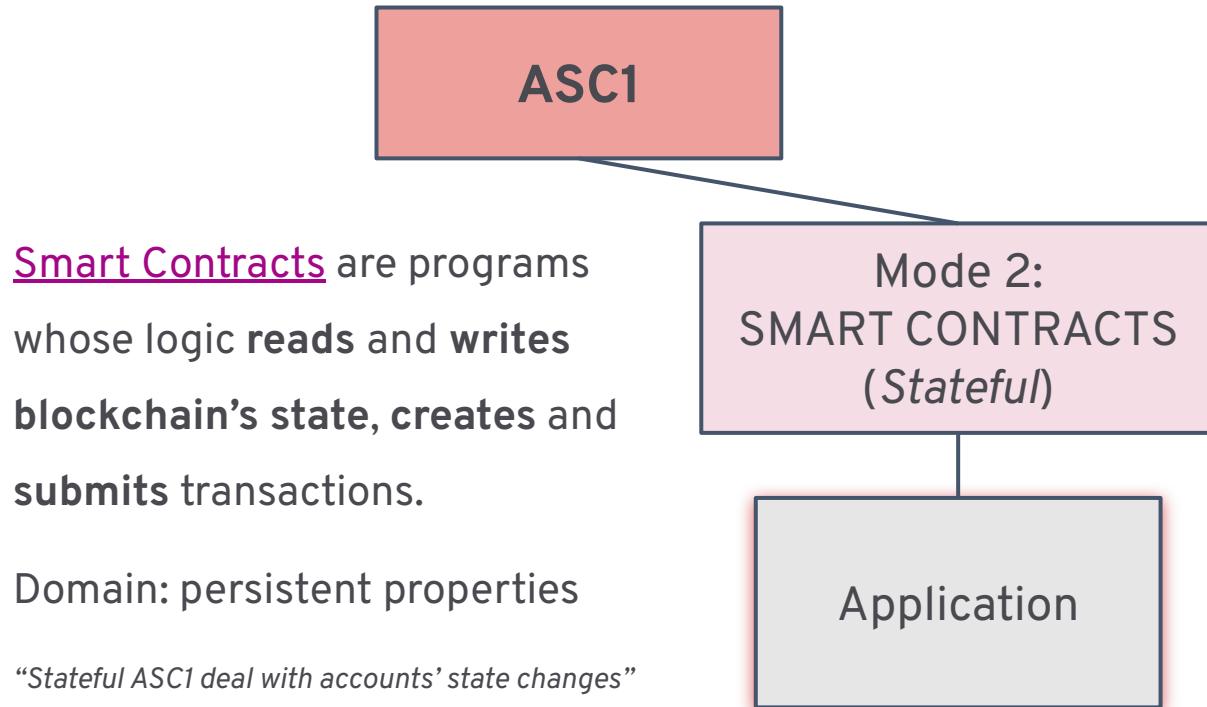


Smart Signatures are programs whose logic **governs transactions'** authorization.

