TU WIEN Informatics

Adaptor Signature Based Atomic Swaps Between Bitcoin and a Mimblewimble Based Cryptocurrency

MASTER'S THESIS

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by

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Vienna, 6th April, 2020

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Erklärung zur Verfassung der Arbeit

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Wien, 6. April 2020

Jakob Abfalter

Acknowledgements

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Abstract

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Contents

CHAPTER 1

Introduction

Pedro: We need to discuss a structure for the introduction. Proposal:
- Introduce why coin exchanges are interesting
- Explain why atomic swaps protocols (e.g., one could use a trusted server for this and problem solved, right?)
- Why coin exchanges between Bitcoin and Mimblewimble?
- Why what you are proposing in this thesis is challenging?
- What are the main contributions of these thesis?
- What do you think is an interesting future research direction?

Mimblewimble The Mimblewimble protocol was introduced in 2016 by an anonymous entity named Jedusor, Tom Elvis [9]. The author's name, as well as the protocols name, are references to the Harry Potter franchise. [1] In Harry Potter, Mimblewimble is a tongue-typing curse which reflects the goal of the protocol's design, which is improving the user's privacy. Later, Andrew Poelstra took up the ideas from the original writing and published his understanding of the protocol in his paper [18]. The protocol gained increasing interest in the community and was implemented in the Grin [2] and Beam [3] Cryptocurrencies, which both launched in early 2019. In the same year, two papers were published, which successfully defined and proved security properties for Mimblewimble [7, 5].

Pedro: I would not add a line break at the end of each paragraph. The template should do that

Pedro: If you are going to compare to Bitcoin, you need to introduce Bitcoin before

Compared to Bitcoin, there are some differences in Mimblewimble:

[1] https://harrypotter.fandom.com/wiki/Tongue-Tying_Curse

[2] https://grin.mw/

[3] https://beam.mw/

- Use of Pedersen commitments instead of plaintext transaction values

  Pedro: The reader does not know what Pedersen commitments are at this point. Perhaps say transaction values are hidden from a blockchain observer while this is not the case in Bitcoin

- No addresses. Coin ownership is given by the knowledge of the opening of the coins Pedersen commitment.

  Pedro: This is also unclear. Could one see the commitment as the "address" in Mimblewimble? Perhaps you want to say that there is no scripting language supported?

- Spend outputs are purged from the ledger such that only unspent transaction outputs remain.

- No scripting features.

Pedro: Use "we" for contributions that you do in the thesis and "they" for parts that are borrowed from other works

Pedro: An intuition of these two terms is required here

Pedro: another sentence that shows that you need to explain before how Bitcoin works (the basics)

By utilizing Pedersen commitments in the transactions, we hide the amounts transferred in a transaction, improving the systems user privacy, but also requiring additional range proofs, attesting to the fact that actual amounts transferred are in between a valid range. Not having any addresses enables transaction merging and transaction cut through, which we will explain in section **??**. However, this comes with the consequence that building transactions require active interaction between the sender and receiver, which is different than in constructions more similar to Bitcoin, where a sender can transfer funds to any address without requiring active participation by the receiver. Through transaction merging and cut-through and some further protocol features, which we will see later in this section, we gain the third mentioned property of being able to delete transaction outputs from the Blockchain, which have already been spent before. This ongoing purging in the Blockchain makes it particularly space-efficient as the space required by the ledger only grows in the number of UTXOs, in contrast to Bitcoin, in which space requirement increases with the number of overall mined transactions. Saving space is especially relevant for Cryptocurrencies employing confidential transactions because the size of the range proofs attached to outputs can be significant.

Pedro: What comes next is hard to read. It requires better organization: Advantages of Mimblewimble are: (i) .., (ii)...; Disadvantages are: (i)..., (ii),...).

Another advantage of this property is that new nodes joining the system do not have to verify the whole history of the Blockchain to validate the current state, making it much easier to join the network. Another limitation of Mimblewimble- based Cryptocurrencies is that at least the current construction does not allow scripts, such as they are available in Bitcoin or similar systems. Transaction validity is given solely by a single valid signature plus the balancedness of inputs and outputs. This shortcoming makes it challenging to realize concepts such as multi signatures or conditional transactions which are required for Atomic Swap protocols. However, as we will see in **??** there are ways we can still construct the necessary transactions by merely relying on cryptographic primitives [7].

CHAPTER 2

Motivation & Objectives

TODO

CHAPTER 3

Preliminaries

In this chapter we will lay down the general notations and definitions required for the later parts of the thesis. In section 3.1 we will define several cryptographic primitives which are required for our constructions. Section 3.2 will describe several definitions around Bitcoin, particularly its transaction structure. After that in secion 3.3 we will discuss the notion of privacy enhancing cryptocurrencies, and then range proofs in section 3.3.2 of which both are needed to understand the Mimblewimble protocol discussed in section 3.4. Finally we explain the concept of scriptless scripts in section 3.5 and adaptor signatures 3.6 which are both relevant building blocks for the constructions found in this thesis.

3.1 General Notation and Definitions

Notation We first define the general notation used in the following chapters to formalize procedures and protocols. Let $\mathbb{G}$ denote a cyclic group of prime order p and $\mathbb{Z}_p$ the ring of integers modulo p with identity element 1_p. $\mathbb{Z}_p^*$ is $\mathbb{Z}_p \setminus \{0\}$. $g,\ h$ are adjacent generators in $\mathbb{G}$, where adjacent means the discrete logarithm of h in regards to g is not known. Exponentiation stands for repeated application of the group operation. We define the group operation between two curve points as $g^a \ \cdot \ g^{g^b} \ \stackrel{?}{=} \ g^{a \ + \ b}$.

Definition 3.1 (Hard Relation)**.** Given a language $L_R \ := \ \{A \mid \exists a \text{ s.t. } (A, a) \in R\}$ then the relation R is considered hard if the following three properties hold: [3]

1. $\mathsf{genRel}((\mathit{1}^n))$ is a PPT sampling algorithm which outputs a statement/witness of the form $(A, a) \in R$.

2. Relation R is poly-time decidable.

3. For all PPT adversaries $\mathcal{A}$ the probability of finding a given A is negligible.

Definition 3.2 (Discrete Logarithm)**.** We define the discrete logarithm in a group $\mathbb{G}$ of a number n as the number m such that for the groups generator g the following holds:

$$g^m \ = \ n$$

The discrete logarithm is a hard relation as defined in 3.1.

Definition 3.3 (Signature Scheme)**.** A signature scheme Φ is a tuple of algorithms $(\mathsf{keyGen},\ \mathsf{sign},\ \mathsf{verf})$ defined as follows: [8]

$$\Phi = (\mathsf{keyGen},\ \mathsf{sign},\ \mathsf{verf})$$

- $(sk, pk) \ \leftarrow \ \mathsf{keyGen}(\mathit{1}^n)$: The keygen function creates a keypair (sk, pk), the public key can be distributed to the verifier(s) and the secret key has to be kept private.

- $\sigma \ \leftarrow \ \mathsf{sign}(m, sk)$: The signing function creates a signature consisting of a variable s and R which is a commitment to the secret nonce n used during the signing process. As an input it takes a message m and the secret key sk of the signer.
- $\{1, 0\} \ \leftarrow \ \mathsf{verf}(m, \sigma, pk)$: The verification function allows a verifier knowing the signature σ, message m and the provers public key pk to verify the signatures validity.

A valid signature scheme has to fulfill two security properties:

- Correctness: For all messages m and valid keypairs (sk, pk) the following must hold with overwhelming probability: $\mathsf{verf}(pk, \mathsf{sign}(sk, m), m) \ \overset{?}{=} \ 1$
- Unforgeability $(\mathsf{EUF} - \mathsf{CMA}\ )$: Informally the existential unforgeability under chosen message attacks holds if an attacker $\mathcal{A}$ is unable to forge a valid signature for a chosen message. A formalization of the property can be found in section 4.4.2

Definition 3.4 (Cryptographic Hash Function)**.** A cryptographic hash function H is defined as $\mathsf{H}(I) \ \rightarrow \ \{0, 1\}^n$ for some fixed number n and some input I [1]. A secure hashing function has to fulfill the following security properties:

- Collision-Resistance (CR): Collision-Resistance means that it is computationally infeasible to find two inputs I_1 and I_2 such that $\mathsf{H}(I_1) \ := \ \mathsf{H}(I_2)$ with $I_1 \ \neq \ I_2$.
- Pre-image Resistance (Pre): In a hash function H that fulfills Pre-image Resistance it is infeasible to recover the original input I from its hash output $\mathsf{H}(I)$. If this security property is achieved, the hash function is said to be non-invertible.

- 2nd Pre-image Resistance (Sec): This property is similar to Collision-Resistance and is sometimes referred to as *Weak Collision-Resistance.* Given such a hash function H and an input I, it should be infeasible to find a different input I^* such that $I \neq I^*$ and $\mathsf{H}(I) \overset{?}{=} \mathsf{H}(I^*)$.

The relation between the input I and the output $\mathsf{H}(I)$ is a hard relation as defined in 3.1.

Definition 3.5 (Commitment Scheme)**.** A cryptographic Commitment Scheme *COM* is defined by a pair of functions ($\mathsf{keyGen}, \mathsf{commit}$) [4].

- $rs \leftarrow \mathsf{setupCom}(1^n)$: The setup procedure is a DPT function, it takes as input a security parameter 1^n and outputs public parameters PP. Depending on PP we define a input space $\mathbb{I}_{PP}$, a randomness space $\mathbb{K}_{PP}$ and a commitment space $\mathbb{C}_{PP}$.
- $C \leftarrow \mathsf{commit}(I, n)$ The commit routine is DPT function that takes an arbitrary input $I \in \mathbb{I}_{PP}$, a random value $n \in \mathbb{K}_{PP}$ and generates an output $C \in \mathbb{C}_{PP}$.

Secure commitments must fulfill the *Binding* and *Hiding* security properties:

- *Binding:* If a Commitment Scheme is binding it must hold that for all *PPT* adversaries $\mathcal{A}$ given a valid input $I \in \mathbb{I}_{PP}$ and randomness $n \in \mathbb{K}_{PP}$ the probabilty of finding a $I^* \neq I$ and a n^* with $\mathsf{commit}(I, n) = \mathsf{commit}(I^*, n^*)$ is negligible.
- *Hiding:* For a *PPT* adversary $\mathcal{A}$, commitment inputs $I_0, I_1 \in \mathbb{I}_{PP}$ randomness $n \in \mathbb{K}_{PP}$ and a commitment output $C := \mathsf{commit}(I_b, n,)$ the probabilty of the adversary choosing the correct b out of $\{0, 1\}$ must not be higher then $\frac{1}{2} + \mathsf{negl}(P)$.

Definition 3.6 (Additive Homomorphic Commitment)**.** A Commitment Scheme as defined in 3.5 is said to be addtive homomorphic if the following holds [4]

$$\mathsf{commit}(I_1, n_1) \cdot \mathsf{commit}(I_2, n_2) = \mathsf{commit}(I_1 + I_2, n_1 + n_2)$$

Definition 3.7 (Pedersen Commitment Scheme)**.** A *Pedersen Commitment Scheme* is an instance of a Commitment Scheme as defined in definition 3.5 that has the additive homomorphic property as defined in 3.6.

This can be achieved as follows: $\mathbb{C}_{PP} := \mathbb{G}$ of order p, $\mathbb{I}_{PP}$, $\mathbb{K}_{PP} := \mathbb{Z}_p$. the procedures ($\mathsf{setupCom}, \mathsf{commit}$) are then instantiated as:

$$\begin{aligned} rs &\leftarrow \mathsf{setupCom}(g, h) := g, h \leftarrow (g, h) \\ C &\leftarrow \mathsf{commit}(I, n) := g^n h^I \end{aligned}$$

An instantiation of the pedersen commitment scheme must pick two adjacent generators g, h for the setup to be secure in terms of hiding and binding. Formally adjacent means that there exists a hard relation between g and h in terms of the discrete logarithm 3.2. That means no x is known such that $h = g^x$. In practice this is often achieved by hashing g and using the hash output as h.

To prove the security of our protocols we define the notion of security in the presence of malicious adversaries, which may deviate from the protocol arbitrarily. To construct the definition we must first define two terms, IDEAL the execution in the ideal model and REAL, the execution in the real model. The following definitions are based on a tutorial paper on simulation proofs by Yehuda Lindell. [13]

Execution in the Ideal Model We have two parties P_1 with input x and P_2 with input y that cooperate to compute a two-party functionality $\mathsf{f} : \{0,1\}^* \times \{0,1\}^* \rightarrowtail \{0,1\}^* \times \{0,1\}^*$. The adversary $\mathcal{A}$ either controls P_1 or P_2. The ideal execution IDEAL relies on the assumption that we have access to a trusted third party and proceeds in the following steps:

1. **Inputs:** The input of P_1 is x and the input of P_2 is y. Both parties get an additional auxiliary input z. We note that we can generalize the concept to functions which require multiple inputs or even functions which do not require any input. In the case of multiple inputs the inputs of P_1 would then b a list $[x_i]$ and the inputs of P_2 a list $[y_i]$. For the case of simplicity we here describe the case with one single parameter provided by each party.

2. **Send Inputs:** The honest party (the one which is not controlled by $\mathcal{A}$) sends its input x (resp. y) to the trusted third party. The malicious party can either abort the execution by sending the symbol abort to the trusted third party, send its input x (resp. y), or send an arbitrarily chosen string k with the same length to x to proceed with the protocol execution. The decision is made by $\mathcal{A}$ and may depend on the input or auxilary input z. We denote (x^*, y^*) as the inputs received by the trusted third party. If P_1 is malicious then $(x^*, y^*) = (k, y)$, if P_2 is malicious then $(x^*, y^*) = (x, k)$.

3. **Abort:** If the trusted third party has received abort from one of the parties, then it sends abort to both parties.

4. **Answer to Adversary:** After having received both inputs the trusted third party computes $\mathsf{f}(x^*, y^*) = (\mathsf{f}_1(x^*, y^*), \mathsf{f}_2(x^*, y^*))$ and proceeds by sending $\mathsf{f}_1(x^*, y^*)$ (respective $\mathsf{f}_2(x^*, y^*)$) to the adversary.

5. **Adversary Instructs Trusted Party:** $\mathcal{A}$ now again has the option of sending abort to the trusted third party to stop the execution. Otherwise it may send $\mathsf{continue}$ which means the output $\mathsf{f}_1(x^*, y^*)$ (respective $\mathsf{f}_2(x^*, y^*)$) will be delivered to the honest party.

6. **Outputs:** The honest party outputs the answer of the trusted third party. The malicious party may output an arbitrary function of its input, the auxiliary string z, or the answer for the trusted party.

Let $\mathcal{A}$ be a non-uniform PPT algorithm and $i \in \{1, 2\}$ be the index of the corrupted party. We then denote $\mathsf{IDEAL}_{\mathsf{f},\mathsf{P}(z),i}(x, z)$ as the ideal execution of f on inputs (x, y) with auxiliary input z to $\mathcal{A}$ and security param 1^n defined as the output pair of the honest party and $\mathcal{A}$ from the ideal execution.

Execution in the Real Model Again let $\mathcal{A}$ be a non-uniform PPT adversary and $i \in \{1, 2\}$ be the index of the corrupted party. In this model a real two-party protocol γ is executed but the adversary $\mathcal{A}$ sens alls messages in place of the corrupted party, and may follow an arbitrary polynomial-time strategy. Then the real execution of the two-party protocol γ between P_1 and P_2 on inputs (x, y) and auxiliary input z to $\mathcal{A}$ and security parameter 1^n is denoted by $\mathsf{REAL}_{\mathsf{f},\mathsf{P}(z),i}(x, z)$ and is defined as the output pair of the honest party and the adversary $\mathcal{A}$ from the real execution of γ.

Definition 3.8 (Security in the Malicious Setting)**.** We say a two-party protocol γ securely computes a function f with aborts and inputs (x, y) in the malicious setting if for every non-uniform PPT adversary $\mathcal{A}$ in the real model, there exists a non-uniform PPT algorithm $\mathcal{S}$, refered to as simulator, such that

$$\{\mathsf{IDEAL}_{\mathsf{f},\mathcal{S}(z),i}(x, z) \ \equiv_c \ \mathsf{REAL}_{\mathsf{f},\mathcal{A}(z),i}(x, z)\}$$

where $|x| = |y|$ and $z = \mathsf{poly}(|\mathsf{x}|)$. [13]

3.2 Bitcoin

In this section we will discuss the basics of the Bitcoin transaction protocol. We will find definitions which we will use later in section 5.5 to construct an atomic swap protocol. The main reference of this section is the book Mastering Bitcoin by Andreas Antonopoulos [2].