Domain: transient properties

*“Stateless ASC1 deal with assets’ spending approvals”*

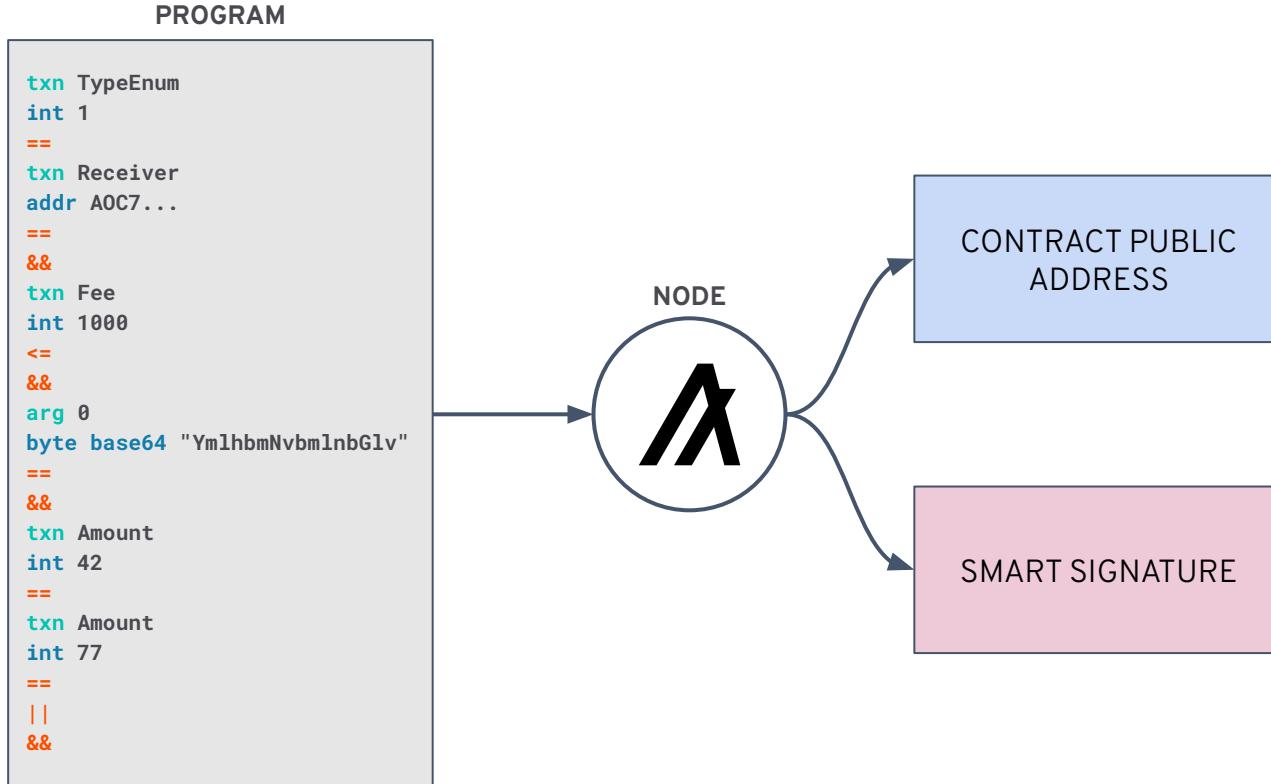
# Stateful ASC1



## SMART SIGNATURES

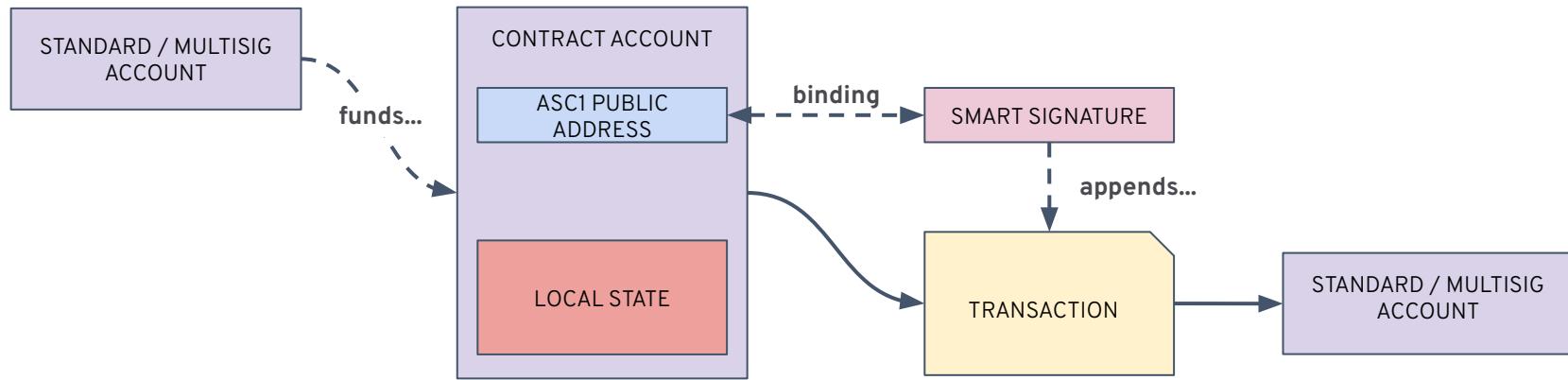
Authorizing transactions through TEAL logic

# Creating Smart Signature

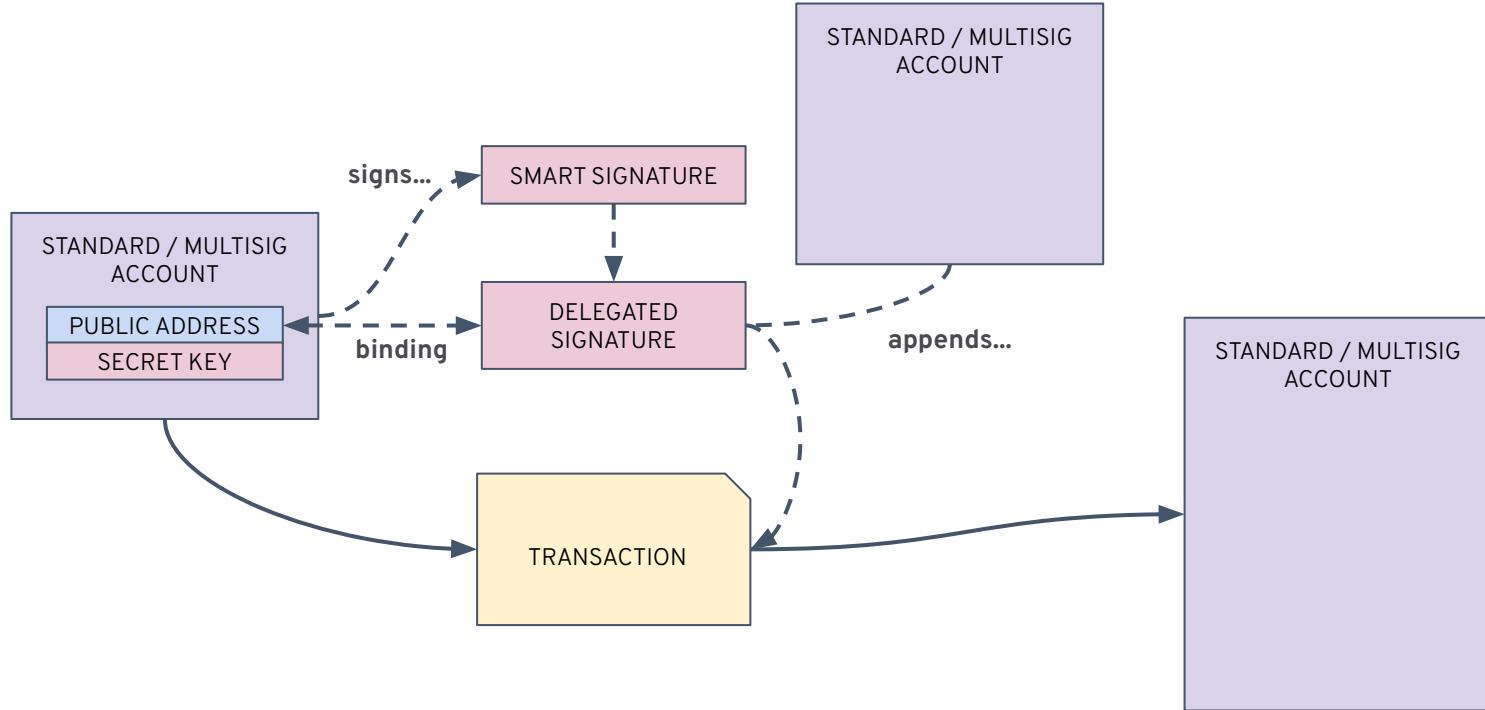


Compiled TEAL Max Size: 1000 bytes  
OpCode Max Budget: 20.000

# Contract Account



# Delegated Signature

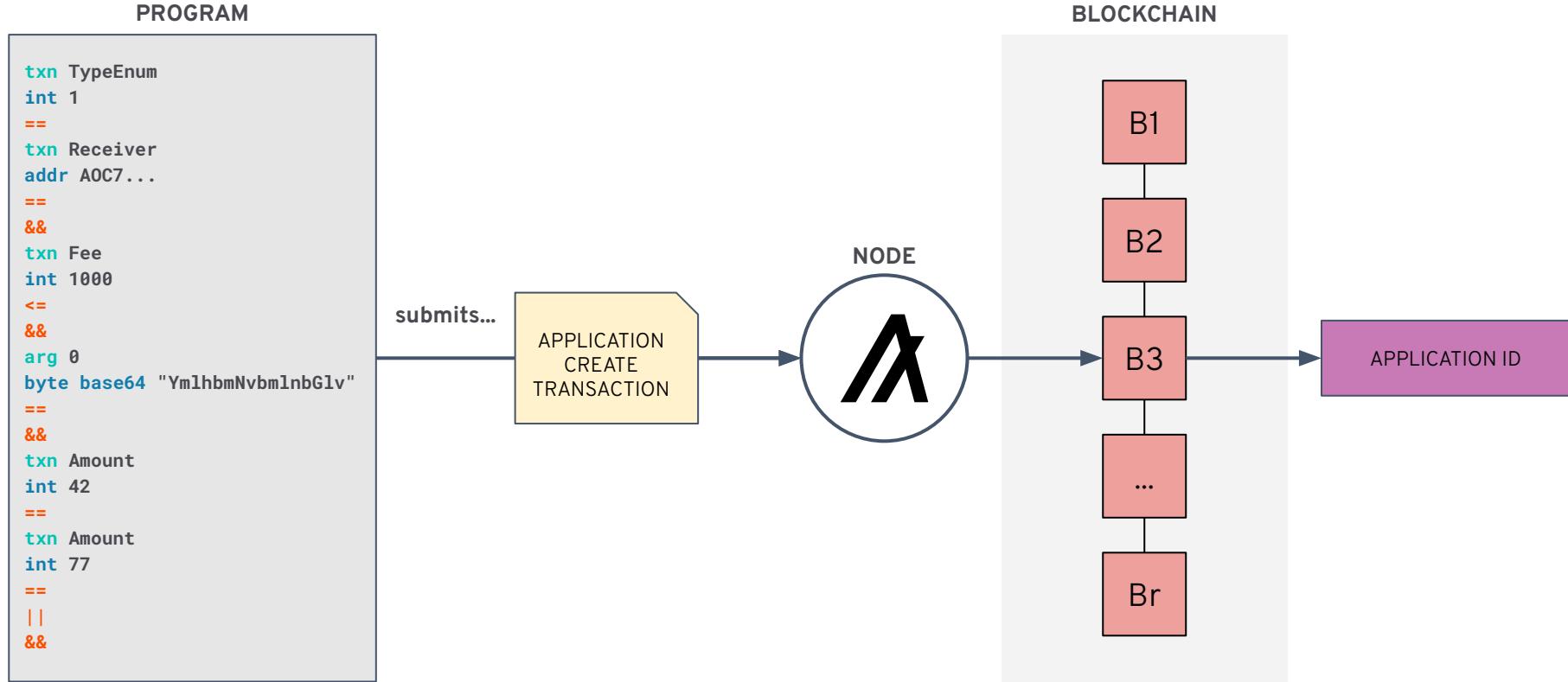




## SMART CONTRACTS

Decentralized Applications on Algorand

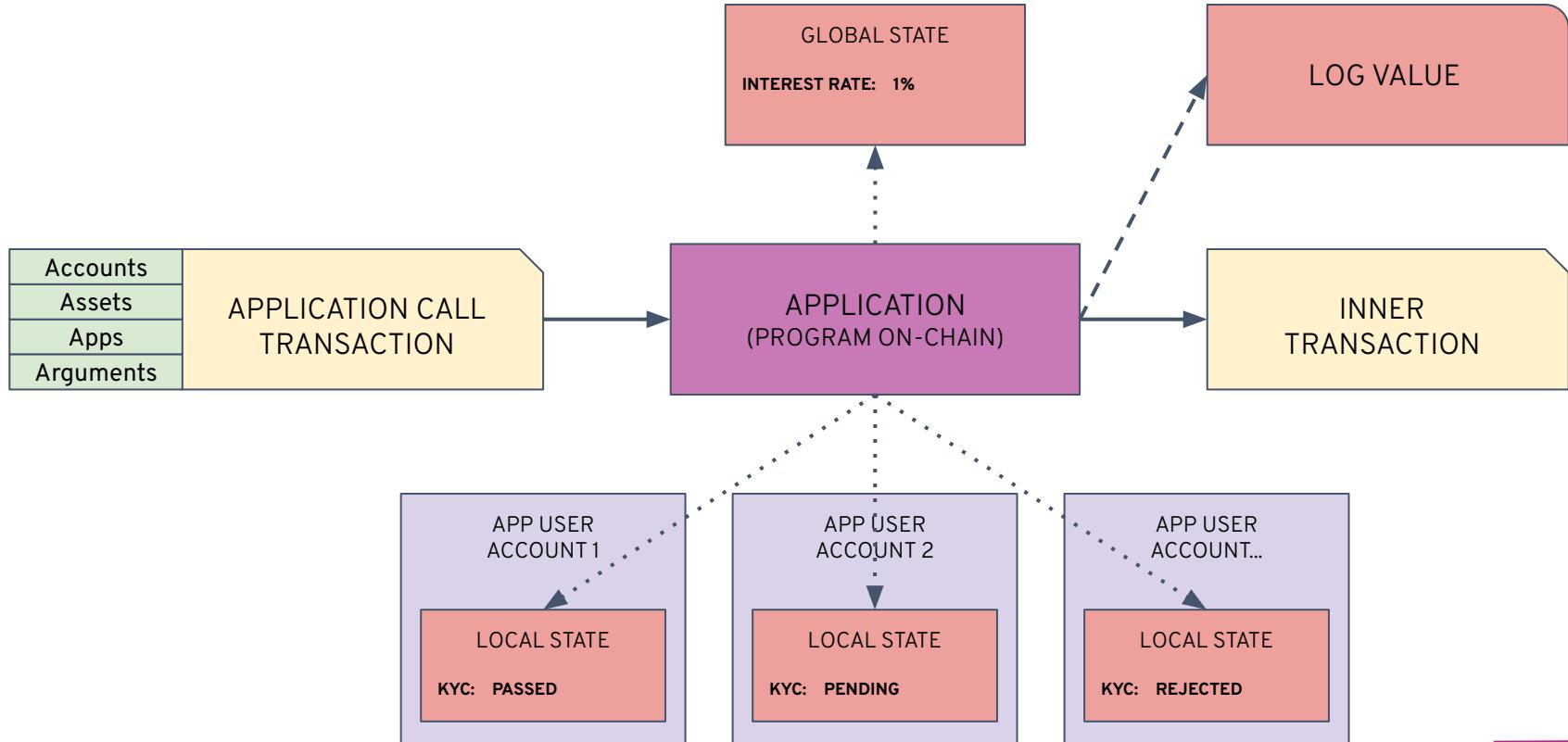
# Deploying Applications on chain



Compiled TEAL Max Size: 2048 bytes (+3 Extra Pages)

OpCode Max Budget: 700 (x16 Atomic Calls)

# Interacting with Applications



# TEAL

AVM assembly-like language

# Smart Signature Example

Suppose we want to develop a **Smart Signature** that approves a transaction **if and only if**:

1. is “*Payment*” **type** transaction;
2. the **receiver** is a specific “*ADDR*”;
3. **fees** are less or equal to “1000 *microALGO*”;
4. first **argument** is equal to “*bianconiglio*”;
5. **amount** is equal to “42 *ALGO*”;
6. or **amount** is equal to “77 *ALGO*”;

Where do we start?

# Smart Signature as “Transaction Observer”

**Smart Signatures** can be defined as a “*transactions’ observers*”: programs that meticulously check all **fields in the transaction** (or in a group of transactions) that intend to “*approve*” or “*reject*” based on TEAL logic.