3.2.1 Bitcoin Transaction Protocol

A *Bitcoin Transaction* is a data structure which allows transferring value between participants of the network. In Bitcoin there are no user balances or user accounts, instead the UTXO model (unspent transaction outputs) is empoloyed. An UTXO is a output constructed in a previous transaction which holds value in the form of an amount expressed in Bitcoin (more precisely in Satoshis, which is the smallest unit of Bitcoin) and a locking condition (referred to as scriptPubKey). Unspent means that this output has not been spent yet in a transaction and its funds are therefore available to be redeemed by a participant capable of unlocking the output. To unlock this value one has to provide a script fulfilling the locking condition, referred to as scriptSig. In the most common case the lock condition will be to provide a valid signature under a public key. This is referred to as a P2PK or P2PKH output which we will see in more detail in section 3.2.1. However, more complex conditions, such we shall see in section 3.2.1 are possible.

Definition 3.9 (Unspent Transaction Output - UTXO)**.** An unspent transaction output is a data structure consisting of a locking condition *spk*, a value expressed in Bitcoin v and an unlocking script σ which is initially empty and has to be provided by the owner when spending the UTXO in a transaction. In this paper we generally use ψ to refer to a singular UTXO and Ψ to refer to a set of UTXOs.

$$\psi \ := \ \{v, \ spk, \ \sigma\}$$

We define three auxiliary functions for the creation, spending and verification of an UTXO. Note that we use verf as a generalization of a verification function. In practice verifcation of a UTXO will most of the time correspond to the verification of a digital signature. However, as we shall see in 3.2.1 this is not necessarily always the case.

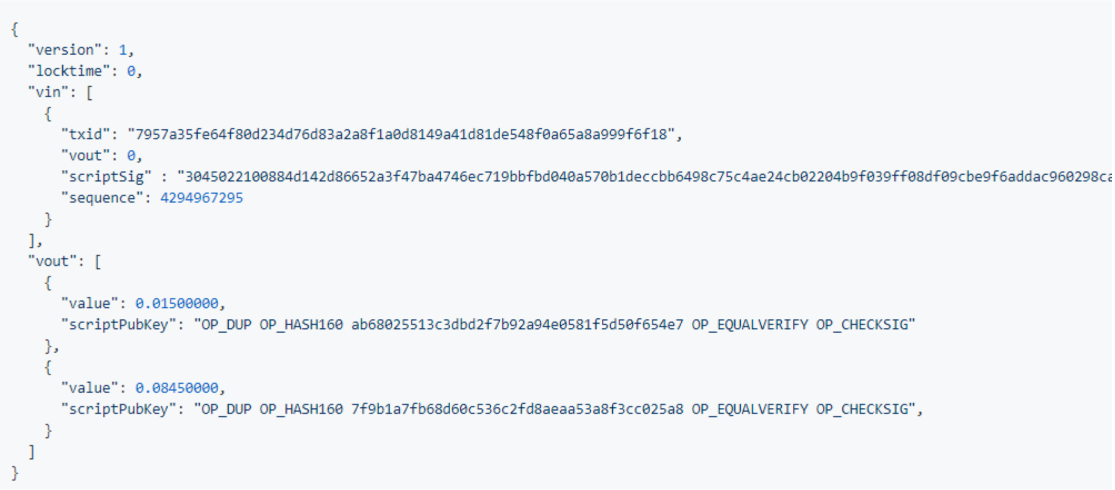
```
createUTXO($v, spk$)
    return $\psi := \{v := v, spk := spk, \sigma := \emptyset\}$
spendUTXO($\psi, \sigma$)
    $\{v, spk\} \leftarrow \psi$
    return $\psi := \{v := v, spk := spk, \sigma := \sigma\}$
verfUTXO($\psi$)
    $\{v, spk, \sigma\} \leftarrow \psi$
    return verf($spk, \sigma, v$)
```

Now a full transaction consists of one, or many UTXOs as inputs and one or many UTXOs as output. For the transaction to be considered valid the σ fields in the inputs need the be correctly filled, and the value in the newly created output UTXOs must not exceed the value stored in the spending UTXOs. A value lower than what is provided in the inputs is allowed, this means the miner of the transaction gets to collect the difference as a fee. The higher this fee, the more incentive the miners will have to include your transaction in the blockchain. Additionally a transaction consists of a version number, and a locktime field which semantically means that a transaction will only be seen as valid after a certain block number in the Bitcoin blockchain was mined. Figure 3.1 shows a decoded Bitcoin transaction. [1]

Definition 3.10 (Bitcoin Transaction)**.** A Bitcoin transaction consists of a series of input UTXOs Ψ_{inp}, a series of output UTXOs Ψ_{out}, a transaction version *vs*, and an optional locktime t:

$$tx_{btc} \ := \ \{vs, t, \Psi_{inp}, \Psi_{out}\}$$

[1] https://github.com/bitcoinbook/bitcoinbook/blob/develop/ch06.asciidoc



```
{
  "version": 1,
  "locktime": 0,
  "vin": [
    {
      "txid": "7957a35fe64f80d234d76d83a2a8f1a0d8149a41d81de548f0a65a8a999f6f18",
      "vout": 0,
      "scriptSig" : "3045022100884d142d86652a3f47ba4746ec719bbfbd040a570b1deccbb6498c75c4ae24cb02204b9f039ff08df09cbe9f6addac960298ca
      "sequence": 4294967295
    }
  ],
  "vout": [
    {
      "value": 0.01500000,
      "scriptPubKey": "OP_DUP OP_HASH160 ab68025513c3dbd2f7b92a94e0581f5d50f654e7 OP_EQUALVERIFY OP_CHECKSIG"
    },
    {
      "value": 0.08450000,
      "scriptPubKey": "OP_DUP OP_HASH160 7f9b1a7fb68d60c536c2fd8aeaa53a8f3cc025a8 OP_EQUALVERIFY OP_CHECKSIG",
    }
  ]
}
```

Figure 3.1: A decoded Bitcoin transaction

A transaction is valid if the follwing conditions are fullfilled:

- The total value of inputs is greater or equal the total value of outputs.
- For all $\psi \in \psi$ $\mathsf{verfUTXO}(\psi) = 1$ must hold.
- All input UTXOs have not been spent before.
- If a locktime t is given, the current block on the Bitcoin blockchain needs to be higher or equal t.

Definition 3.11 (Bitcoin Transaction Scheme)**.** We define a Bitcoin Transaction scheme as a tupel of three DPT functions $(\mathsf{buildTransaction}, \mathsf{signTransaction}, \mathsf{verfTransaction})$.

- $tx_{btc} \leftarrow \mathsf{buildTransaction}(\Psi_{inp}, \Psi_{out}, vs, t)$: The transaction building algorithm is a DPT function which takes as input a set of unspent transaction outputs Ψ_{inp}, a set of newly created transaction outputs Ψ_{out} a version number vs and a optional locking time t. The algoritm will output an unsigned transaction tx_{btc}.
- ${tx_{btc}}^* \leftarrow \mathsf{signTransaction}(tx_{btc}, [\sigma])$: The transaction signing algoritm is DPT function which takes as input a unsigned Bitcoin transaction tx_{btc} and an array of unlocking scripts $[\sigma]$ for all inputs of the transaction. The algoritm outputs a signed Bitcoin transaction which can now be broadcast to the network.
- $\{1, 0\} \leftarrow \mathsf{verfTransaction}(tx_{btc})$: The verification algorithm is a DPT function taking as input a transaction tx_{btc} outputing 1 on a successfull verification or 0 otherwise. The function will check the well-balancedness of the transaction,

verify the unlocking scripts, locktime as well as scanning through the blockchain if all inputs are indeed unspent. Note that any public verifier with access to the blockchain ledger and tx_{btc} will be able to perform the verification.

Following we will outline two common structures of Bitcoin outputs the P2PK/P2PKH and the P2SH outputs.

P2PK, P2PKH

P2PK stands for Pay-to-Public-Key and P2PKH for Pay-to-Public-Key-Hash. In this type of output *spk* will be constructed such that its value unlocks if a correct signature is provided in σ for a corresponding public key *pk*. P2PKH is an update to this script in which the *spk* contains a hashed version of the public key *pk*, instead of the public key itself. To spend a P2PKH output one has to provide the unhashed public key in addition to a valid signature. This type of output, is the most commonly used output in the Bitcoin blockchain to transfer value from one participant to another. Delgado et at. found in their paper Analysis of the Bitcoin UTXO set from 2017 that more then 80% of the UTXO set at that time consisted of P2PKH transactions, whereas about 17% were P2SH and 0.12% P2PK outputs. [6] P2PKH outputs can be encoded into a Bitcoin address using base58 encoding. This addresses can be handed out to request a payment from somebody.

P2SH

If more advanced spending conditions, such as multi signature are required, P2SH (Pay-to-script-hash), introduced in 2012, is a way to implement those in a space efficient and simple matter. Here the locking condition *spk* does not contain a script, but instead the hash of a script. Upon spending the spender has to provide the original script as well as the unlocking requirements for the script itself. Upon verification the hash of the provided script will be computed and compared with the value given in the locking condition, if those match the actual script will be executed. The advantages of using this approach over just handcrafting a custom locking script is that the locking scripts are rather short making the transactions smaller and therefore reducing fees, or rather shifting the fees from the sender to the owner of the output. Additionally this type of output can be encoded again into a Bitcoin address similar to a P2PKH output, making it easy to request a payment.

3.3 Privacy-enhancing Cryptocurrencies

3.3.1 Zero Knowledge Proofs

3.3.2 Range Proofs

Definition 3.12 (Rangeproof System)**.** A Rangeproofs system $\Pi[COM]$ with regards to a homomorphic commitment scheme COM consists of a tupel of functions $(\mathsf{ranPrfSetup}, \mathsf{ranPrf}, \mathsf{vrfRanPrf})$.

- $ps \leftarrow \mathsf{ranPrfSetup}(\mathit{1}^n, i, j)$: The rangeproof setup algorithm takes as input a security paramter $\mathit{1}^n$ as well as two numbers i and j which are treated as exponents of 2 to define the lower and upper bound of the rangeproof protocol.

- $\pi \leftarrow \mathsf{ranPrf}(C, v, r)$: The proof algorithm is a DPT function which takes as input a commitment C a value v and a blinding factor r. It will output a proof π attesting to the statement that the value v of commitment C is in between the range $\langle lb, ub \rangle$ as defined during the $\mathsf{ranPrfSetup}$ function.

- $\{1, 0\} \leftarrow \mathsf{vrfRanPrf}(\pi, C)$: The proof verification algorithm is a DPT function which verifies the validity of the proof π with regards to the commitment C. It will output 1 upon a successfull verification or 0 otherwise.

Definition 3.13 (Multiparty Rangeproof System)**.** A Multiparty Rangeproof Sytem $\Pi_{mp}[COM]$ with regards to a homomorphic commitment scheme COM is an extension of the regular Rangeproof Sytem with the following distributed protocol $\mathsf{dRanPrf}$.

- $\pi \leftarrow \mathsf{dRanPrf}\langle (C, v, r_A), (C, v, r_B) \rangle$: The distributed proof protocol allows two parties Alice and Bob, each owning a share of the commitment C to cooperate in order to produce a valid range proof π without a party learning the blinding factor share from the other party.

For MP proofs [10]

3.4 Mimblewimble

In this section we will outline the fundamental properties of the protocols employed in Mimblewimble which are relevant for the thesis and particularly the construction of the Atomic Swap protocol constructed in chapter 5.

Transaction Structure

First we will define the notion of a coin in Mimblewimble which has similarity to an unspent transction output (UTXO) in Bitcoin.

Definition 3.14 (Mimblewimble Coin)**.** For two adjacent elliptic curve generators g and h a coin in Mimblewimble is a tuple of the form $(\mathcal{C}, \pi)$, where $\mathcal{C} := g^v \cdot h^n$ is a Pedersen Commitment [17] to the value v with blinding factor n. π is a range proof attesting to the statement that v is in a valid range in zero-knowledge. The valid range is defined by the specific implementation, in pratice $\langle 0, 2^{64} - 1 \rangle$ is used in the most prominant implementations.

A Mimblewimble transaction consists of $\mathcal{C}_{inp} := (\mathcal{C}_1, \ldots, \mathcal{C}_n)$ input coins and $\mathcal{C}_{out} := (\mathcal{C}'_1, \ldots, \mathcal{C}'_n)$ output coins.

Definition 3.15 (Transaction well-balancedness)**.** A transaction is considered *well-balanced* iff $\sum v_i' - \sum v_i = 0$ so the sum of all output values subtracted from the sum of input values has to be 0. (Not taking transaction fees into account)

Definition 3.16 (Transaction validity)**.** A transaction is valid if:

- The transaction is well-balanced as defined in definition 3.15
- $\forall \; (\mathcal{C}_i \pi_i) \in \mathcal{C}_{out} \; \mathsf{vrfRanPrf}(\pi_i, \mathcal{C}_i) = 1$

From the definition of *Transaction validity* we can derive the following equation:

$$\sum \mathcal{C}_{out} - \sum \mathcal{C}_{inp} = \sum (h^{v_i'} \cdot g^{n_i'}) - \sum (h^{v_i} \cdot g^{n_i})$$

So if we assume that a transaction is valid then we are left with the following so called excess value:

$$\mathcal{E} = g^e = g^{(\sum n_i' - \sum n_i)}$$

Knowledge of the opening of all coins, and the well-balancedness of the transaction implies knowledge of the discrete logarithm e of $\mathcal{E}$. Directly revealing e would leak too much information, an adversary knowing the openings for input coins and all but one output coin, could easily calculate the unknown opening given $\mathcal{E}$. Therefore instead knowledge of the discrete logarithm to $\mathcal{E}$ is proven by providing a valid signature for $\mathcal{E}$ as public key. Finally we would like to add that coinbase transactions (transactions creating new money as part of mining reward) additionally include the newly minted money as supply s in the excess equation as follows:

$$\mathcal{E} := g^{(\sum n_i' - \sum n_i)} - h^s$$

Finally a Mimblewimble transaction is of form:

$$tx := (s, \; \mathcal{C}_{inp}, \; \mathcal{C}_{out}, \; K) \text{ with } K := (\{\pi\}, \; \{\mathcal{E}\}, \; \{\sigma\})$$

where s is the transaction supply amount, $\mathcal{C}_{inp}$ is the list of input coins, $\mathcal{C}_{out}$ is the list of output coins and K is the transaction Kernel. The Kernel consists of $\{\pi\}$ which is a set of all output coin range proofs, $\{\mathcal{E}\}$ a set of excess values and finally $\{\sigma\}$ a set of signatures [7]. Even though normally a transaction would only require a single excess value and signature, for reasons we will see in the next section these fields always have to be lists instead of just a single value.

Transaction Merging

An intriging property of the Mimblewimble protocol is that two transactions can easily be merged into a single one, which is essentially a non-interactive version of the CoinJoin protocol on Bitcoin [15]. Assume we have the following two transactions:

$$\begin{aligned} tx_0 &:= (s_0,\ \mathcal{C}^0_{inp},\ \mathcal{C}^0_{out},\ (\{\pi_0\},\ \{\mathcal{E}_0\},\ \{\sigma_0\})) \\ tx_1 &:= (s_1,\ \mathcal{C}^1_{inp},\ \mathcal{C}^1_{out},\ (\{\pi_1\},\ \{\mathcal{E}_1\},\ \{\sigma_1\})) \end{aligned}$$

Then we can build a single merged transaction:

$$tx_m \ := \ (s_0 \ + \ s_1,\ \mathcal{C}^0_{inp} \mid\mid \mathcal{C}^1_{inp},\ \mathcal{C}^0_{out} \mid\mid \mathcal{C}^1_{out},\ (\{\pi_0\} \mid\mid \{\pi_1\},\ \{\mathcal{E}_0\} \mid\mid \{\mathcal{E}_1\},\ \{\sigma_0\} \mid\mid \{\sigma_1\})$$

We can easily deduce that if tx_0 and tx_1 are valid, it must follow that tx_m is valid:
If tx_0 and tx_1 are valid as of definition 3.16 that means $\mathcal{C}^0_{inp} \ - \ \mathcal{C}^0_{out} \ - \ h^{s_0} \ = \ \mathcal{E}_0$, $\{\pi_0\}$ contains valid range proofs for the outputs $\mathcal{C}^0_{out}$ and $\{\sigma_0\}$ contains a valid signature to $\mathcal{E}_0 \ - \ h^{s_0}$ as public key, the same must hold for tx_1.

By the rules of arithmetic it then must also hold that

$$\mathcal{C}^0_{inp} \mid\mid \mathcal{C}^1_{inp} \ - \ \mathcal{C}^0_{out} \mid\mid \mathcal{C}^1_{out} \ - \ h^{s_0 \ + \ s_1} \ = \ \mathcal{E}_0 \ \cdot \ \mathcal{E}_1$$

$\{\pi_0\} \mid\mid \{\pi_1\}$ must contain valid range proofs for the output coins and $\{\sigma_0\} \mid\mid \{\sigma_1\}$ must contain valid signatures to the respective Excess points, which makes tx_m a valid transaction.