To translate those 6 **semantically defined** example’s conditions into **TEAL** we need to check which transaction fields are going to be controlled by Smart Signature’s logic.

Let's start with the translation...

# Translating conditions into TEAL...

1. is “*Payment*” type transaction;

TxType

required

string

“type”

Specifies the type of transaction. This value is automatically generated using any of the developer tools.

```
txn TypeEnum
```

1

```
int 1
```

```
==
```

# Translating conditions into TEAL...

2. the **receiver** is a specific “*ADDR*”;

Receiver	required	Address	"rcv"	The address of the account that receives the amount.
----------	----------	---------	-------	--

**txn Receiver** 2

**addr A0C7...**

**==**

# Translating conditions into TEAL...

3. fees are less or equal to “1000 microALGO”;

Fee	required	uint64	"fee"	Paid by the sender to the FeeSink to prevent denial-of-service. The minimum fee on Algorand is currently 1000 microAlgos.
-----	----------	--------	-------	---

```
txn Fee  
int 1000  
<=
```

3

# Translating conditions into TEAL...

4. first **argument** is equal to “*bianconiglio*”;

arg

push Args[N] value to stack by index

arg 0

4

byte base64 "YmlhbmlnbGlv"

==

# Translating conditions into TEAL...

5. amount is equal to “42 ALGO”;

Amount	required	uint64	"amt"	The total amount to be sent in microAlgos.
--------	----------	--------	-------	--

**txn** Amount **5**  
**int** 42000000  
==

# Translating conditions into TEAL...

6. amount is equal to “77ALGO”;

Amount	required	uint64	"amt"	The total amount to be sent in microAlgos.
--------	----------	--------	-------	--

**6**

```
txn Amount
int 77000000
==
```

# Logic connectors...

txn TypeEnum	
int 1	1
==	
txn Receiver	
addr AOC7...	2
==	
txn Fee	
int 1000	3
<=	
arg 0	
byte base64 "YmlhbmlnbGlv"	4
==	
txn Amount	
int 42000000	5
==	
txn Amount	
int 77000000	6
==	

STACK

[ ... ]
[ ... ]
[ ... ]
[ ... ]
[ ... ]

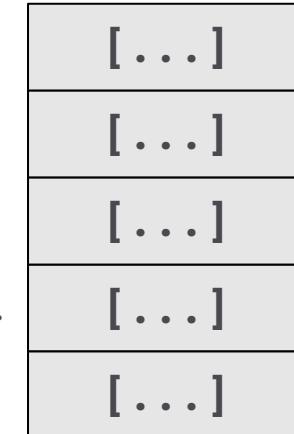
# Logic connectors...

```
1  txn TypeEnum  
2  int 1  
3  ==  
4  txn Receiver  
5  addr AOC7...  
6  ==  
7  &&  
8  &&  
9  txn Fee  
10 int 1000  
11 <=  
12 arg 0  
13 byte base64 "YmlhbmlnbGlv"  
14 ==  
15 &&  
16 &&  
17 txn Amount  
18 int 42000000  
19 ==  
20 txn Amount  
21 int 77000000  
22 ==  
23 ||  
24 &&
```

1 This is probably the most complex phase in **TEAL** programming, because you need to keep in mind the **state of the stack**.

2 This phase is drastically simplified with the use of **PyTEAL**, Python binding for TEAL, which automatically performs this concatenation, saving us the effort of thinking about the state of the stack.

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

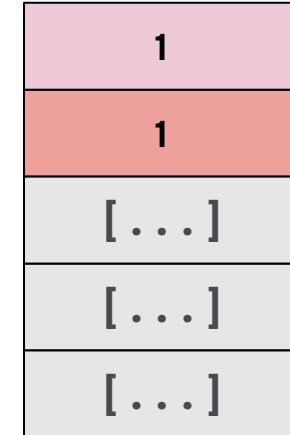
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

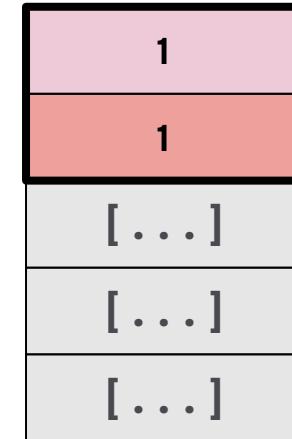
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

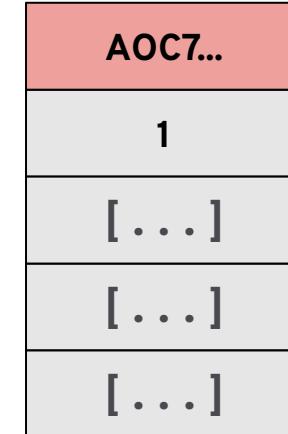
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmcNvbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

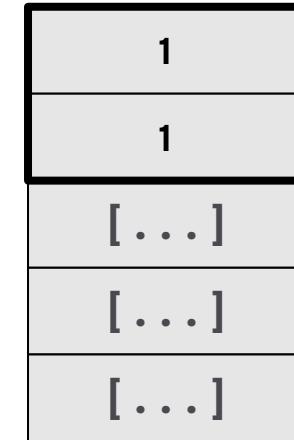
STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmcNvbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

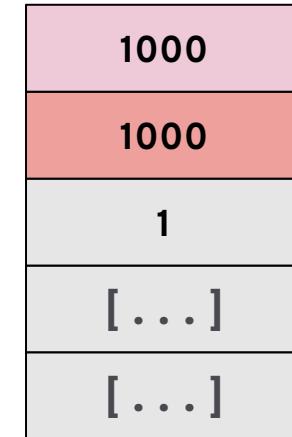
STACK

1000
1
[ ... ]
[ ... ]
[ ... ]

# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr A0C7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmcNvbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

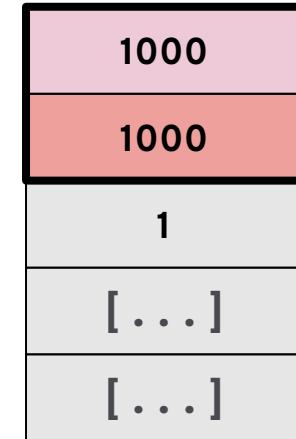
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

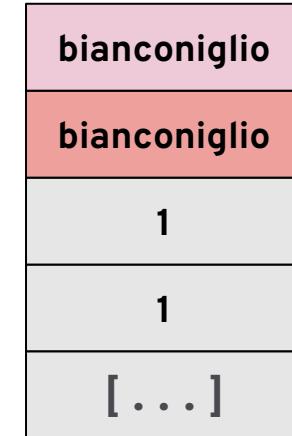
STACK

bianconiglio
1
1
[ ... ]
[ ... ]

# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

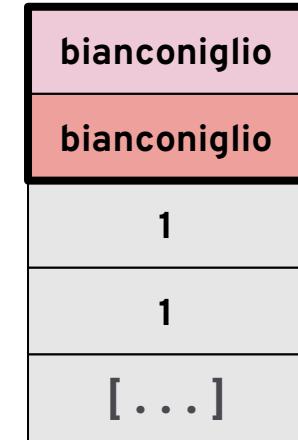
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr A0C7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
 ==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
 ==
|||
&&
```

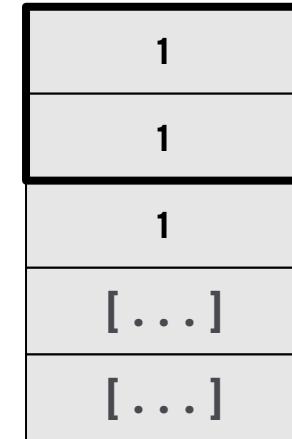
STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr A0C7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
 ==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
 ==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

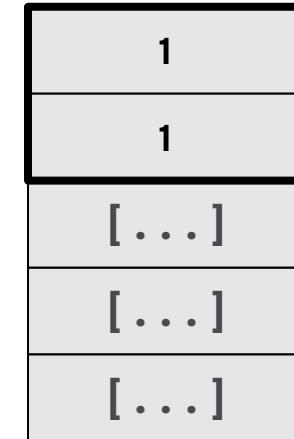
STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

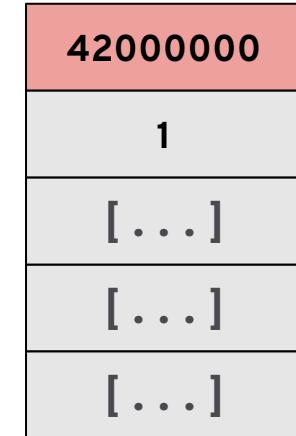
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

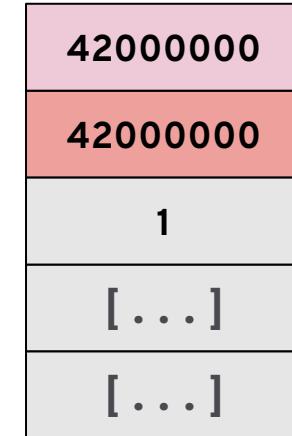
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

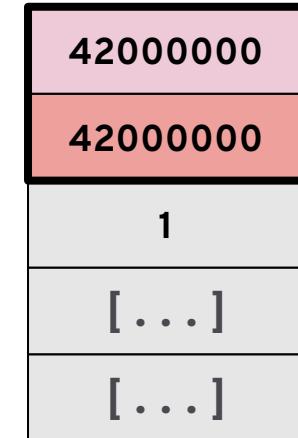
STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr A0C7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

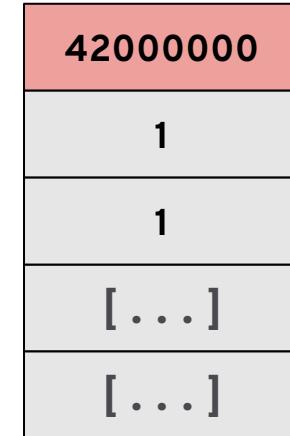
STACK



# Execution...

```
txn TypeEnum
int 1
==
txn Receiver
addr AOC7...
==
&&
txn Fee
int 1000
<=
arg 0
byte base64 "YmlhbmlnbGlv"
==
&&
&&
txn Amount
int 42000000
==
txn Amount
int 77000000
==
|||
&&
```

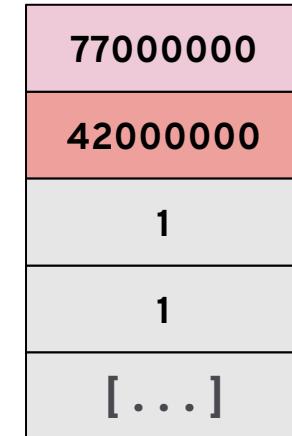
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

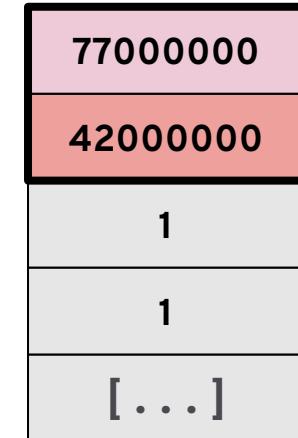
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

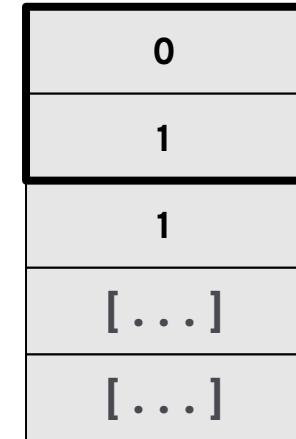
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

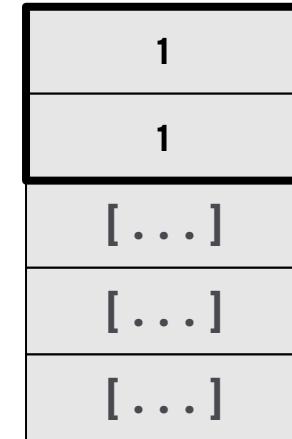
STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr A0C7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Execution...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "YmlhbmlnbGlv"  
==  
&&  
&&  
txn Amount  
int 42000000  
==  
txn Amount  
int 77000000  
==  
||  
&&
```

STACK



# Conclusion...

```
txn TypeEnum  
int 1  
==  
txn Receiver  
addr AOC7...  
==  
&&  
txn Fee  
int 1000  
<=  
arg 0  
byte base64 "Ymlh...NzQlbnC2v"  
==  
&&  
&&  
txn Amount  
int 4200000  
==  
txn Amount  
int 7700000  
==  
||  
&&
```



STACK

1
[ ... ]
[ ... ]
[ ... ]
[ ... ]

True



# PyTEAL

## Writing Smart Contracts with Python

Credits to [Jason Paulos](#) for the [PyTEAL presentation](#)

# What's PyTEAL?

PyTEAL is a **Python** language binding for **Algorand Virtual Machine**.

PyTEAL allows **Smart Contracts** and **Smart Signatures** to be written in Python  
and then compiled to **TEAL**.



# It's easier with PyTEAL!

## TEAL Source Code

```
txn Receiver  
addr A0C7...  
==  
txn Amount  
int 1000  
<=  
&&
```

COMPILE...