Subset Problem A subtle problem arises with the way transactions are merged in Mimblewimble. From the construction shown earlier, it is possible to reconstruct the original separate transactions from a merged one, which can be a privacy issue. Given a set of inputs, outputs, and kernels, a subset of these will recombine to reconstruct one of the valid transaction which were aggregated since kernel excess values are not combined. Recall the merged transaction from earlier:

$$tx_m \ := \ (s_0 \ + \ s_1,\ \mathcal{C}^0_{inp} \mid\mid \mathcal{C}^1_{inp},\ \mathcal{C}^0_{out} \mid\mid \mathcal{C}^1_{out},\ (\{\pi_0\} \mid\mid \{\pi_1\}),\ \{\mathcal{E}_0\} \mid\mid \{\mathcal{E}_1\},\ \{\sigma_0\} \mid\mid \{\sigma_1\})$$

Since the attacker has access to both $\mathcal{E}_0$ and $\mathcal{E}_1$ as well as σ_0 and σ_1, he can simply try different combinations of input values $\{\mathcal{C}_{inp}\}^*$ and output values $\{\mathcal{C}_{out}\}^*$ until he finds a combination under which the transaction is valid with $\mathcal{E}_0, \sigma_0$ or $\mathcal{E}_1, \sigma_1$. Thereby the attacker was able to reconstruct one of the original transactions from which tx_m was constructed. Following this method he might be able to uncover all original transactions from the merged one.

This problem has been mitigated in cryptocurrencies implementing the protocol by including an additional variable o in the Kernel, called offset value. Briefly recall the construction of the excess value $\mathcal{E}$:

$$\mathcal{E} \ := \ g^e$$

In order to solve the problem we redefine $\mathcal{E}$ as:

$$\mathcal{E} \ := \ g^{e \ - \ o}$$

Since o is now also included in the transaction kernel and therefore known to the verifier, the public verification is still possible. Now every time two transactions are merged with the method layed out previously, the two individual offset values o_0, o_1 are combined into a single value o_m. If offsets are picked truly randomly, and the possible range of values is broad enough, the probability of recovering the uncombined offsets from a merged one becomes negligible, making it infeasible to recover original transactions from a merged one [18].

Cut Through From the way transactions are merged together, we can now learn how to purge spent outputs securely. Let's assume $\mathcal{C}_i$ appears as an output in tx_0 and as an input in tx_1:

$$\begin{aligned} tx_0 &:= (s_0,\ \mathcal{C}^0_{inp},\ \mathcal{C}^i_{out},\ (\{\pi_0\},\ \{\mathcal{E}_0\},\ \{\sigma_0\})) \\ tx_1 &:= (s_1,\ \mathcal{C}^i_{inp},\ \mathcal{C}^1_{out},\ (\{\pi_1\},\ \{\mathcal{E}_1\},\ \{\sigma_1\})) \end{aligned}$$

Essentially this means tx_1 spends a coin created in tx_0. Now lets recall the equation given for transaction well-balancedness in 3.15:

$$\sum \mathcal{C}_{out} - \sum \mathcal{C}_{inp} = \sum (g^{n'_i}) - \sum (g^{n_i})$$

If we merge tx_0 with tx_1 as done previously the coin $\mathcal{C}_i$ will appear both in $\sum \mathcal{C}_{inp}$ and $\sum \mathcal{C}_{out}$. Therefore we can erase $\mathcal{C}_i$ from both lists, while maintaining transaction balancedness. Informally this means that every time a coin gets spend, it can be erased from the ledger, without breaking the rules of the system. This property is employed in the Mimblewimble protocol to reduce the space requirements of the protocol as well as provide a notion of unlinkability, as transaction histories can be erased.

Transaction Building

As already pointed out, building transactions in Mimblewimble is an interactive process between the sender and receiver of funds. Jedusor, Tom Elvis originally envisioned the following two-step process to build a transaction: [9]

Assume Alice wants to transfer coins of value p to Bob.

1. Alice first selects an input coin $\mathcal{C}_{inp}$ (or potentially multiple) in her control with total stored value v with $v \geq p$. She then creates change coin outputs $\mathcal{C}^A_{out}$ (could again be multiple) with the remainder of her input value substracted by the value send to Bob. For her newly created output coins and her input coins she calculates her part of discrete logarithm x (her part of the key) to the final $\mathcal{E}$ and sends all this information to Bob as a pre-transaction.

2. Bob creates himself additional output coins $\mathcal{C}^B_{out}$ of total value p and similar to Alice creates his share x^* of the discrete logarithm of $\mathcal{E}$. Together with the share received by Alice he can now create a signature to $\mathcal{E}$ and finalize the transaction

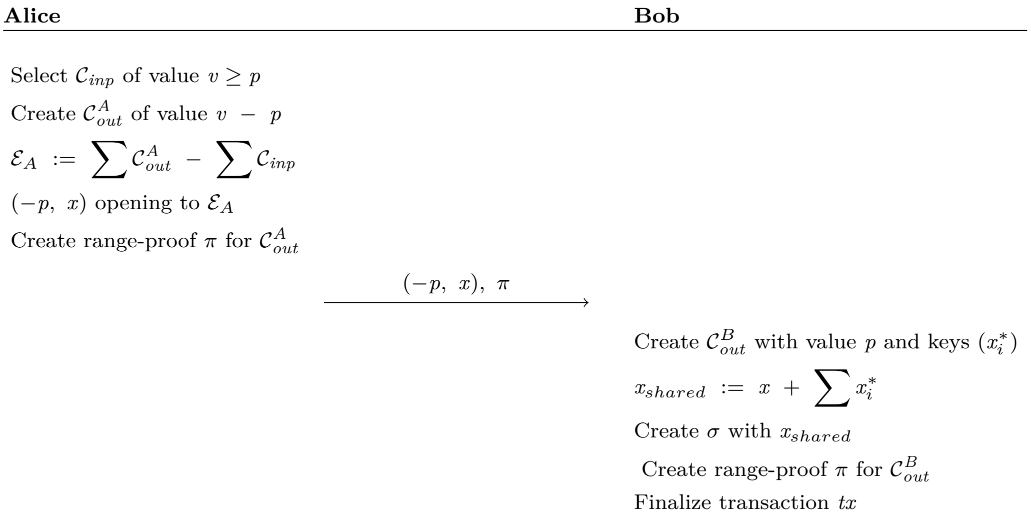

Alice
Bob
Select $\mathcal{C}_{inp}$ of value $v \geq p$
Create $\mathcal{C}_{out}^{A}$ of value $v \; - \; p$
$\mathcal{E}_A \; := \; \sum \mathcal{C}_{out}^{A} \; - \; \sum \mathcal{C}_{inp}$
$(-p, \; x)$ opening to $\mathcal{E}_A$
Create range-proof π for $\mathcal{C}_{out}^{A}$
$(-p, \; x), \; \pi$
Create $\mathcal{C}_{out}^{B}$ with value p and keys (x_i^*)
$x_{shared} \; := \; x \; + \; \sum x_i^*$
Create σ with x_{shared}
Create range-proof π for $\mathcal{C}_{out}^{B}$
Finalize transaction tx

Figure 3.2: Original transaction building process

Figure 3.2 depicts the original transaction flow.

This protocol however turned out to be insecure as it is vulnerable to the following attack: The receiver could spend Alice's change coins $\mathcal{C}_{out}^{A}$ by reverting the transaction. Doing this would give the sender his coins back, however as the sender might not have the keys for his spent outputs anymore, the coins could then be lost.

In detail this reverting transaction would look like:

$$tx_{rv} \; := \; (0, \; \mathcal{C}_{out}^{A} \; || \; \mathcal{C}_{out}^{B}, \; \mathcal{C}_{inp}, \; (\pi_{rv}, \; \mathcal{E}_{rv}, \; \sigma_{rv}))$$

So in essence it is exactly the reverse of the previous transaction. Again remembering the construction of the excess value of this construction would look like this:

$$\mathcal{E}_{rv} \; := \; \sum \mathcal{C}_{out}^{A} \; || \; \mathcal{C}_{out}^{B} \; - \; \mathcal{C}_{inp}$$

The key x originally sent by Alice to Bob is a valid opening to $\sum \mathcal{C}_{inp} \; - \; \sum \mathcal{C}_{out}^{A}$. With the inverse of this key x_{inv} we get the opening to $\sum \mathcal{C}_{out}^{A} \; - \; \mathcal{C}_{inp}$. Now all Bob has to do is add his key x^* to get:

$$x_{rv} \; := \; -x \; + \; x^*$$

which is the opening to $\mathcal{E}_{rv}$. Therefore Bob is able to construct a valid signature under $\mathcal{E}_{rv}$. Range proofs can just be reused, because this transaction spends to a coin which has already existed on the ledger with the same blinding factor and value, meaning the proof will still be valid.

In essence this means Bob spends the newly created outputs and sends them back to the original input coins, chosen by Alice. It might at first seem unclear why Bob would do that. An example situation could be if Alice pays Bob for some good which Bob is selling. Alice decides to pay in advance, but then Bob discovers that he is already out of stock of the good that Alice ordered. To return the funds to Alice, he reverses the transaction instead of participating in another interactive process to build a new transaction with new outputs. If Alice already deleted the keys to her initial coins, the funds are now lost. The problem was solved in the Grin and Beam Mimblewimble implementations by making the signing process itself a two-party process which will be explained in more detail in chapter 4.

Alternatively Fuchsbauer et al. [7] proposed another way to build transactions which would not be vulnerable to this problem:

1. Alice constructs a full-fledged transaction tx_A spending her input coins $\mathcal{C}_{inp}$ and creates her change coins $\mathcal{C}_{out}^{A}$, plus a special output coin $\mathcal{C}_{out}^{sp} := h^p \cdot g^{x_{sp}}$, where p is the desired value which should be transferred to Bob and x_{sp} is a randomly choosen key. She proceeds by sending tx_A as well as $(p,\ x_{sp})$ and the necessary range proofs to Bob.

2. Bob now creates a second transaction tx_B spending the special coin $\mathcal{C}_{out}^{sp}$ to create an output only he controls $\mathcal{C}_{out}^{B}$ and merges tx_A with tx_B into tx_m. He then broadcasts tx_m to the network. Note that when the two transactions are merged the intermediate special coin $\mathcal{C}_{out}^{sp}$ will be both in the coin output and input list of the transaction and therfore will be discarded.

One drawback of this approach is that we have two transaction kernels instead of just one because of the merging step, making the transaction slightly bigger, however there is still only one interaction required between Alice and Bob. In the solution employed by the Grin and Beam implementations which we will discuss in chapter 5, at least one additional round of interaction will be required. A figure showing the protocol flow is depicted in Figure 3.3.

3.5 Scriptless Scripts

3.6 Adaptor Signatures

Alice		**Bob**
Select $\mathcal{C}_{inp}$ of value $v \geq p$		
Create $\mathcal{C}_{out}^{A}$ of value $v - p$		
$x_{sp} \leftarrow\$ \mathbb{Z}_p^*$		
Create $\mathcal{C}_{out}^{sp} := h^p + g^{x_{sp}}$		
Construct and sign tx_A with $\mathcal{C}_{inp}, \mathcal{C}_{out}^{A}, \mathcal{C}_{out}^{sp}$		
	$\xrightarrow{tx_A,\ p,\ x_{sp}}$	
		Create $\mathcal{C}_{out}^{B}$ with value p
		Create tx_B spending $\mathcal{C}_{out}^{sp}$ to $\mathcal{C}_{out}^{B}$
		Merge tx_A and tx_B to tx_m
		Publish tx_m

Figure 3.3: Salvaged transaction protocol by Fuchsbauer et al. [7]

CHAPTER 4

Two Party Fixed Witness Adaptor Signatures

In this chapter, we will define a variant of the adaptor signature scheme as explained in section 3.6. This new variant is tailored specifically to meet the requirements of being applicable in the scenario of two-party signature protocols, constructable for aggregateable signature schemes such as Schnorr [16]. In a two-party signature protocol each party holds only a share of a private key (to a composite public key) for which they want to cooperatively create a signature. The advantage of our adapted signature scheme in comparison to the original definition is that in the two-party scenario mentioned above we do not need to introduce an additional pre-signature step. Instead one of the partial signatures created and exchanged by the two parties will serve as what is defined as the pre-signature by Aumayr et al., allowing for a simpler protocol. In particular our protocol will allow one of the two parties, to hide a witness value x of $(x, X) \in R$ (where R is a hard relation as of definition 3.1) inside his partial signature. The second party (knowing X, but not x) can verify that x is indeed contained in the partial signature received by the peer. To complete the final signature the party knowing x has to first replace his original partial signature (adapted with x) with the unadapted version. The second party, having previously received the adapted partial signature is now able to extract x from the final signature. This feature can then be leveraged to build an Atomic Swap protocol as we will show in chapter 5.

The rest of the chapter is organized as follows: First we will define the general two-party Schnorr signature protocol, as it is currently implemented in Mimblewimble-based cryptocurrencies. We will then show that the final signatures output by the protocol fulfill the same properties as regular Schnorr signatures seen in [19] and prove correctness of the protocol. From this two-party protocol, we then derive the adapted variant already mentioned before. We start by defining our extended signature scheme in section 4.1, proceed by providing a Schnorr-based instantiation of the protocol in section 4.2 and finally prove its correctness and security in section 4.4.

4.1 Definitions

A two-party signature scheme is an extension of a signature scheme as defined in definition 3.3, which allows us to distribute signature generation for a composite public key shared between two parties Alice and Bob. Alice and Bob want to collaborate to generate a signature valid under the composite public key $pk := pk_A \cdot pk_B$ without having to reveal their secret keys to each other. The definition below was constructed with the goal in mind of formalizing exactly what is currently implemented and used in Mimblewimble-based cryptocurrencies.

Definition 4.1 (Two Party Signature Scheme)**.** A *two party signature scheme* Φ_{MP} extends a signature scheme Φ with a tuple of protocols and algorithms $(\mathsf{dKeyGen}, \mathsf{signPt}, \mathsf{vrfPt}, \mathsf{finSig})$ defined as follows:

- $((sk_A, pk_A, n_A, \Lambda), (sk_B, pk_B, n_B, \Lambda)) \leftarrow \mathsf{dKeyGen}\langle 1^n, 1^n\rangle$: The distributed key generation protocol takes as input the security parameter from both Alice and Bob and returns the tuple $(sk_A, pk_A, n_A, \Lambda)$ to Alice (similar to Bob) where (sk_A, pk_A) is a pair of private and corresponding public keys, n_A a secret nonce and Λ is the signature context containing parameters shared between Alice and Bob. We introduce Λ for the participants to share as well as update parameters with each other during the protocol execution. Note that this context always has to be consistent between the two parties. That means if Alice were to update Λ, she has to sent the updated version to Bob to continue protocol.
- $(\tilde{\sigma_A}) \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$: The partial signing algorithm is a DPT function that takes as input the message m, the share of the secret key sk_A and nonce n_A (similiar for Bob) as well as the shared signature context Λ. The procedure outputs $(\tilde{\sigma_A})$, that is, a share of the signature to a participant.
- $\{1, 0\} \leftarrow \mathsf{vrfPt}(\tilde{\sigma_A}, m, pk_A)$: The share verification algorithm is a DPT function that takes as input a signature share $\tilde{\sigma_A}$, a message m, and the other participants public key pk_A (similiar pk_B for Bobs partial signature). The algorithm returns 1 if the verification was successful or 0 otherwise.
- $\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B})$: The finalize signature algorithm is a DPT function that takes as input two shares of the signatures and combines them into a final signature valid under the composite public key $pk = pk_A \cdot pk_B$.

We require the two party signature scheme to be correct as well as secure as of definition 3.8 . For the security of the distributed key-generation protocol $\mathsf{dKeyGen}$, special care needs to be taken to protect the scheme against rogue-key attacks. In such an attack one of the public keys is computed as a function of the other parties public key, allowing the corrupted signer to produce forged signatures under the honest users public key without knowing its secret key [16].

From the definition 4.1, we now derive an adapted signature scheme Φ_{Apt}, which allows one of the participants to hide a secret witness value inside his partial signature.