AVM bytecode

## PyTEAL Source Code

```
And(  
    Txn.Receiver == Addr(A0C7...),  
    Txn.Amount <= Int(1000),  
)
```

COMPILE...

## TEAL Source Code

```
txn Receiver  
addr A0C7...  
==  
txn Amount  
int 1000  
<=  
&&
```

COMPILE...

AVM bytecode

# Smart Signature written in PyTEAL

```
1  import base64
2  from pyteal import *
3
4  """Esempio ASC1 in PyTeal"""
5
6
7  def asc1(tmpl_receiver):
8      is_payment = Txn.type_enum() == Int(1)
9      is_correct_receiver = Txn.receiver() == Addr(tmpl_receiver)
10     max_fee = Txn.fee() <= Int(1000)
11     follow_the = Arg(0) == Bytes(
12         "base64", str(base64.b64encode('bianconiglio'.encode()), 'utf-8'))
13     amount_option1 = Txn.amount() == Int(42000000)
14     amount_option2 = Txn.amount() == Int(77000000)
15     is_correct_amount = Or(amount_option1, amount_option2)
16     asc1_logic = And(is_payment,
17                       is_correct_receiver,
18                       max_fee,
19                       follow_the,
20                       is_correct_amount)
21
22     return asc1_logic
```

# PyTEAL Basics - Intro

**PyTEAL expressions** represent an **abstract syntax tree** (AST)

You're writing **Python code** that produces **TEAL code**.

```
from pyteal import *

program = ...
teal_source = compileTeal(program, mode=Mode.Application, version=5)
```

# PyTEAL Basics - Types (1/2)

Two basic types:

- **uint64**
- **byte strings**

```
i = Int(5)
x = Bytes("content")
y = Bytes(b"\x01\x02\x03")
z = Bytes("base16", "05")
```

# PyTEAL Basics - Types (2/2)

## Conversion between types

- **Itob** - integer to bytes (8-byte big endian)
- **Btoi** - bytes to integer

```
Itob(i) # produces the byte string 0x0000000000000005  
Btoi(z) # produces the integer 5
```

# PyTEAL Basics - Math operators

Python **math** operators

```
i = Int(10)
j = i * Int(2) + Int(1)
k = And(Int(1), Or(Int(1), Int(0)))
```

# PyTEAL Basics - Byte string manipulation

## Byte string **manipulation**

```
x = Bytes("content")
y = Concat(Bytes("example "), x) # "example content"
z = Substring(y, Int(2), Len(y)) # "ample content"
```

# PyTEAL Basics - Crypto utilities

Built-in **crypto** utilities

```
h_sha256 = Sha256(z)
h_sha512_256 = Sha512_256(z)
h_keccak = Keccak256(z)
```

# PyTEAL Basics - Fields (1/3)

Fields from the **current transaction**

```
Txn.sender()  
Txn.accounts.length()  
Txn.application_args.length()  
Txn.accounts[1]  
Txn.application_args[0]  
Txn.group_index()
```

# PyTEAL Basics - Fields (2/3)

Fields from transactions in the **current atomic group**

```
Gtxn[0].sender()  
Gtxn[Txn.group_index() - Int(1)].sender()  
Gtxn[Txn.group_index() - Int(1)].accounts[2]
```

# PyTEAL Basics - Fields (3/3)

Fields from **execution context**

```
Global.group_size()  
Global.round() # current round number  
Global.latest_timestamp() # UNIX timestamp of last round
```

# PyTEAL Basics - Logs

**Log** publicly viewable messages to the chain

```
Log (Bytes ("message"))
```

# PyTEAL Basics - State (1/2)

**Global** - one instance per application

```
App.globalPut(Bytes("status"), Bytes("active")) # write to global key "status"

status = App.globalGet(Bytes("status")) # read global key "status"

App.globalDel(Bytes("status")) # delete global key "status"
```

# PyTEAL Basics - State (2/2)

**Local** - one instance per opted-in account per application

```
App.localPut(Txn.sender(), Bytes("level"), Int(1)) # write to sender's local key  
"level"  
  
App.localPut(Txn.accounts[1], Bytes("level"), Int(2)) # write to other account's  
local key "level"  
  
sender_level = App.localGet(Txn.sender(), Bytes("level")) # read from sender's  
local key "level"  
  
App.localDel(Txn.sender(), Bytes("level")) # delete sender's local key "level"
```

# PyTEAL Basics - Control Flow (1/5)

**Approve** the transaction and **immediately exit**

```
Approve ()
```

**Reject** the transaction and **immediately exit**

```
Reject ()
```

# PyTEAL Basics - Control Flow (2/5)

**Multiple expressions** can be joined into a **sequence**

```
program = Seq(  
    App.globalPut(Bytes("count") , App.globalGet(Bytes("count")) + Int(1)) ,  
    Approve()  
)
```

# PyTEAL Basics - Control Flow (3/5)

**Basic conditions** can be expressed with **If, Then, Else, Elself**

```
program = Seq(
    If(App.globalGet(Bytes("count")) == Int(100))
        .Then(
            App.globalPut(Bytes("100th caller"), Txn.sender())
        )
        .Else(
            App.globalPut(Bytes("not 100th caller"), Txn.sender())
        ),
    App.globalPut(Bytes("count"), App.globalGet(Bytes("count")) + Int(1)),
    Approve(),
)
```

# PyTEAL Basics - Control Flow (4/5)

Larger conditions can be expressed with **Cond**

```
program = Cond(  
    [Txn.application_id() == Int(0), on_create],  
    [Txn.on_completion() == OnComplete.UpdateApplication, on_update],  
    [Txn.on_completion() == OnComplete.DeleteApplication, on_delete],  
    [Txn.on_completion() == OnComplete.OptIn, on_opt_in],  
    [Txn.on_completion() == OnComplete.CloseOut, on_close_out],  
    [Txn.on_completion() == OnComplete.NoOp, on_noop],  
    # error if no conditions are met  
)
```

# PyTEAL Basics - Control Flow (5/5)

**Loops** can be expressed with **For** and **While**

```
i = ScratchVar(TealType.uint64)

on_create = Seq(
    For(i.store(Int(0)), i.load() < Int(16), i.store(i.load() + Int(1)))
        .Do(
            App.globalPut(Concat(Bytes("index")), Itob(i.load()))),
            Int(1))
        ),
    Approve(),
)
```

# PyTEAL Basics - Subroutines (1/2)

Sections of code can be put into **subroutines** (Python decorators)

```
@Subroutine (TealType.uint64)
def isEven(i):
    return i % Int(2) == Int(0)

App.globalPut(Bytes("value_is_even"), isEven(Int(10)))
```

# PyTEAL Basics - Subroutines (2/2)

**Recursion** is allowed

```
@Subroutine (TealType.uint64)
def recursiveIsEven (i):
    return (
        If (i == Int(0))
        .Then (Int(1))
        .ElseIf (i == Int(1))
        .Then (Int(0))
        .Else (recursiveIsEven (i - Int(2)))
    )
```

# PyTEAL Basics - Inner Transactions (1/3)

Every **application** has control of an **account**

```
Global.current_application_address()
```

# PyTEAL Basics - Inner Transactions (2/3)

**Applications** can **send transactions** from this **account**

```
Seq(  
    InnerTxnBuilder.Begin(),  
    InnerTxnBuilder.SetFields(  
        {  
            TxnField.type_enum: TxnType.Payment,  
            TxnField.receiver: Txn.sender(),  
            TxnField.amount: Int(1_000_000),  
        }  
    ),  
    InnerTxnBuilder.Submit() # send 1 Algo from the app account to the transaction sender  
)
```

# PyTEAL Basics - Inner Transactions (3/3)

```
appAddr = Global.current_application_address ()

Seq(
    InnerTxnBuilder.Begin(),
    InnerTxnBuilder.SetFields (
        {
            TxnField.type_enum: TxnType.AssetConfig,
            TxnField.config_asset_name: Bytes("PyTEAL Coin"),
            TxnField.config_asset_unit_name: Bytes("PyTEAL"),
            TxnField.config_asset_url: Bytes("https://pyteal.readthedocs.io/"),
            TxnField.config_asset_decimals: Int(6),
            TxnField.config_asset_total: Int(800_000_000),
            TxnField.config_asset_manager: appAddr,
        }
    ),
    InnerTxnBuilder.Submit(), # create a PyTEAL Coin asset
    App.globalPut(Bytes("PyTealCoinId"), InnerTxn.created_asset_id()) # remember the asset ID
)
```

# Smart Contract ABI

The **ABI** (*Application Binary Interface*) defines the **encoding/decoding of data types** and a standard for **exposing and invoking methods** in a Smart Contract. The specification is defined in [ARC-4](#).

```
{  
    "name": "super-awesome-contract",  
    "networks": {  
        "MainNet": {  
            "appID": 123456  
        }  
    },  
    "methods": [  
        {  
            "name": "add",  
            "desc": "Add 2 integers",  
            "args": [ { "type": "uint64" }, { "type": "uint64" } ],  
            "returns": { "type": "uint64" }  
        },  
        {  
            "name": "sub",  
            "desc": "Subtract 2 integers",  
            "args": [ { "type": "uint64" }, { "type": "uint64" } ],  
            "returns": { "type": "uint64" }  
        },  
    ]  
}
```

At a high level, the [ABI allows contracts to define an API](#) so clients know exactly what the Smart Contract is expecting to be passed (like a “*Smart Contract Swagger*”).

**PyTeal** [natively supports the ABI standard](#): it handles methods signatures and ABI JSON auto-generation.

```
from pyteal import *  
  
@Subroutine(TealType.uint64)  
def minimum(a: abi.Uint64, b: abi.Uint64) -> Expr:  
    """Return the minimum value of the two arguments."""  
    return (If(a.get() < b.get())  
           .Then(a.get())  
           .Else(b.get()))  
    )
```

# Beaker: Smart Contract development framework

Beaker improves the PyTeal Smart Contract development experience, making it **simpler**, **cleaner** and **faster** both to **write and debug**:

- Provides a **standard way to organize code** by using a **Application** class with **@external** (methods) and **@internal** (subroutine) decorators, with utilities for call **authorization**;
- Provides an **ApplicationClient** to deal with common needs like *creating/opting-in to/calling* methods;
- Provides a **standard way to declare Global and Local state**, with typed values as class variables and utilities as: *default values, static variables, variable initialization, etc.*;
- Improves the *pc=xxx* error message using the **SourceMap endpoint** during compilation and mapping the *pc* back to the source TEAL with a **LogicException**.

# A pythonic Algorand stack



{algo}DEA  
Algorand IntelliJ Plugin

PyCharm IDE & AlgoDEA plug-in



Algorand

Algorand Sandbox Docker in dev mode



Algorand

Algorand Python SDK



PyTEAL & Beaker

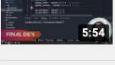


PyTest for Smart Contracts unit-tests and e2e-tests



TEAL Debugger

# “Zero to Hero PyTEAL” crash course

1	 Algorand PyTeal Course   Setting Up Development Environment Algorand 5:59
2	 Algorand PyTeal Course   Writing a Simple Contract #1 - Exploring Build Tools Algorand 3:33
3	 Algorand PyTeal Course   Writing a Simple Contract #2 - Contract Initialization Algorand 6:31
4	 Algorand PyTeal Course   Writing a Simple Contract #3 - First Deployment Algorand 7:12
5	 Algorand PyTeal Course   Writing a Simple Contract #4 - Custom Operations Algorand 7:09
6	 Algorand PyTeal Course   Writing a Simple Contract #5 - Debugging Algorand 4:23
7	 Algorand PyTeal Course   Writing a Simple Contract #6 - Bugfix and Final Deployment Algorand 5:54
8	 Algorand PyTeal Course   Rock Paper Scissors #1 - Local Storage and Subroutines Algorand 15:50
9	 Algorand PyTeal Course   Rock Paper Scissors #2 - Transaction Grouping and Security Checks Algorand 20:38
	 Algorand PyTeal Course   Rock Paper Scissors #3 - Routedice Operations and Compilation Errors