Definition 4.2 (Two Party Fixed Witness Adaptor Signature Scheme)**.** Given a pair $(x, X) \in R$ (where R is a hard relation as of definition 3.1) a Two Party Fixed Witness Adaptor Signature Scheme Φ_{Apt} is an extension to Φ_{MP} with the following algorithms.

$$\Phi_{Apt} \ := \ (\Phi_{MP} \ || \ \mathsf{adaptSig} \ || \ \mathsf{vrfAptSig} \ || \ \mathsf{extWit})$$

- $\hat{\sigma_A} \ \leftarrow \ \mathsf{adaptSig}(\tilde{\sigma_A}, x)$: The adapt signature algorithm is a DPT function that takes as input a partial signature $\tilde{\sigma_A}$ and a secret witness value x. The procedure will output an adapted partial signature $\hat{\sigma_A}$ which can be verified to contain x using the $\mathsf{vrfAptSig}$ function, without having to reveal x.

- $\{1, 0\} \ \leftarrow \ \mathsf{vrfAptSig}(\hat{\sigma_A}, m, pk_A, X)$: The verification algorithm is a DPT function that takes as input an adapted partial signature $\hat{\sigma_A}$, the other participants public key pk_A and a statement X. The function will verify the partial signature's validity as well that it contains the secret witness x.

- $x \ \leftarrow \ \mathsf{extWit}(\sigma_{\mathit{fin}}, \tilde{\sigma_A}, \hat{\sigma_B})$: The witness extraction algorithm is a DPT function that lets Alice extract the secret witness x after having learned the final composite signature σ_{fin}. As input it expects the partial signatures $\tilde{\sigma_A}$ and $\hat{\sigma_B}$ shared between the participants during protocol execution, as well as the final composite signature σ_{fin}. Consequently, only protocol participants knowing the partial signatures will be able to run this algorithm.

Similar to how it is defined in [3] additionally to regular Correctness, as defined in definition 3.3, we require our signature scheme to satisfy Adaptor Signature Correctness. This property is given when every adapted partial signature generated by $\mathsf{adaptSig}$ can be completed into a final signature for all pairs $(x,\ X) \in R$, from which it will then be possible to extract the witness computing extWit with the required parameters.

Definition 4.3 (Adaptor Signature Correctness)**.** More formally *Adaptor Signature Correctness* is given if for every security parameter $n \in \mathbb{N}$, message $m \in \{0, 1\}^*$, keypairs $\langle(sk_A, pk_A, n_A, \Lambda), (sk_B, pk_B, n_B, \Lambda)\rangle \ \leftarrow \ \mathsf{dKeyGen}\langle \mathit{1}^n, \mathit{1}^n\rangle$ with their composite public key $\Lambda.pk \ = \ pk_A \ \cdot \ pk_B$ and every statement/witness pair $(X,\ x) \ \leftarrow \ \mathsf{genRel}(\mathit{1}^n)$

```
keyGen(1^n)
1 : $x \leftarrow\$ \mathbb{Z}_p^*$
2 : return $(sk := x,\ pk := g^x)$

sign(m, sk)
1 : $n \leftarrow\$ \mathbb{Z}_p^*$
2 : $R := g^n$
3 : $e := \mathsf{H}(m \mid\mid R \mid\mid pk)$
4 : $s := n + e \cdot sk$
5 : return $\sigma := (s, R)$

verf(m, σ, pk)
1 : $(s,\ R) \leftarrow \sigma$
2 : $e := \mathsf{H}(m \mid\mid R \mid\mid pk)$
3 : return $g^s = R \cdot pk^e$
```

Figure 4.1: Schnorr Signature Scheme as first defined in [19]

it must hold that:

$$\Pr\left[\begin{array}{c} \mathsf{verf}(m, \sigma_{\mathit{fin}}, \Lambda.pk) \ = \ 1 \\ \wedge \\ \mathsf{vrfAptSig}(\hat{\sigma_B}, m, pk_B, X) \ = \ 1 \\ \wedge \\ (x^*, X) \in R \end{array} \middle| \begin{array}{l} (x, X) \ \leftarrow \ \mathsf{genRel}(\mathit{1}^n) \\ \tilde{\sigma_A} \ \leftarrow \ \mathsf{signPt}(m, sk_A, n_A, \Lambda) \\ \tilde{\sigma_B} \ \leftarrow \ \mathsf{signPt}(m, sk_B, n_B, \Lambda) \\ \hat{\sigma_B} \ \leftarrow \ \mathsf{adaptSig}(\tilde{\sigma_B}, x) \\ \sigma_{\mathit{fin}} \ \leftarrow \ \mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B}) \\ x^* \ \leftarrow \ \mathsf{extWit}(\sigma_{\mathit{fin}}, \tilde{\sigma_A}, \hat{\sigma_B}) \end{array}\right] = 1.$$

4.2 Schnorr-based instantiation

We start by providing a general instantiation of a signature scheme (see definition 3.3): We assume we have a group $\mathbb{G}$ with prime p and generator point g, H is a secure hash function in the random oracle model as defined in definition 3.4 and $m \in \{0,1\}^*$ is a message.

A concrete implementation can be seen in fig. 4.1 . The signature scheme is called Schnorr signature scheme, first defined in [19] and valued for its simplicity and extensively analyzed security. Due to being patented its practical use originally was limited, however since the patent expired in 2008 the signature scheme sees increasing use in practical applications. Cryptocurrencies such as Grin and Beam now use Schnorr as its primary signature scheme, also Bitcoin is planning to add Schnorr signatures as an alternative to the currently used ECDSA signatures. [1]

Correctness of the scheme can be derived as following: As shown in fig. 4.1, verf, line 3 we need to show that $g^s = R \cdot pk^e$ returns 1 for correct signatures. As s is calculated as $n + e \cdot sk$ (sign, line 4), when generator g is raised to s, we get $g^{n + e \cdot sk}$ which we can transform into $g^n \cdot g^{sk \cdot e}$, and finally into $R \cdot pk^e$ which is the same as the right side of the equation.

From the regular Schnorr signature scheme we now provide an instantiation for the two-party case defined in definition 4.1 . Note that this two-party variant of the scheme

[1] https://en.bitcoin.it/wiki/BIP_0341

is what is currently implemented in the Mimblewimble-based Cryptocurrencies and will provide a basis from which we can then build an instantiation for the Two Party Fixed Witness Adaptor Signature Scheme.

First we define a auxiliary function setupCtx to use for the instantion:

```
setupCtx($\Lambda, pk_A, R_A$)
$\Lambda.pk := \Lambda.pk \cdot pk_A$
$\Lambda.R := \Lambda.R \cdot R_A$
return $\Lambda$
```

This function helps the participants to setup and update the signature context shared between them. In fig. 4.2 we show a concrete instantiation of the protocol and functions.

In dKeyGen Alice and Bob will each randomly chose their secret key and nonce. They further require to create a zero-knowledge proof attesting to the fact that they have generated their key before any message was exchanged. This is essential to avoid the rogue key attacks mentioned earlier. The idea of achieving this using zero-knowledge proofs of knowledge was introduced by Thomas Ristenpart and Scott Yilek in [?]. Another secure key generation setup for a Schnorr-based multi-signature protocol was found by Micali et al. in [?]. However, the protocol requires additional impractical steps such as splitting signers into individual subgroups $\mathbb{S}_1, \mathbb{S}_2, \cdots$ of a group $\mathbb{G}$. In our instantiation of dKeyGen Alice will initially setup the signature context and send it to Bob, together with her public key and zk-proof of knowledge. Bob verifies the proof and will then proceed by adding his parameters to the shared signature context and send it back to Alice, together with his parameters, which then again Alice will verify.

We note here that this is only one possible way of securely computing the parties keypairs and nonce values, as well as setting up the shared context. Alternative ways of generating these values could be employed, depending on the use case. For instance one might envision a scenario in which Alice and Bob would like to reuse their keypairs multiple times and only regenerate the random nonces before each signing process, in this case we could split up dKeyGen into two separate functions. Another scenario, one which we will encounter throughout this thesis, is that both the keypairs and nonce values have been generated by a protocol similar to dKeyGen beforehards, but the shared context Λ is not yet setup. In this case the setupCtx can be incorporated into the signing protocol as we shall see in section 4.3. Whatever method of key generation is used, it must not be vulnerable to rogue key attacks.

signPt and vrfPt are generally similar to the instantiation of the normal Schnorr signature scheme. Note however that for computing the Schnorr challenge e the input into the hash function will be the already combined public key pk and combined nonce commitment R, which the participants can read from the context object Λ. This has the effect that the partial signatures itself are not yet a valid signature (neither under pk nor under pk_A or pk_B) and furhter means that signing can only start after the context Λ has been fully setup. This is because to be valid under pk the partial signatures are missing the s values from the other participants. They are also not valid under the partial public keys pk_A or pk_B because the Schnorr challenge is computed already with the combined values. Therefore we have to introduce the slightly adjusted vrfPt to be able to verify specifically the partial signatures.

For a correctness proof and a generally more extensive explanation of this two-party Schnorr signature scheme we refer the reader to a paper by Maxwell et al. [16].

In fig. 4.3 we further provide a Schnorr-based instantiation for the fixed witness adapted signature scheme as defined in definition 4.2 .

adaptSig will add the secret witness x to the s value of the signature, changing the partial signature it this way means that it can't be verified using verf any longer. Therefore we introduce vrfAptSig which takes as additional parameter the statement X which will be included in the verifiers equation. Now the function verifies not only validity of the partial signature, but also that it indeed has been adapted with the witness value x, being the discrete logarithm of X. After obtaining σ_{fin}, we can then cleverly unpack the secret x, which is shown in the extWit function.

4.3 Protocols

We now formalize two protocols dSign and dAptSign which will later be used when constructing Mimblewimble transactions. dSign is a two-party protocol creating a signature under a composite public key $pk = pk_A \cdot pk_B$ using the algorithms outlined in fig. 4.2 . dAptSign additionally, uses the functionality of fig. 4.3 to allow one party to adapt his partial signature with a secret witness value x, which is then revealed to the other party by the final signature.

Note that for these protocols we assume that the secret keys as well as nonce values used in the signatures have already been generated beforehand, for example by running a secure setup protocol similar to dKeyGen. However, in this case we furthermore assume that the signature context Λ has not yet been setup between the parties, the reason for this is that we are faced with exactly this scenario in the Mimblewimble transaction protocols, which we shall see later in section 5.2 . Both parties input the shared message m as well as their secret keys and secret nonces. The instantiation of the protocol can be seen in fig. 4.4 . The protocol outputs a signature σ_{fin} to the message m, valid under the composite public key $pk = pk_A \cdot pk_B$. Additionally, to the final signature the protocol also outputs the composite public key pk.

The final signature is a valid signature to the message m under the composite public key $pk := pk_A \cdot pk_B$. A verifier knowing the signed message m, the final signature σ_{fin} and the composite public key pk can now verify the signature using the regular verf procedure as shown in fig. 4.1 .

$\mathsf{dKeyGen}\langle 1^n, 1^n\rangle$

```
Alice                                                                   Bob
$sk_A \leftarrow\$ \mathbb{Z}_p^*$                                      $sk_B \leftarrow\$ \mathbb{Z}_p^*$
$n_A \leftarrow\$ \mathbb{Z}_p^*$                                       $n_B \leftarrow\$ \mathbb{Z}_p^*$
$pk_A := g^{sk_A}$                                                      $pk_B := g^{sk_B}$
$R_A := g^{n_A}$                                                        $R_B := g^{n_B}$
$st_A := \exists sk_A \ s.t.\ g^{sk_A} = pk_A$                          $st_B := \exists sk_B \ s.t.\ g^{sk_B} = pk_B$
$\pi_A \leftarrow \mathsf{P}_{NIZK}(sk_A, st_A)$                        $\pi_B \leftarrow \mathsf{P}_{NIZK}(sk_B, st_B)$
$\Lambda := \langle pk := 1_p,\ R := 1_p\rangle$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, pk_A, R_A)$
                          $\xrightarrow{\Lambda, pk_A, \pi_A}$
                                                                        if $\mathsf{V}_{NIZK}(\pi_A) = 0$
                                                                          return $\perp$
                                                                        $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, pk_B, R_B)$
                          $\xleftarrow{\Lambda, pk_B, \pi_B}$
if $\mathsf{V}_{NIZK}(\pi_B) = 0$
  return $\perp$
return $(sk_A, pk_A, n_A, \Lambda)$                                     return $(sk_B, pk_B, n_B, \Lambda)$
```

$\mathsf{signPt}(m, sk_A, n_A, \Lambda)$

```
$(R,\ pk) \leftarrow \Lambda$
$R_A := g^{n_A}$
$e := \mathsf{H}(m \,||\, R \,||\, pk)$
$s_A := n_A + sk_A \cdot e$
return $\tilde{\sigma_A} := (s_A, R_A, \Lambda)$
```

$\mathsf{vrfPt}(\tilde{\sigma_A}, m, pk_A)$

```
$(s_A,\ R_A,\ \Lambda) \leftarrow \tilde{\sigma_A}$
$(pk,\ R) \leftarrow \Lambda$
$e := \mathsf{H}(m \,||\, R \,||\, pk)$
return $g^{s_A} \overset{?}{=} R_A \cdot pk_A^e$
```

$\mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B})$

```
$(s_A,\ R_A,\ \Lambda) \leftarrow \tilde{\sigma_A}$
$(s_B,\ R_B,\ \Lambda) \leftarrow \tilde{\sigma_B}$
$(pk,\ R) \leftarrow \Lambda$
$s := s_A + s_B$
$\sigma_{fin} := (s, R)$
return $\sigma_{fin}$
```

Figure 4.2: Two Party Schnorr Signature Scheme

```
adaptSig($\tilde{\sigma}, x$)
    $(s,\ R_A,\ \Lambda) \leftarrow \tilde{\sigma}$
    $s^* := s + x$
    return $\hat{\sigma} := (s^*,\ R_A,\ \Lambda)$
```

```
vrfAptSig($\hat{\sigma_A}, m, pk_A, X$)
    $(s_A,\ R_A,\ \Lambda) \leftarrow \hat{\sigma_A}$
    $(pk,\ R) \leftarrow \Lambda$
    $e := \mathsf{H}(m \mid\mid R \mid\mid pk)$
    return $g^{s_A} \overset{?}{=} R_A \cdot pk_A^e \cdot X$
```

```
extWit($\sigma_{fin}, \tilde{\sigma_A}, \hat{\sigma_B}$)
    $(s,\ R) \leftarrow \sigma_{fin}$
    $(s_A,\ R_A,\ \Lambda) \leftarrow \tilde{\sigma_A}$
    $(\hat{s_B},\ R_B,\ \Lambda) \leftarrow \hat{\sigma_B}$
    $s_B := s - s_A$
    $x := \hat{s_B} - s_B$
    return $(x)$
```

Figure 4.3: Fixed Witness Adaptor Schnorr Signature Scheme

We now define the dAptSign protocol between Alice and Bob again creating a signature σ_{fin} under the composite public key $pk := pk_A \cdot pk_B$. Now Bob will hide his secret x which Alice can extract after the signing process has completed. The concrete instantiation can be seen in fig. 4.5 . One thing to note is that in this protocol only Bob is able to call the signature finalization algorithm finSig for computing the final signature, which is different from the previous protocol, in which both had the ability to do so. The reason for this is that the function requires Bob's unadapted partial signature $\tilde{\sigma_B}$ as input, which Alice does not know. (She only knows Bobs adapted partial signature). Therefore, one further interaction is needed to send the final signature to Alice. The protocol outputs $(x, (\sigma_{fin}, pk))$ for Alice as she manages to learn x and (σ_{fin}, pk) for Bob.

4.4 Correctness & Security

We now prove that the outlined Schnorr-based instantiation is correct, i.e. Adaptor Signature Correctness holds, and is secure with regards to the definition 3.8 .

4.4.1 Adaptor Signature Correctness

To prove that Adaptor Signature Correctness holds we have 3 statements to prove as given by definition 4.3, first we prove that $\mathsf{verf}(m, \sigma_{fin}, \Lambda.pk) = 1$ holds in our Schnorr-based instantiation of the signature scheme, where Λ is setup such that $pk = pk_A \cdot pk_B$.

Proof. For this proof we assume the setup already specified in definition 4.3 . The proof is by showing equality of the equation checked by the verifier of the final signature by

```
$\mathsf{dSign}\langle(m, sk_A, n_A), (m, sk_B, n_B)\rangle$

Alice                                                                      Bob
$\Lambda := \{pk := 1_p, R := 1_p\}$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$
                        $\xrightarrow{\Lambda, pk_A \ := \ g^{sk_A}}$
                                                   $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_B}, g^{n_B})$
                                                   $\tilde{\sigma_B} \leftarrow \mathsf{signPt}(m, sk_B, n_B, \Lambda)$
                        $\xleftarrow{\tilde{\sigma_B}, \Lambda, pk_B \ := \ g^{sk_B}}$
if $\mathsf{vrfPt}(\tilde{\sigma_B}, m, pk_B) = 0$
    return $\bot$
$\tilde{\sigma_A} \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$
                        $\xrightarrow{\tilde{\sigma_A}}$
                                                   if $\mathsf{vrfPt}(\tilde{\sigma_A}, m, pk_A) = 0$
                                                       return $\bot$
$\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B})$    $\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B})$
$pk \leftarrow \Lambda.pk$                                 $pk \leftarrow \Lambda.pk$
return $(\sigma_{fin}, pk)$                                return $(\sigma_{fin}, pk)$
```

Figure 4.4: Instantiation of the dSign protocol.

continuous substitutions in the left side of equation:

$$g^s = R \cdot pk^e \tag{4.1}$$

$$g^{s_A} \cdot g^{s_B} \tag{4.2}$$

$$g^{n_A + e \cdot sk_A} \cdot g^{n_B + e \cdot sk_B} \tag{4.3}$$

$$g^{n_A} \cdot pk_A^e \cdot g^{n_B} \cdot pk_B^e \tag{4.4}$$

$$R_A \cdot pk_A^e \cdot R_B \cdot pk_B^e \tag{4.5}$$

$$R \cdot pk^e = R \cdot pk^e \tag{4.6}$$

$$1 = 1 \tag{4.7}$$

It remains to prove that with the same setup $\mathsf{vrfAptSig}(\hat{\sigma_B}, m, pk_B, X) = 1$ and $(X,\ x) \in R$ for $x \leftarrow \mathsf{extWit}(\sigma_{fin}, \tilde{\sigma_A}, \hat{\sigma_B})$:

$$\mathsf{vrfAptSig}(\hat{\sigma_B}, m, pk_B, X) = 1$$

```
$\mathsf{dAptSign}\langle(m, sk_A, n_A), (m, sk_B, n_B, x)\rangle$

Alice                                                              Bob
$\Lambda := \{pk := 1_p, R := 1_p\}$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$
                               $\xrightarrow{\Lambda, pk_A := g^{sk_A}}$
                                                                   $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_B}, g^{n_B})$
                                                                   $\tilde{\sigma}_B \leftarrow \mathsf{signPt}(m, sk_B, n_B, \Lambda)$
                                                                   $\hat{\sigma}_B \leftarrow \mathsf{adaptSig}(\tilde{\sigma}_B, x)$
                                                                   $pk_B := g^{sk_B}$
                                                                   $X := g^x$
                               $\xleftarrow{\hat{\sigma}_B, \Lambda, pk_B, X}$
if $\mathsf{vrfAptSig}(\tilde{\sigma}_B, m, pk_B, X) = 0$
  return $\perp$
$\tilde{\sigma}_A \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$
                               $\xrightarrow{\tilde{\sigma}_A}$
                                                                   if $\mathsf{vrfPt}(\tilde{\sigma}_A, m, pk_A) = 0$
                                                                     return $\perp$
                                                                   $\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma}_A, \tilde{\sigma}_B)$
                               $\xleftarrow{\sigma_{fin}}$
$pk \leftarrow \Lambda.pk$                                         $pk \leftarrow \Lambda.pk$
if $\mathsf{verf}(m, \sigma_{fin}, pk) = 0$
  return $\perp$
$x \leftarrow \mathsf{extWit}(\sigma_{fin}, \tilde{\sigma}_A, \hat{\sigma}_B)$
return $(x, (\sigma_{fin}, pk))$                                   return $(\sigma_{fin}, pk)$
```

Figure 4.5: Instantiation of the dAptSign protocol.

The proof is by continuous substitutions in the equation checked by the verifier:

$$\begin{aligned} g^{\hat{\sigma_B}} \;&=\; R_B \;\cdot\; pk_B^e \;\cdot\; X && (4.8) \\ g^{\tilde{\sigma_B} \;+\; x} && (4.9) \\ g^{n_B \;+\; sk_B \;\cdot\; e \;+\; x} && (4.10) \\ g^{n_B} \;\cdot\; g^{sk_B \;\cdot\; e} \;+\; g^x && (4.11) \\ R_B \;\cdot\; pk_B^e \;\cdot\; X \;&=\; R_B \;\cdot\; pk_B^e \;\cdot\; X && (4.12) \\ 1 \;&=\; 1 && (4.13) \end{aligned}$$

We now continue to prove the last equation required:

$$(X,\; x) \in R$$

We do this by showing that x is calculated correctly in extWit: $\hat{s_B}$ is the s value in Bob's adapted partial signature

$$\begin{aligned} x \;&= \hat{s_B} \;-\; (s \;-\; s_A) && (4.14) \\ &\hat{s_B} \;-\; ((s_A \;+\; s_B) \;-\; s_A) && (4.15) \\ &s_B \;+\; x \;-\; (s_B) && (4.16) \\ x \;&= x && (4.17) \\ 1 \;&= 1 && (4.18) \end{aligned}$$

□

4.4.2 Security

We have shown that the outlined signature scheme is correct, next we have to prove its security. Our goal is to proof security in the malicious setting (as defined in definition 3.8) that means the adversary might or might not behave as specified by the protocol. For achieving this we will prove security for both the dSign and dAptSign protocols in the hybrid model which was layed out by Yehuda Lindell in [13]. In particular, we will use the f_{zk}^{R}-model in which we assume that we have access to a constant-round protocol f_{zk}^{R} that computes the zero-knowledge proof of knowledge functionality for any NP relation R. The function is parameterized with a relation R between a witness value x (or potentially multiple) and a statement X. One party provides the witness statment pair (x, X), the second the statement X^*. If $X \;=\; X^*$ and $(x, X) \in R$ the functionality returns 1, otherwise 0. More formally:

$$\mathsf{f}_{zk}^{R}(((x, X), X^*)) \;=\; \begin{cases} (\lambda, R(X, x)) & \text{if } X \;=\; X^* \\ (\lambda, 0) & \text{otherwise} \end{cases}$$

That a constant-round zero-knowledge proof of knowledge exists was proven in [11]. A secure zero-knowledge proof must fulfill Completeness, Soundness and Zero-Knowledge properties which are defined for instance in [?].

Hybrid functionalities: The parties have access to a trusted third party that computes the zero-knowledge proof of knowledge functionality f_{zk}^{R}. R is the relation between a secret key sk and its public key $pk = g^{sk}$, for the elliptic curve generator point g. The participants have to call the functionality in the same order. That means if the prover first sends the pair (x_1, X_1) and then (x_2, X_2) the verifier needs to first send X_1 and then X_2.

Proof idea: In order to construct our simulation proof in the hybrid-model we make some adjustments to the dSign protocol utilizing the capabilities of the f_{zk}^{R} functionality. The adjusted protocol can be seen in figure fig. 4.6 with the newly added lines marked in blue. That means both Alice and Bob will verify the validity of the public key and nonce commitments of the other party and will stop protocol execution in case an invalid value has been sent. We assume parties have access to a trusted third party computing f_{zk}^{R} which will return 1 if $pk_A = pk_A^*$ (where pk_A^* is the public key that Bob received from Alice) and $pk_A = g^{sk_A}$. (The same holds for the reversed case)

Theorem 1. Assume we have two key pairs (sk_A, pk_A) and (sk_B, pk_B) which were setup securely as for instance with the distributed keygen protocol $\mathsf{dKeyGen}$ and a hash function $\mathsf{H}(\cdot)$ modeled in the random oracle model. Then dSign securely computes a signature σ_{fin} under the composite public key $pk := pk_A \cdot pk_B$ in the f_{zk}^{R}-model.

Proof. We proof security of the protocol by constructing a simulator $\mathcal{S}$ who is given output (σ_{fin}, pk) from a TTP (trusted third party) that securely computes the protocol in the ideal world upon receiving the inputs from Alice and Bob. The task of the simulator will be to extract the inputs used by $\mathcal{A}$ such that he is able to call the TTP and receive the outputs. From this output the simulator $\mathcal{S}$ will have to construct a transcript which is indistinguishable from the protocol transcript in the real world in which the corrupted party is controlled by a deterministic polynomial adversary $\mathcal{A}$. The simulator uses the calls to f_{zk}^{R} in order to do this. Furthermore, we assume that the message m is known to both Alice and Bob. All other inputs (including public keys) are only known to the respective party at the start of the protocol. We have to prove two cases, one in which Alice is the corrupted party and one in which Bob is the corrupted party.

Alice is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ receives and saves (sk_A, pk_A), as well as (n_A, R_A) that $\mathcal{A}$ sends to f_{zk}^{R}.

2. Next $\mathcal{S}$ receives the message (Λ, pk_A^*, R_A^*) as sent to Bob by $\mathcal{A}$. If $pk_A^* \neq pk_A$ or $R_A^* \neq R_A$ $\mathcal{S}$ externally sends abort to the TTP computing dSign and outputs $\perp$, otherwise he will send the inputs (m, sk_A, n_A) and receive back (σ_{fin}, pk).

$\mathsf{dSign}\langle(m, sk_A, n_A), (m, sk_B, n_B)\rangle$

```
Alice                                                              Bob
$\Lambda := \{pk := 1_p, R := 1_p\}$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$
$\mathsf{f}^R_{zk}((sk_A, pk_A))$
$\mathsf{f}^R_{zk}((n_A, R_A))$
                              $\xrightarrow{\Lambda, pk_A, R_A}$
                                                                   $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_B}, g^{n_B})$
                                                                   $\tilde{\sigma}_B \leftarrow \mathsf{signPt}(m, sk_B, n_B, \Lambda)$
                                                                   if $\mathsf{f}^R_{zk}(pk_A) = 0 \vee$
                                                                     $\mathsf{f}^R_{zk}(\Lambda.R) = 0$
                                                                     return $\perp$
                                                                   $\mathsf{f}^R_{zk}((sk_B, pk_B))$
                                                                   $\mathsf{f}^R_{zk}((n_B, R_B))$
                              $\xleftarrow{\tilde{\sigma}_B, \Lambda, pk_B}$
if $\mathsf{f}^R_{zk}(pk_B) = 0 \vee$
  $\mathsf{f}^R_{zk}(\Lambda.R \cdot R_A^{-1}) = 0$
  return $\perp$
if $\mathsf{vrfPt}(\tilde{\sigma}_B, m, pk_B) = 0$
  return $\perp$
$\tilde{\sigma}_A \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$
                              $\xrightarrow{\tilde{\sigma}_A}$
                                                                   if $\mathsf{vrfPt}(\tilde{\sigma}_A, m, pk_A) = 0$
                                                                     return $\perp$
$\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma}_A, \tilde{\sigma}_B)$                     $\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma}_A, \tilde{\sigma}_B)$
$pk \leftarrow \Lambda.pk$                                         $pk \leftarrow \Lambda.pk$
return $(\sigma_{fin}, pk)$                                        return $(\sigma_{fin}, pk)$
```

Figure 4.6: Adjustment to the dSign protocol seen in fig. 4.4

3. $\mathcal{S}$ now calculates pk_B, R_B and $\tilde{\sigma_B}$ as follows:

$$\begin{aligned}
(s, R) &\leftarrow \sigma_{fin} \\
pk_B &:= pk \cdot pk_A^{-1} \\
R_B &:= R \cdot R_A^{-1} \\
\Lambda &\leftarrow \mathsf{setupCtx}(\Lambda, pk_B, R_B) \\
\tilde{\sigma_A} &\leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda) \\
(s_A, R_A, \Lambda) &\leftarrow \tilde{\sigma_A} \\
s_B &:= s - s_A \\
\tilde{\sigma_B} &:= (s_B, R_B, \Lambda)
\end{aligned}$$

4. After having done the calculations $\mathcal{S}$ is able to send $\Lambda, \tilde{\sigma_B}, pk_B$ to $\mathcal{A}$ as if coming from Bob.

5. When $\mathcal{A}$ calls f_{zk}^{R} and f_{zk}^{R} (as the verifier) $\mathcal{S}$ checks equality with pk_B (respective R_B) and thereafter sends back either 0 or 1.

6. Eventually $\mathcal{S}$ will receive $\tilde{\sigma_A}^*$ from $\mathcal{A}$ and checks if $\tilde{\sigma_A} = \tilde{\sigma_A}^*$ (as calculated in step 3). If they are indeed the same the simulator will finish execution and output whatever $\mathcal{A}$ outputs, otherwise $\mathcal{S}$ will output $\perp$.

We now show that the joint output distribution in the ideal model with $\mathcal{S}$ is identically distributed to the joint distribution in a real execution in the f_{zk}^{R}-hybrid model with $\mathcal{A}$. We consider three phases : **(1)** Alice sends (sk_A, pk_A) as well as (n_A, R_A) to f_{zk}^{R} and (Λ, pk_A, R_A) to Bob. **(2)** Bob sends pk_A and $\Lambda.R$ to f_{zk}^{R} as the verifier, and (sk_B, pk_B), (n_B, R_B) to f_{zk}^{R} as the prover. Afterward he sends $(\tilde{\sigma_B}, \Lambda, pk_B)$ to Alice. **(3)** Alice sends pk_B and R_B to f_{zk}^{R} as the verifier and $\tilde{\sigma_A}$ to Bob and returns an output.

- *Phase 1* Since $\mathcal{A}$ is required to be deterministic, the distribution is identical to a real execution. Also in the case the Alice does not send a message, or sends invalid values which will lead Bob to output $\perp$ we also output $\perp$ in the simulation, which again is indistinguishable.

- *Phase 2* As $\mathcal{S}$ managed to calculate Bobs $\tilde{\sigma_B}, pk_B, R_B$, as if they would be expected in a real execution, from the final (σ_{fin}, pk) and we can conclude that the transcript of this phase must be computationally indistinguishable from a real transcript. As Bob in this case is the honest party, we don't have to consider any deviation from the protocol specification.

- *Phase 3* The messages sent by the deterministic $\mathcal{A}$ again have to be identically distributed to a real execution, therefore the transcript produced by this phase again has to be indistinguishable. Finally, the output by $\mathcal{S}$ is what was received by the TTP, therefore by definition has to be identically distributed to what is expected in a real execution.

output?

We have shown that the distributions in each phase are indeed identical, which proves the indistinguishability of the two transcripts in the case Alice is corrupted.

Bob is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ starts by sampling $sk_A, n_A \leftarrow\!\!\$\, \mathbb{Z}_*^*$ and proceeds by setting up the initial signature context as defined in the protocol:

$$\Lambda := \{pk := 1, R := 1\}$$
$$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$$

2. $\mathcal{S}$ now invokes $\mathcal{A}$ and sends (Λ, pk_A, R_A) as if coming from Alice.
3. When $\mathcal{A}$ calls f_{zk}^{R} (as verifier) $\mathcal{S}$ checks equality to the parameters he sent in step 1 and returns either 1 or 0. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R}((sk_B, pk_B))$ and $\mathsf{f}_{zk}^{R}((n_B, R_B))$ the simulator saves those values to its memory.
4. Now $\mathcal{S}$ externally sends the inputs (m, sk_B, n_B) to the TTP and receives back (σ_{fin}, pk)
5. When $\mathcal{A}$ queries $\mathsf{H}(m \mid\mid R_A \cdot R_B \mid\mid pk_A \cdot pk_B)$ during the signPt call, $\mathcal{S}$ sends back e^* such that:

$$\sigma_{fin} = n_A + sk_A \cdot e^* + n_B + sk_B \cdot e^*$$
$$e^* = \frac{\sigma_{fin} - n_A - n_B}{sk_A + sk_B}$$

6. $\mathcal{S}$ receives $(\tilde{\sigma_B}, \Lambda, pk_B)$ from $\mathcal{A}$. (In case he does not $\mathcal{S}$ sends abort to the TTP and outputs $\perp$). He verifies the values sent to him by comparing them with pk_B and R_B from its memory, if they are found to be invalid $\mathcal{S}$ sends abort to the TTP, otherwise he sends $\mathsf{continue}$.
7. $\mathcal{S}$ calculates as defined in the protocol as $\tilde{\sigma_A} \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$ and then sends it to $\mathcal{A}$ as if coming from Alice and finally outputs whatever $\mathcal{A}$ outputs.

output

Again we argue why the transcript is indistinguishable from the real one for each of the three phases layed out before:

- *Phase 1:* The values (pk_A, R_A) sent by $\mathcal{S}$ to $\mathcal{A}$ only depend on Alice's input parameters (and to some extend on the public elliptic curve parameters). As $\mathcal{A}$ does not know pk_A or R_A yet, he has no way of determining for two public keys pk_A, pk_A^* which of the two is the correct one (other than guessing).
- *Phase 2:* When $\mathcal{A}$ calls f_{zk}^{R} with the correct parameters sent to him he will still receive 1 back, or 0 otherwise, which is the same as would be expected in a real execution. The hash function $\mathsf{H}(\cdot)$ is expected to output a random value for the Schnorr challenge as it is defined in the random oracle model. In the simulated case $\mathcal{S}$ calculates the output value from the final signature that depends on the input values of Alice and Bob of which at least Alice input is chosen randomly by $\mathcal{S}$. As dependent on random tape the calculation output will as well be distributed uniformly across the possible values and is therefore indistinguishable from a real hash function output. Furthermore, $\mathcal{A}$ can not recover the original input from the hash output. Imagine that he would be able to do so, he would then be able to guess the correct input from any hash output and thereby break the Pre-image Resistance property of the hash function. The remaining messages sent by $\mathcal{A}$ are identical to what would be expected in a real execution due to the deterministic nature of $\mathcal{A}$.
- *Phase 3:* The simulator will now verify the values sent to him by $\mathcal{A}$ and will halt and output $\perp$ in the case that he sends something invalid which is again identical to what is expected in a real execution. In this case $\mathcal{A}$ must not receive (σ_{fin}, pk) in the ideal setting which is modelled by $\mathcal{S}$ sending abort to the TTP. Otherwise $\mathcal{S}$ will calculate his part of the partial signature as defined by the protocol. It will therefore found to be valid by $\mathcal{A}$ and will complete to σ_{fin} with finSig, because of the fixed, calculated Schnorr challenge $\mathcal{S}$ calculated in Phase 2.

  output

We have managed to show that in the case that Bob is corrupted the transcript is indistinguishable from a real transcript. We can therefore conclude that the transcript output will be indistinguishable from a real one in all cases and have thereby proven that the protocol dSign is secure in the f_{zk}^{R}-model and theorem theorem 1 must hold. □

We now do the same for $\mathsf{dAptSign}$: Again we adjust the protocol with calls to f_{zk}^{R}, note that we now have one additional call f_{zk}^{R}, for the pair (x, X). The relation R is equally defined as in the previous proof. The adjusted protocol can be seen in fig. 4.7 .

Theorem 2. Assume we have two key pairs (sk_A, pk_A) and (sk_B, pk_B) which were setup securely as for instance with the distributed keygen protocol $\mathsf{dKeyGen}$ and a hash function $\mathsf{H}(\cdot)$ modeled in the random oracle model. Additionally, we have a pair (x, X) in the relation $X = g^x$ for which x was chosen randomly. Then $\mathsf{dAptSign}$ securely computes a signature σ_{fin} under the composite public key $pk := pk_A \cdot pk_B$ after which x is revealed to Alice, in the f_{zk}^{R}-model.

```
$\mathsf{dAptSign}\langle(m, sk_A, n_A), (m, sk_B, n_B, x)\rangle$

$Alice$                                                          $Bob$
$\mathsf{f}^R_{zk}((sk_A, pk_A))$
$\mathsf{f}^R_{zk}((n_A, R_A))$
$\Lambda := \{pk := 1_p, R := 1_p\}$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$
                              $\xrightarrow{\Lambda, pk_A, R_A}$
                                                                 if $\mathsf{f}^R_{zk}(pk_A) = 0 \vee$
                                                                 $\mathsf{f}^R_{zk}(\Lambda.R) = 0$
                                                                   return $\bot$
                                                                 $\mathsf{f}^R_{zk}((sk_B, pk_B))$
                                                                 $\mathsf{f}^R_{zk}((n_B, R_B))$
                                                                 $\mathsf{f}^R_{zk}((x, X))$
                                                                 $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_B}, g^{n_B})$
                                                                 $\tilde{\sigma_B} \leftarrow \mathsf{signPt}(m, sk_B, n_B, \Lambda)$
                                                                 $\hat{\sigma_B} \leftarrow \mathsf{adaptSig}(\tilde{\sigma_B}, x)$
                                                                 $pk_B := g^{sk_B}$
                                                                 $X := g^x$
                              $\xleftarrow{\tilde{\sigma_B}, \Lambda, pk_B, X}$
if $\mathsf{vrfAptSig}(\tilde{\sigma_B}, m, pk_B, X) = 0$
  return $\bot$
if $\mathsf{f}^R_{zk}(pk_B) = 0 \vee$
  $\mathsf{f}^R_{zk}(\Lambda.R \cdot R_A^{-1}) = 0 \vee$
  $\mathsf{f}^R_{zk}(X) = 0 \vee$
    return $\bot$
$\tilde{\sigma_A} \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$
                              $\xrightarrow{\tilde{\sigma_A}}$
                                                                 if $\mathsf{vrfPt}(\tilde{\sigma_A}, m, pk_A) = 0$
                                                                   return $\bot$
                                                                 $\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B})$
                              $\xleftarrow{\sigma_{fin}}$
$pk \leftarrow \Lambda.pk$                                       $pk \leftarrow \Lambda.pk$
if $\mathsf{verf}(m, \sigma_{fin}, pk) = 0$
  return $\bot$
$x \leftarrow \mathsf{extWit}(\sigma_{fin}, \tilde{\sigma_A}, \hat{\sigma_B})$
return $(x, (\sigma_{fin}, pk))$                                 return $(\sigma_{fin}, pk)$
```

Figure 4.7: Adjustments to the dAptSign protocol seen in fig. 4.5

Proof. We proof the security of $\mathsf{dAptSign}$ by constructing a simulator $\mathcal{S}$ who is given the output $(\sigma_{\mathit{fin}}, pk)$ (resp. $(x, (\sigma_{\mathit{fin}}, pk))$) from a TTP that securly computes the protocol in the ideal world after receiving the inputs from Alice and Bob. The simulators task again is to extract the adversaries inputs and send them to the trusted third party to receive the protocol outputs. From this output the simulator $\mathcal{S}$ will construct a transcript that is indistinguishable from the protocol transcript in the real world. The simulator uses the calls to f_{zk}^{R} in order to do this. As in the proof before we assume the message m is known to both participants. All other inputs (including public keys) are only known to the respective party at the start of the protocol. We proof that the transcript is indistinguishable in case Alice is corrupted as well as in the case that Bob is corrupted.

Alice is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$. When $\mathcal{A}$ internally calls f_{zk}^{R} and f_{zk}^{R} $\mathcal{S}$ saves (sk_A, pk_A) and (n_A, R_B) to its memory.
2. $\mathcal{S}$ receives $(\Lambda, pk_A^*, pk_B^*)$ from $\mathcal{A}$. $\mathcal{S}$ checks the equalities $pk_A^* = pk_A$ and $R_A^* = R_A$ as well as checking $pk_A = g^{sk_A}$ and $R_A = g^{n_A}$. If any of those checks fail $\mathcal{S}$ sends abort to the TTP and outputs $\perp$. Otherwise he sends (m, sk_A, n_A) to the TTP and receives $(x, (\sigma_{\mathit{fin}}, pk))$
3. Again $\mathcal{S}$ calculates $\tilde{\sigma_B}, pk_B, R_B$ and finalizes the context Λ as follows:

$$\begin{aligned}
(s, R) &\leftarrow \sigma_{\mathit{fin}} \\
pk_B &:= pk \cdot pk_A^{-1} \\
R_B &:= R \cdot R_A^{-1} \\
\Lambda &\leftarrow \mathsf{setupCtx}(\Lambda, pk_B, R_B) \\
\tilde{\sigma_A} &\leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda) \\
(s_A, R_A, \Lambda) &\leftarrow \tilde{\sigma_A} \\
s_B &:= s - s_A \\
\tilde{\sigma_B} &:= (s_B, R_B, \Lambda)
\end{aligned}$$

4. $\mathcal{S}$ calculates $s_B^* := s_B + x$ (extracted from the TTP output) from which he sets $\hat{\sigma_B} := (s_B^*, R_B, \Lambda)$.
5. $\mathcal{S}$ sends $(\hat{\sigma_B}, \Lambda, pk_B, X := g^x)$ as if coming from Bob.
6. When $\mathcal{A}$ calls f_{zk}^{R} we compare the parameters send by $\mathcal{A}$ to the real one, in case he sent a invalid value $\mathcal{S}$ returns 0, otherwise 1.
7. $\mathcal{S}$ receives $\tilde{\sigma_A}^*$ from $\mathcal{A}$ and checks $\tilde{\sigma_A} = \tilde{\sigma_A}^*$. If the equality holds $\mathcal{A}$ sends $\mathsf{continue}$ to the TTP and finally sends σ_{fin} to $\mathcal{A}$ as if coming from Bob and outputs whatever $\mathcal{A}$ outputs.

The phases are similar to the ones defined in section 4.4.2 with the only two adjustments being that a) in Phase 2 Bob additionally sends X to Alice and b) we introduce a new Phase 4 in which Bob sends σ_{fin} to Alice. Yet for the sake of completeness we write the full proof in the following: **(1)** Alice sends (sk_A, pk_A) as well as (n_A, R_A) to f_{zk}^{R} and (Λ, pk_A, R_A) to Bob. **(2)** Bob sends pk_A and $\Lambda.R$ to f_{zk}^{R} as the verifier, and (sk_B, pk_B), (n_B, R_B) to f_{zk}^{R} as the prover. Afterward he sends $(\tilde{\sigma_B}, \Lambda, pk_B, X)$ to Alice. **(3)** Alice sends pk_B and R_B to f_{zk}^{R} as the verifier and $\tilde{\sigma_A}$ to Bob. **(4)** Bob sends the final signature σ_{fin} to Alice. They both output $(\sigma_{\mathit{fin}}, pk)$ and Alice additionally outputs x.

We now again argue why each phase in the simulation is indistinguishable from a real execution

- *Phase 1:* As $\mathcal{A}$ is required to be deterministic, we can conclude that the transcript in this phase must be indistinguishable from a real transcript.
- *Phase 2:* In this phase $\mathcal{S}$ sends $X := g^x$ to $\mathcal{A}$ for which x was received from the TTP, therefore it will resamble the value that would have been expected in a real execution.
- *Phase 3:* The transcript in this phase must be indistinguishable for the same reasons already layed out in Phase 1.
- *Phase 4:* Now the $\mathcal{A}$ expects to receive σ_{fin}, from which he is able to extract the witness x. Indeed he will receive σ_{fin} as $\mathcal{S}$ has received from the TTP, which is exactly what would have been expected in a real execution. It must furthermore hold that $\mathcal{A}$ will be able to extract correct x using the extWit procedure, as the simulator calculated $X = g^x$ in step 5.

We have shown that in the case Alice is corrupt the simulated transcript produced by $\mathcal{S}$ is indeed distributed equally to a real execution and is thereby computationally indistinguishable.

Bob is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ starts by sampling $sk_A, n_A \leftarrow\$\, \mathbb{Z}_*^*$ and proceeds by setting up the initial signature context as defined in the protocol:

$$\Lambda := \{pk := 1, R := 1\}$$
$$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$$

2. $\mathcal{S}$ now invokes $\mathcal{A}$ and sends (Λ, pk_A, R_A) as if coming from Alice.
3. When $\mathcal{A}$ calls f_{zk}^{R} (as the verifier) $\mathcal{S}$ checks for equality with the values sent by him and returns either 0 or 1. Once $\mathcal{A}$ sends (sk_B, pk_B), (n_B, R_B), (x, X) internally to f_{zk}^{R} as the prover, $\mathcal{S}$ saves them to his memory.

4. $\mathcal{S}$ sends (m, sk_A, n_A, x) to the TTP and receives (σ_{fin}, pk).

5. When $\mathcal{A}$ queries $\mathsf{H}(\cdot)$ the simulator again sets the output to e^* calculated with the following steps, already seen in the previous proof:

$$\begin{aligned}\sigma_{fin} &= n_A + sk_A \cdot e^* + n_B + sk_B \cdot e^* \\ e^* &= \frac{\sigma_{fin} - n_A - n_B}{sk_A + sk_B}\end{aligned}$$

6. $\mathcal{S}$ receives $(\hat{\sigma_B}^*, pk_B^*, \Lambda, X^*)$ from $\mathcal{A}$ and verifies those values checking equality with the ones stored in its memory. If the equality checks succeed $\mathcal{S}$ sends `continue` to the TTP, otherwise sends `abort` and outputs $\perp$.

7. The simulator now calculates $\tilde{\sigma_A}$ as defined by the protocol using the `signPt` procedure and sends the result to $\mathcal{A}$ as if coming from Alice.

8. Finally $\mathcal{S}$ will receive σ_{fin}^* from $\mathcal{A}$ (if not he outputs $\perp$) and will verify that $\sigma_{fin}^* = \sigma_{fin}$. If the equality holds he will output whatever $\mathcal{A}$ outputs, otherwise $\perp$.

output?

Again we argue why the transcript is indistinguishable in phases 1–4.

- *Phase 1:* As argued in section 4.4.2 in this phase the adversary will just receive some public, nonce commitment and signature context. As he does not know Alice real inputs he has no way of knowing if the values received are the correct ones fitting with Alice inputs, other than by guessing.

- *Phase 2:* As argued before due to the hash function being modeled in the random oracle its output is expected to be randomly distributed. As the calculation done by $\mathcal{S}$ to create the hash output relies itself on randomly chosen values, we can conclude that the output is distributed indistinguishably from a real hash output. $\mathcal{A}$ can further not know the original input value from the hash output he receives as he then would also be able to break the Pre-image Resistance property of the hash function.

- *Phase 3:* In this section $\mathcal{S}$ will verify equality of the values sent by $\mathcal{A}$ with the variables saved prior to its memory and halts with output $\perp$ if any of the values are unequal. In this case $\mathcal{A}$ should not receive the final outputs (σ_{fin}, pk) which is modelled by sending `abort` to the TTP. The same behaviour is expected in a real execution when Alice calls f_{zk}^{R} and receives a 0 bit. $\tilde{\sigma_A}$ must be indistinguishable from a real execution because it was calculated by $\mathcal{S}$ exactly as of protocol definition.

- *Phase 4:* In this phase $\mathcal{S}$ is expected to receive σ^*_{fin} from $\mathcal{A}$ which needs to be equal to σ_{fin} received earlier by the TTP. $\mathcal{S}$ will do this simple equality check and if successful output whatever $\mathcal{A}$ outputs.

  output?

  In the other case we would simply output $\perp$ which is identical to the case in which a Bob sends a σ_{fin} that does not verify.

We have shown that the transcript produced by $\mathcal{S}$ in an ideal world with access to a TTP computing dAptSign is indistinguishable from a transcript produced during a real execution both in the case that Alice and that Bob is corrupted. By managing to show this we have proven that the protocol is secure in f^R_{zk}-model and theorem theorem 2 therefore holds. □

CHAPTER 5

Adaptor Signature Based Atomic Swaps Between Bitcoin and a Mimblewimble Based Cryptocurrency

In this section, we will first define procedures and protocols to construct Mimblewimble transactions and prove their security. The formalizations will be similar to those found by Fuchsbauer et al. in their cryptographic investigation of the Mimblewimble protocol [7]. In particular the final transaction output by one of our protocols should be a valid transaction as by the definitions of Fuchsbauer et al. As we will only focus on the transaction protocol (transferring value from one or many parties to one or many parties), the notions of transaction aggregation, coin minting and adding transactions to the main ledger discussed in [7] will not be topic of this formalization.

Check that all these concepts such as transaction aggregation, coin minting, etc... have been defined before (and probably add a reference to that section here). Otherwise, the reader gets lost here.

As an extension to the regular transaction protocol transferring value from one sender to a receiver we will define two further schemes. The first of them titled *Extended Mimblewimble Transaction Scheme* will provide additional functions to create and spend coins owned by two parties instead of just one, thereby enabling coins owned by mutliple parties at once, which is similar to a mutlisig address in Bitcoin [2]. The second extended definition is called *Contract Mimblewimble Transaction Scheme* and will allow the receiver of a coin to hide a secret witness value x in his part of the transaction, in a way that the

his part of what? what is a part here

sender (or the senders) can redeem this secret after the protocol has completed and the final transaction is available.

three? in previous paragraph you only mentioned two

We will proceed by providing an instantiation of the three transactions schemes in section 5.2 which can be implemented and deployed on a Mimblewimble based Cryptocurrency such as Beam or Grin. In section 5.3 we define two-party protocols from the outlined schemes to construct mimbewimble transactions. Section 5.4 shows the proofs that the schemes are correct and the protocols secure in the malicious setting as defined in definition 3.8. Finally, in 5.5, we define a Atomic Swap protocol from these building blocks, allowing two parties to securely and trustlessly swap funds from a Mimblewimble based blockchain with those on another blockchain, such as Bitcoin.

5.1 Definitions

As we have already discussed in section 3.4 for the creation of a transaction in mimblewimble, it is immanent that both the sender and receiver collaborate and exchange messages via a secure channel. To construct the transaction protocol we assume that we have access to a two-party signature scheme Φ_{MP} as defined in definition 4.1, a zero-knowledge Rangeproofs system Π

zero-knowlege proof rangeproof is not a standard term. What about: zero knowledge proof to prove that a value fits in a certain range. These specific type of zero-knowledge proofs are called rangeproofs and implemented in Bulletproofs. If you have defined range proof before, you can simply say that you require a range proof system instead.

such as Bulletproofs, as described in section 3.3.2 and a homomorphic commitment scheme COM as defined in definition 3.6 such as Pedersen Commitments seen in definition 3.7.

Fuchsbauer et al. have defined three procedures Send, Rcv and Ldgr with regards to the creation of a transaction. Send called by the sender will create a pre-transaction, Rcv takes the pre-transaction and adds the receivers output and Ldgr (again called by the sender) verifies and publishes the final transaction to the blockchain ledger. As we have already pointed out in this thesis we won't discuss the transaction publishing phase therefore we will not cover the publishing functionality of the Ldgr procedure, however we will use the verification capabilities of the algorithm. That means the transactions created by our protocol must be compatible with the MW.Ver$(1^n, tx)$ functionality formalized by Fuchsbauer et at.

You could add here that if a transaction correctly verifies, then we assume that it is the case that can be added to the ledger controlled by the Ldr function.

We redefine the Send and Rcv functionality in our paper, making small adjustments to the original definitions to fit with our requirements.

To improve the readability of our formalizations we introduce a wrapper $sp\mathcal{C}$ which represents a spendable coin and contains a reference to the coin commitment and rangeproof as defined in definition 3.14 as well as its (secret) spending information which consist of the coins value and blinding factor.

In the description above include the symbols for each element. For instance, coins value (v), blinding factor (r)

$$sp\mathcal{C} \; := \; \{C, v, r, \pi\}$$

If we want to indicate that a spendable coin is a output coin of a transaction we write $sp\mathcal{C}^*$.

Add introduction text for the next definition. We next define .... that intuitively allows to....

Definition 5.1 (Mimblewimble Transaction Scheme)**.** A Mimblewimble Transaction Scheme $MW[COM, \Phi_{MP}, \Pi]$ with commitment scheme COM, two-party signature scheme Φ_{MP}, and rangeproof system Π consists of the following tupel of procedures:

$$MW[COM, \Phi_{MP}, \Pi] \; := \; (\mathsf{spendCoins}, \mathsf{recvCoins}, \mathsf{finTx}, \mathsf{verfTx})$$

- $(ptx, sp\mathcal{C}^*_A, (sk_A, n_A)) \; \leftarrow \; \mathsf{spendCoins}([sp\mathcal{C}], p, t)$: The spendCoins algorithm is a DPT function called by the sending party to initiate the spending of some input coins. As input, it takes a list of spendable coins $[sp\mathcal{C}]$ and a value p which should be transferred to the receiver. Optionally a sender can pass a block height t to make this transaction only valid after a specific time. It outputs a pre-transaction ptx which can be send to a receiver, Alice's spendable change output coin $sp\mathcal{C}^*_A$ as well as the senders signing key and secret nonce (sk_A, n_A) later used in the transaction signing process.

- $(ptx^*, sp\mathcal{C}^*_B) \; \leftarrow \; \mathsf{recvCoins}(ptx, p)$: The receiveCoins algorithm is a DPT routine called by the receiver and takes as input a pre-transaction ptx and a fund value p. It will output a modified pre-transaction ptx^* together with Bobs new spendable output coin $sp\mathcal{C}^*_B$ which has been added to the transaction. At this stage the transaction already has to be partially signed by the receiver.

  Throughout the thesis, you are using Alice as the sender and Bob as the receiver, right? If so, make sure that this is clearly specified somewhere.

- $tx \; \leftarrow \; \mathsf{finTx}(ptx, sk_A, n_A)$: The finalize algorithm is a DPT routine again called by the transaction sender that takes as input a pre-transaction ptx and the senders signing key sk_A and nonce n_A. The function will output a finalized signed transaction tx.

- $\{1, 0\} \leftarrow \mathsf{verfTx}(tx)$: The verification algorithm is taken from the Fuchsbauer et al. paper [7] (there it is named MW.Ver) and can be used to verify Mimblewimble transactions. If an invalid transaction is passed it will output 0, otherwise 1. The routine verifies four conditions:

  1. Condition 1: Every input and output coin only appears once in the transaction.
  2. Condition 2: The union of input and output coins is the empty set.
  3. Condition 3: The transaction signature verifies with the excess value of the transaction as public key, which is calculated by summing up the output coins and subtracting the input coins. (See section 3.4)
  4. Condition 4: For every output coin the range proof verifies.

The vrfTx is taken as it is from Fuchsbauer paper? If so, mention that explicitely: the function is exactly the same and we add it here for completeness. Also, it conveys the point that we want that our protocol outputs transactions that are valid for the current Mimblewimble for compatibility.

We say a Mimblewimble Transaction Scheme is correct if the verification algorithm verfTx returns 1 if and only if the added transaction is well balanced and its signature is valid. More formally:

Definition 5.2 (Transaction Scheme Correctness)**.** For any transaction fund value p and list of spendable input coins $[sp\mathcal{C}]$ with combined value $v \geq p$ the following must hold:

$$\Pr\left[\mathsf{verfTx}(tx) = 1 \;\middle|\; \begin{array}{l} p \leq \sum_{i := 0}^{i < n}(sp\mathcal{C}_i.v) \\ (ptx, \cdot, (sk_A, n_A)) \leftarrow \mathsf{spendCoins}([sp\mathcal{C}], v, \perp) \\ (ptx^*, \cdot) \leftarrow \mathsf{recvCoins}(ptx, p) \\ tx \leftarrow \mathsf{finTx}(ptx^*, sk_A, n_A) \end{array}\right] = 1.$$

Add text to introduce the definition below

Definition 5.3 (Extended Mimblewimble Transaction Scheme)**.** An extended Mimblewimble transaction scheme $MW_{ext}[COM, \Phi_{MP}, \Pi]$ is an extension to MW with the following two procedures:

three?

$$MW_{ext}[COM, \Phi_{MP}, \Pi] := MW[COM, \Phi_{MP}, \Pi] \;||\; (\mathsf{dSpendCoins}, \mathsf{dRecvCoins}, \mathsf{dFinTx})$$

- $\langle(ptx, sp\mathcal{C}_A^*, (sk_A, n_A)), (ptx, sp\mathcal{C}_A^*, (sk_C, n_C))\rangle$ $\leftarrow \mathsf{dSpendCoins}\langle([sp\mathcal{C}_A], p, t), ([sp\mathcal{C}_C], p, t)\rangle$: The distributed coin spending algorithm takes as input a list of spendable input coins which ownership is shared between Alice and Carol. Note that for each provided input coin Alice and Carol have only a share to the blinding factor. A coins full blinding factor can then be

this statement is unclear here

calculated as: $r := r_A + r_C$. Again optionally a block height t can be given to time lock the transaction. Similar to the single party version of the function its outputs are a pre-transaction ptx and change coin for each party, as well as their signing information.

r_A and r_C not introduced before

- $\langle (ptx^*, pspC_B^*), (ptx^*, pspC_C^*) \rangle \leftarrow \mathsf{dRecvCoins}\langle (ptx, p), () \rangle$: The distributed coin receive procedure takes as input a pre-transaction ptx and a value p which should be transferred with the transaction. The distributed algorithm will generate a output coin owned by both Alice and Carol. (each owning a share of the key). The output will be an updated pre-transaction ptx^*, the shared output coin $\mathcal{C}_{out}^{sh}$ with the respective shares of the blinding factor added as $sp\mathcal{C}_B^*$, $sp\mathcal{C}_C^*$. Note that $\mathcal{C}_{out}^{sh}$ will only be spendable if both owners cooperate running the $\mathsf{dSpendCoins}$ protocol.

You mention Alice but using B as subscript

not defined before

- $\langle tx, tx \rangle \leftarrow \mathsf{dFinTx}\langle (ptx, sk_A, n_A), (ptx, sk_C, n_C) \rangle$: The distributed finalized transaction protocol has to be used if we are creating a transaction spending a shared coin (i.e. the transaction was created with the $\mathsf{dSpendCoins}$ algorithm). In this case we require signing information from both Alice and Carol.

Correctness is given very similar to the standard scheme:

Definition 5.4 (Extended Transaction Scheme Correctness)**.** For any list of spendable coins $[sp\mathcal{C}]$ with total value v greater then the transaction fund value p and split blinding factors $([r_A], [r_C])$ the following must hold:

$$\Pr\left[\mathsf{verfTx}(tx) = 1 \;\middle|\; \begin{array}{l} p \le \sum_{i\,:=\,0}^{i\,\le\,n} (sp\mathcal{C}_i.v) \\ \langle (ptx, \cdot, (sk_A, n_A)), (ptx, (sk_C, n_C)) \rangle \leftarrow \\ \mathsf{dSpendCoins}\langle ([sp\mathcal{C}_A], p, \bot), ([sp\mathcal{C}_C], p, \bot) \rangle \\ \langle (ptx^*, \cdot)(ptx^*, \cdot) \rangle \leftarrow \mathsf{dRecvCoins}\langle (ptx, p), () \rangle \\ tx \leftarrow \mathsf{dFinTx}\langle (ptx^*, sk_A, n_A), (ptx^*, sk_C, n_C) \rangle \end{array} \right] = 1.$$

Add text to introduce the following definition

Definition 5.5 (Contract Mimblewimble Transaction Scheme)**.** The contract version of the extended Mimblewimble Transaction Scheme updates the Extended Mimblewimble Transaction Schme by providing a modified version of the single party receive routine and the distributed finalize transaction protocol.

$$MW_{apt}[COM, \Phi_{MP}, \Pi] := MW_{ext}[COM, \Phi_{MP}, \Pi] \;||\; \mathsf{aptRecvCoins}, \mathsf{dAptFinTx}$$

- $(ptx^*, sp\mathcal{C}_B^*, \tilde{\sigma_B}) \leftarrow \mathsf{aptRecvCoins}(ptx, p, x)$: The contract variant of the receive function takes an additional input a secret witness value x which will be hidden in the transaction signature and extractable by the other party after the protocols' completion. Note that the routine also returns Bob's unadapted partial signature. The reason for this is that we later still need the unadapted version to complete the signature und thereby finalize the transaction. By not sharing this unadapted signature with Alice, Bob is the one who gets to finalize the transaction which is different from the simpler protocol and is an important feature necessary for our atomic swap protocol.

The reader here will be waiting for the distributed version of aptRecvCoins(.,.,I) would add a note saying that we could define the distributed version (and maybe even define it and we put it in the appendix), but omit it here for clarity as we do not need it for the protocol afterwards.

- $\langle \tilde{\sigma_A}_B, tx \rangle \leftarrow \mathsf{dAptFinTx}\langle (ptx^*, sk_A, n_A, X), (ptx^*, sk_B, n_B, \tilde{\sigma_B}) \rangle$: The contract variant of the finalize transaction algorithm is a distributed protocol between the sender(s) and receiver. Additionally to the pre-transaction ptx^* the senders need to input their signing information, Bob needs to input the unadapted version of his partial signature as it is needed for transaction completion. This protocol could also be implemented as a three party protocol, two senders controlling a shared coin and a third receiver. However, as in our case, which we will describe later in section 5.5, one of the two senders is also the receiver, we allowed ourselves to model this protocol as being between only two parties to simplify the formalization. In this version of the protocol only Bob will be able to finalize the transaction, which is different to finTx and dFinTx. This has the practical reason that for the atomic swap execution Bob needs to be the one in control of building the final transaction. If Alice were to build the final transaction before Bob, she might be able to extract the witness value before the transaction has been published, which in the atomic swap scenario would mean she could steal the funds stored on the other chain. This is why the protocol does not return the final transaction tx to Alice, instead the protocol will output the senders partial signature, which Alice can later use to extract a witness value.

Similar as before we define correctness for the adapted scheme:

Definition 5.6 (Contract Transaction Scheme Correctness)**.** For any transaction fund value p and list of input coins $[sp\mathcal{C}]$ with combined value $v \geq p$ and any witness value $x \in \mathbb{Z}_p^*$ the following must hold:

$$\Pr\left[\ \mathsf{verfTx}(tx) = 1 \ \middle|\ \begin{array}{l} p \leq \sum_{i := 0}^{i < n}(sp\mathcal{C}_i.v) \\ (ptx, sp\mathcal{C}_A^*, (sk_A, n_A)) \leftarrow \mathsf{spendCoins}([sp\mathcal{C}], p, \perp) \\ (ptx^*, sp\mathcal{C}_B^*, \tilde{\sigma_B}) \leftarrow \mathsf{aptRecvCoins}(ptx, p, x) \\ \langle \tilde{\sigma_A}_C, tx \rangle \leftarrow \mathsf{dAptFinTx}\langle (ptx, sk_A, n_A, X), (ptx, sk_C, n_C, \tilde{\sigma_B}) \rangle \end{array} \right] = 1.$$

I see why you have defined the schemes the way you did, but I know that because I have talked to you several times before :) I think it is hard to parse for a person that reads this for the first time (and not knowing yet what you have in mind for the cross-chain swap protocol that only comes later in the thesis). I propose that before introducing these definitions, at the beginning of the section, you have a paragraph or two of "overview" (and possibly a figure/graphic to accompany it) where you say: In Fuchsbauer paper, they define these operations that allows a single sender to pay to a single receiver. Now, we first change Send and Rcv to follow our schemes in section X. Next, we would need that sender's coins are not controlled by a single user, but by two, so we extend Send to support the case where blind factor is shared between two (as shown in Fig...). And so on.... Basically, write a little the story behind these design decisions that you have made throughout your thesis. Makes sense?

5.2 Instantiation

In this section we will provide an instantiation of the transaction scheme definitions found in 5.1, 5.3 and 5.5. The instantiations can be implemented in a Cryptocurrency based on the Mimblewimble protocol such as Beam and Grin.

5.2.1 Mimblewimble Transaction Scheme

First we provide an instantiation of the simplest form of a transaction in which a sender wants to transfer some value p to a receiver. For the execution of the protocol we assume to have access to a homomorphic commitment scheme such as Pedersen Commitment COM as defined in definition 3.7. Furthermore we require a Rangeproof system Π as defined in 3.3.2 and a two-party signature scheme Φ_{MP} as defined in 4.1.

To make the pseudocode for the transaction protocol easier to read we first introduce two auxiliary functions createCoin and createTx. The coin creation function will take as input a value v and a blinding factor r. It will create and output a new spendable coin $sp\mathcal{C}$ already containing a range proof π attesting to the statement that the coins value v is within the valid range as defined for the blockchain. The transaction creation algorithm createTx takes as input a message m, a list of input coins $[\mathcal{C}_{inp}]$, a list of output coins $[\mathcal{C}_{out}]$, a list of rangeproofs $[\pi]$, a signature context Λ, a list of commitments C, a signature σ, and a lock time t and will collect the input data into a transaction object.

```
createCoin$(v, r)$

$C \leftarrow \mathsf{commit}(v, r)$
$\pi \leftarrow \mathsf{ranPrf}(\mathcal{C}, v, r)$
return $(C, r, v, \pi)$
```

```
createTx$(m, [\mathcal{C}_{inp}], [\mathcal{C}_{out}], [\pi], \Lambda, [C], \sigma, t)$

return (
    $m := m,$
    $inp := [\mathcal{C}_{inp}],$
    $out := [\mathcal{C}_{out}],$
    $\Pi := [\pi],$
    $\Lambda := \Lambda,$
    $com := [C],$
    $\sigma := \sigma,$
    $t := t)$
```

Editorial: it is weird that each line in createTx is numbered as in principle it should be one line only, right?

In figure 5.1 we provide an instantiation of the Mimblewimble Transction Scheme using the auxiliary functions provided before.

In the spendCoins function the sender creates his change output coin, which is the difference between the value stored in his input coins and the value which should be transferred to a receiver. He sets up the signature context with his parameters and gets a pre-transaction ptx, newly created spendable output coin $sp\mathcal{C}_A$, as well as a signing key sk_A and secret nonce n_A as output. The pre-transaction can then be sent to a receiver. Note that this instantiation differs from the one described by Fuchsbauer et al. [7] in that the sender does not yet sign the transaction during spendCoins. This has the reason that in our definition of the Two-Party Signature Scheme 4.1 the signature context Λ requires to be fully setup before a partial signature can be created, therefore signing can only start at the receivers turn, after the signature context has been completed. In the referenced paper it is possible to start the signing earlier, because instead of using the notion of a two-party signing protocol, they instead rely on an aggregateable signature scheme. The sender and receiver both will create their signatures which will then be aggregated into the final one. However, we find that by using a two-party signature scheme for our formalization we are closer to what is implemented in practice [1] . Furthermore by starting the signing process at the receivers turn we avoid a potential problem: If an adversary learns the already signed pre-transaction and transaction value p before the intended receiver, the adversary would be able to steal the coins by creating his malicious output coin together with his signature, which he could then aggregate to the senders pre-transaction.

[1] https://medium.com/@brandonarvanaghi/grin-transactions-explained-step-by-step-fdceb905a

Some points here:
- Minor: The footnote goes over the page limit. You can put the link in a `here`, using the url package with the hyphens option. Otherwise, you could use a service like tinyurl, but I do not know how long it will stay active.
- I really like the points that you write here to use your scheme instead that of Fuchsbauer. It would be nice if you can write a summary of them in the previous section, when you say: "making small adjustments to the original definition to fit with our requirements." Instead, I would say: we adapt Fuchsbauer's definition because (i) reason 1, (ii) reason 2, (iii) reason 3, etc... each reason in a line or two and then mention, we give a more detailed comparison in Section X (refering to this one).
- I think you should write the problem in a clearer way (if you have not done it already in a previous section). I think that showing the attack in a clear and understandable manner is important for the reader and a clear reason why you need to change this. Actually, a question I have is: is the attack also possible in the paper of Fuchsbauer? If so, we should clearly write it and say that what you propose is a fix.

In recvCoins the receiver of a pre-transaction will verify the senders proof π_B, create his output coin $\mathcal{C}_{out}^{B}$, add his parameters to the signature context and then create his partial signature $\tilde{\sigma_B}$. The function returns an updated version of the pre-transaction ptx which can be sent back to the sender, as well as the newly created spendable output $sp\mathcal{C}_B$.

Now in finTx the original sender will validate the updated pre-transcation ptx sent to him by the receiver. If he finds it as valid, he will only now create his partial signature and finally finalize the two partial signatures into the final composite one, with which he can then build the final transaction.

5.2.2 Extended Mimblewimble Transaction Scheme

Figure 5.2 shows an instantiation of the dSpendCoins function of the Extended Mimblewimble Transaction Scheme. We have an array of spendable input coins which keys are shared between two parties Alice and Carol. We use Carol here to not confuse this party with the receiver, which we previously called Bob. Although Carol and Bob could be the same person, they not necessarily have to be.

The protocol starts with both Alice and Carol creating her change outputs with values v_A and v_C. Alice then creates the initial pre-transaction ptx and sends it to Carol who verifies Alice's output, adds her outputs and parameters and sends back ptx, which Alice verifies. The protocol returns ptx to both parties, which can then be transmitted to the receiver by any of the two parties, as well as the secret signing information (sk_A, n_A), (sk_C, n_C).

```
$\mathsf{spendCoins}([sp\mathcal{C}], p, t)$

$v \leftarrow \sum_{i := 0}^{i < n} (sp\mathcal{C}_i.v)$
$\textbf{if } p > v \quad \textbf{return } \bot$
$\textbf{if } \exists\, i \neq j : sp\mathcal{C}[i] = sp\mathcal{C}[j] \quad \textbf{return } \bot$
$m := \{0,1\}^*$
$(r_A^*, n_A) \leftarrow\!\$\, \mathbb{Z}_p^*$
$sp\mathcal{C}_A^* \leftarrow \mathsf{createCoin}(v - p, r_A^*)$
$\{\mathcal{C}_{out}^A, r_A^*, v_A, \pi_A\} \leftarrow sp\mathcal{C}_A^*$
$sk_A := r_A^* - \sum_{i := 0}^{i < n} (sp\mathcal{C}_i.r)$
$\Lambda := \{pk := 1_p, R := 1_p\}$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$
$ptx \leftarrow \mathsf{createTx}(m, sp\mathcal{C}.C, [\mathcal{C}_{out}^A], [\pi_A], \Lambda, [g^{sk_A}], \emptyset, t)$
$\textbf{return } (ptx, sp\mathcal{C}_A^*, (sk_A, n_A))$

$\mathsf{recvCoins}(ptx, p)$

$(m, inp, out, \Pi, \Lambda, com, \emptyset, t) \leftarrow ptx$
$\textbf{if } \mathsf{vrfRanPrf}(\Pi[0], out[0]) = 0$
  $\textbf{return } \bot$
$(r_B^*, n_B) \leftarrow\!\$\, \mathbb{Z}_p^*$
$sp\mathcal{C}_B^* \leftarrow \mathsf{createCoin}(p, r_B^*)$
$\{\mathcal{C}_{out}^B, r_B^*, v_B, \pi_B\} \leftarrow sp\mathcal{C}_B^*$
$sk_B := r_B^*$
$\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_B}, g^{n_B})$
$\tilde{\sigma_B} \leftarrow \mathsf{signPt}(m, sk_B, n_B, \Lambda)$
$ptx \leftarrow \mathsf{createTx}(m, inp, out \mid\mid \mathcal{C}_{out}^B, \Pi \mid\mid \pi_B, \Lambda, com \mid\mid g^{sk_B}, \tilde{\sigma_B}, t)$
$\textbf{return } (ptx, sp\mathcal{C}_B^*)$

$\mathsf{finTx}(ptx, sk_A, n_A)$

$(m, inp, out, \Pi, \Lambda, com, \tilde{\sigma_B}, t) \leftarrow ptx$
$\textbf{if } \mathsf{vrfRanPrf}(\Pi[1], out[1]) = 0$
  $\textbf{return } \bot$
$\textbf{if } \mathsf{vrfPt}(\tilde{\sigma_B}, m, com[1]) = 0$
  $\textbf{return } \bot$
$\tilde{\sigma_A} \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$
$\sigma_{fin} \leftarrow \mathsf{finSig}(\tilde{\sigma_A}, \tilde{\sigma_B})$
$tx \leftarrow \mathsf{createTx}(m, inp, out, \Pi, \Lambda, com, \sigma_{fin}, t)$
$\textbf{return } tx$

$\mathsf{verfTx}(tx)$

$(m, inp, out, \Pi, \Lambda, com, \sigma, t) \leftarrow tx$
$\mathcal{E} = \sum(out) - \sum(inp)$
$\textbf{return } (\forall\, i \neq j : inp[i] \neq inp[j] \wedge out[i] \neq out[j])$ and
  $inp \cup out = \emptyset$ and $(\forall\, i : \mathsf{vrfRanPrf}(\Pi[i], out[i]))$ and $\mathsf{verf}(m, \sigma, \mathcal{E})$
```

Figure 5.1: Instantiation of Mimblewimble Transaction Scheme.

```
$\mathsf{dSpendCoins}\langle([pspC_A], p, t), ([pspC_C], p, t)\rangle$

     $Alice$                                                         $Carol$
1 :  $v \leftarrow \sum_{i := 0}^{i < n} (spC_i.v)$                  $v \leftarrow \sum_{i := 0}^{i < n} (spC_i.v)$
2 :  if $p > v$                                                      if $p > v$
3 :    return $\bot$                                                   return $\bot$
4 :  if $\exists i \neq j : pspC_A[i] = pspC_A[j]$                   if $\exists i \neq j : pspC_C[i] = pspC_C[j]$
5 :    return $\bot$                                                 return $\bot$
6 :  $m := \{0,1\}^*$
7 :  $(r_A^*, n_A) \leftarrow\$ \mathbb{Z}_p^*$                       $(r_C^*, n_C) \leftarrow\$ \mathbb{Z}_p^*$
8 :  $spC_A^* \leftarrow \mathsf{createCoin}(v_A, r_A^*)$              $spC_C^* \leftarrow \mathsf{createCoin}(v_C, r_C^*)$
9 :  $\{C_{out}^A, r_A^*, v_A, \pi_A\} \leftarrow spC_A^*$            $\{C_{out}^C, r_C^*, v_C, \pi_C\} \leftarrow spC_C^*$
10 : $sk_A := r_A^* - \sum[r_A]$                                     $sk_C := r_C^* - \sum[r_C]$
11 : $\Lambda := \{pk := 1_p, R := 1_p\}$
12 : $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_A}, g^{n_A})$
13 : $ptx \leftarrow$
     $\mathsf{createTx}(m, [C_{inp}], [C_{out}^A], [\pi_A], \Lambda, [g^{n_A}], \emptyset, t)$
14 :                                  $\xrightarrow{ptx}$
15 :                                                                  $(m, inp, out, \Pi, \Lambda, com, t^*) \leftarrow ptx$
16 :                                                                  if $\mathsf{vrfRanPrf}(\Pi[0], out[0]) = 0 \lor t \neq t^*$
17 :                                                                    return $\bot$
18 :                                                                  $\Lambda \leftarrow \mathsf{setupCtx}(\Lambda, g^{sk_C}, g^{n_C})$
19 :                                                                  $ptx' \leftarrow \mathsf{createTx}(m, inp, out \mid\mid C_{out}^C, \pi \mid\mid \pi_C, \Lambda, com \mid\mid g^{n_C}, \emptyset, t)$
20 :                                  $\xleftarrow{ptx'}$
21 : if $\mathsf{vrfRanPrf}(ptx'.\Pi[1], ptx'.out[1]) = 0$
22 :   return $\bot$
23 : return $(ptx', spC_A^*, (sk_A, n_A))$                             return $(ptx', spC_C^*, (sk_C, n_C))$
```

v_A in line 8 of Alice is not defined before. Same with v_C.

Figure 5.2: Extended Mimblewimble Transaction Scheme - dSpendCoins

typo? should be the distributed version of that?

Figure 5.3 shows an instantiation of the recvCoins function of the Extended Mimblewimble Transaction Scheme. Calling this protocol two receivers Bob and Carol want to create a receiving shared coin $\mathcal{C}_{out}^{sh}$ with value p and key shares (r_A, r_C). The protocol starts by both receivers verifing the senders output(s). Bob starts by creating a coin with fund value p and his share of the newly created blinding factor and sends it over to Carol. Carol finalizes the shared coin by adding a commitment to her blinding factor to the coin and sends it back, together with the commitment. Bob verifies validity of the updated shared coin after which the two parties engage in two two-party protocols to create their partial signature and coin rangeproof. Finally they create the updated pre-transaction ptx which can be sent back to the transaction sender.

I think you have not mentioned earlier that you need a distributed version of range proof for your distributed protocols. Also, I think Figure 5.4 is not described in the text?

```
dRecvCoins$\langle (ptx, p), () \rangle$

$Bob$                                                                          $Carol$
$(m, inp, out, \Pi, \Lambda, com, \emptyset, t) \leftarrow ptx$
foreach $out$ as $(i => \mathcal{C}_{out})$                                    foreach $out$ as $(i => \mathcal{C}_{out})$
  if vrfRanPrf$(\Pi[i], \mathcal{C}_{out}[i]) = 0$                               if vrfRanPrf$(\Pi[i], \mathcal{C}_{out}[i]) = 0$
  return $\perp$                                                                 return $\perp$
$(r^*_B, n_B) \leftarrow\$ \mathbb{Z}^*_p$
$(\mathcal{C}^{sh}_{out}, \cdot, \cdot, \cdot) \leftarrow$ createCoin$(p, r^*_B)$
$sk_B := r^*_B$
                          $\xrightarrow{ptx, \mathcal{C}^{sh}_{out}}$
                                                                               $(r^*_C, n_C) \leftarrow\$ \mathbb{Z}^*_p$
                                                                               $sk_C := r^*_C$
                                                                               $\mathcal{C}^{sh\,\prime}_{out} := \mathcal{C}^{sh}_{out} \cdot g^{r_C}$
                                                                               $ptx' := ptx$
                                                                               $ptx'.out[] := \mathcal{C}^{sh\,\prime}_{out}$
                          $\xleftarrow{ptx', g^{sk_C}}$
$\{\cdots \mathcal{C}^{sh\,\prime}_{out}\} \leftarrow ptx'.out$
if $\mathcal{C}^{sh\,\prime}_{out} \neq \mathcal{C}^{sh}_{out} \cdot g^{sk_C}$
  return $\perp$
$\pi_{BC} \leftarrow$ dRanPrf$(\mathcal{C}^{sh\,\prime}_{out}, p, sk_B)$                  $\pi_{BC} \leftarrow$ dRanPrf$(\mathcal{C}^{sh\,\prime}_{out}, p, sk_C)$
$psp\mathcal{C}^*_B := \{\mathcal{C}^{sh}_{out}, p, r^*_B, \pi_{BC}\}$                    $psp\mathcal{C}^*_C := \{\mathcal{C}^{sh}_{out}, p, r^*_C, \pi_{BC}\}$
$(\sigma_{\widetilde{BC}}, pk_{BC}) \leftarrow$ dSign$(m, sk_B, n_B)$                    $(\sigma_{\widetilde{BC}}, pk_{BC}) \leftarrow$ dSign$(m, sk_C, n_C)$
$(\cdot, \cdot, \Lambda^*) \leftarrow \sigma_{\widetilde{BC}}$                               $(\cdot, \cdot, \Lambda^*) \leftarrow \sigma_{\widetilde{BC}}$
$\Lambda' \leftarrow$ setupCtx$(\Lambda, \Lambda^*.pk, \Lambda^*.R)$                     $\Lambda' \leftarrow$ setupCtx$(\Lambda, \Lambda^*.pk, \Lambda^*.R)$
        $ptx^* \leftarrow$ createTx$(m, inp, out \mid\mid \mathcal{C}^{sh\,\prime}_{out}, \Pi \mid\mid \pi_{BC}, \Lambda', com \mid\mid pk_{BC}, \sigma_{\widetilde{BC}}, t)$
return $(ptx^*, psp\mathcal{C}^*_B)$                                           return $(ptx^*, psp\mathcal{C}^*_C)$
```

Figure 5.3: Extended Mimblewimble Transaction Scheme - dRecvCoins

```
dFinTx$\langle(ptx, sk_A, n_A), (ptx, sk_C, n_C)\rangle$

Alice                                                                  Carol
$(m, inp, out, \Pi, \Lambda, com, \tilde{\sigma}_B, t) \leftarrow ptx$                      $(m, inp, out, \Pi, \Lambda, com, \tilde{\sigma}_B, t) \leftarrow ptx$
if vrfRanPrf$(\Pi[1], out[1]) = 0$                                     if vrfRanPrf$(\Pi[1], out[1]) = 0$
    return $\perp$                                                         return $\perp$
if vrfPt$(\tilde{\sigma}_B, m, com[1]) = 0$                                  if vrfPt$(\tilde{\sigma}_B, m, com[1]) = 0$
    return $\perp$                                                         return $\perp$
$\tilde{\sigma}_{AC} \leftarrow$ dSign$(m, sk_A, n_A)$                                   $\tilde{\sigma}_{AC} \leftarrow$ dSign$(m, sk_C, n_C)$
$\sigma_{fin} \leftarrow$ finSig$(\tilde{\sigma}_B, \tilde{\sigma}_{AC})$                                   $\sigma_{fin} \leftarrow$ finSig$(\tilde{\sigma}_B, \tilde{\sigma}_{AC})$
$tx \leftarrow$ createTx$(m, inp, out, \Pi, \Lambda, com, \sigma_{fin}, t)$     $tx \leftarrow$ createTx$(m, inp, out, \Pi, \Lambda, com, \sigma_{fin}, t)$
return $tx$                                                            return $tx$
```

Figure 5.4: Extended Mimblewimble Transaction Scheme - dFinTx

5.2.3 Adapted Extended Mimblewimble Transaction Scheme

Figure 5.5 shows an instantiation of the aptRecvCoins algorithm. Before updating the pre-transaction *ptx* Bob adapts his partial signature with the witness value x. The procedure then returns the pre-transaction *ptx* containing Bobs adapted partial signature, and the statement X which is a commitment to the witness value x.

In figure 5.6 we show the updated distributed version of the transaction finalization protocol. Again Alice verifies the pre-transaction *ptx* received by Bob and then cooperates

```
aptRecvCoins$(ptx, p, x)$

$(m, inp, out, \Pi, \Lambda, com, \emptyset, t) \leftarrow ptx$
if vrfRanPrf$(\Pi[0], out[0]) = 0$
    return $\perp$
$(r^*_B, n_B) \leftarrow\$ \mathbb{Z}^*_p$
$(\mathcal{C}^B_{out}, \pi_B) \leftarrow$ createCoin$(p, r^*_B)$
$sk_B := r^*_B$
$\Lambda \leftarrow$ setupCtx$(\Lambda, g^{sk_B}, g^{n_B})$
$\tilde{\sigma}_B \leftarrow$ signPt$(m, sk_B, \Lambda.pk, \Lambda.R)$
$\hat{\sigma}_B \leftarrow$ adaptSig$(\tilde{\sigma}_B, x)$
$ptx \leftarrow$ createTx$(m, inp, out \mid\mid \mathcal{C}^B_{out}, \Pi \mid\mid \pi_B, \Lambda, com \mid\mid g^{n_B}, \hat{\sigma}_B, t)$
return $(ptx, (\mathcal{C}^B_{out}, r^*_B), \tilde{\sigma}_B)$
```

Figure 5.5: Adapted Extended Mimblewimble Transaction