**Join and learn in 12 lessons!**

## DAPP EXAMPLE & USE CASES

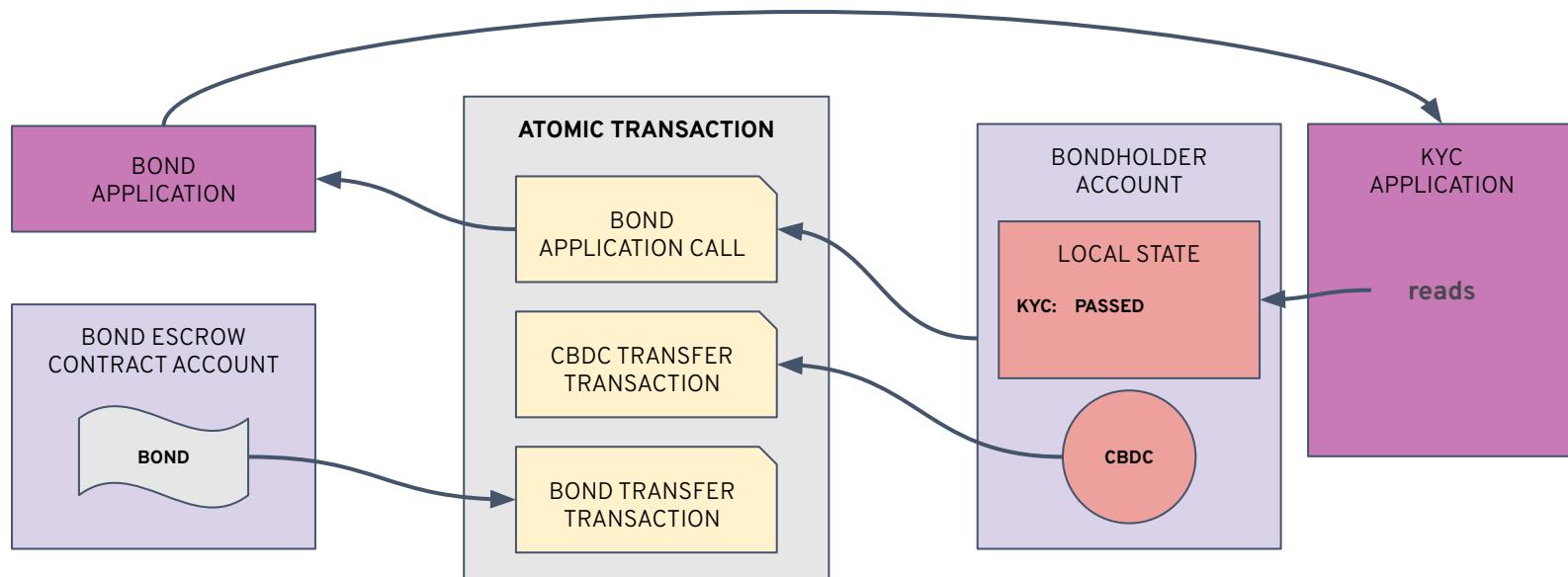
Example: zero coupon bond

# Zero coupon bond

1. Bondholder purchase a bond (only if KYC has been verified)
2. Bond application checks for bond's maturity
3. Bond Issuer re-pays the Bondholder at given rate

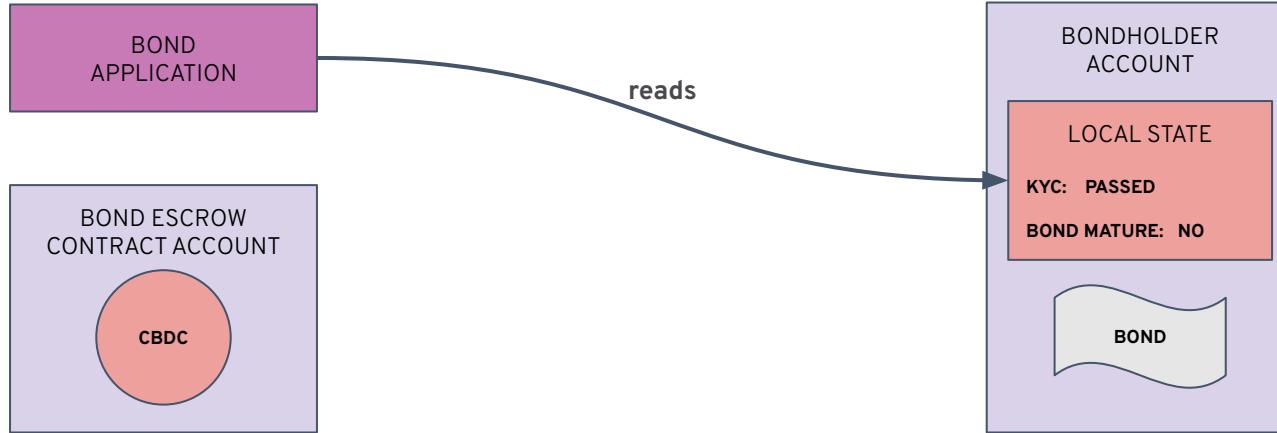
# Zero coupon bond

1. Bondholder purchase a bond (only if KYC has been passed)



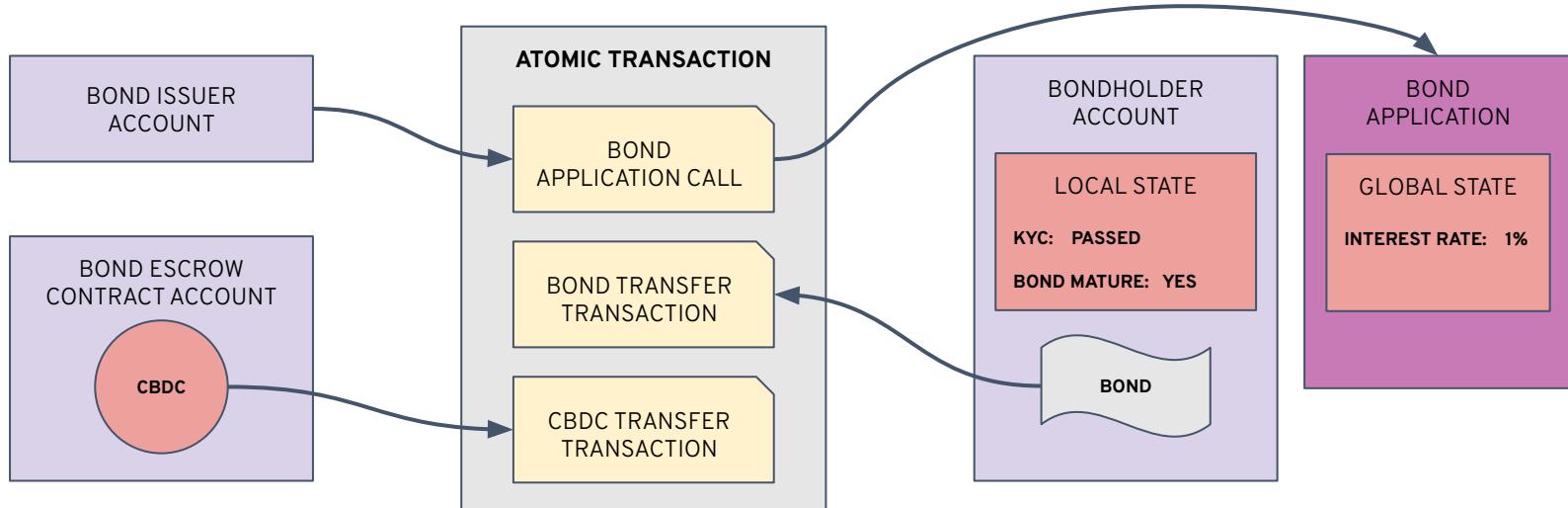
# Zero coupon bond

## 2. Bond application checks for bond's maturity



# Zero coupon bond

3. Bond Issuer re-pays the Bondholder at given rate





## Thanks to the contributors!

- Jason Paulos
- Pietro Grassano

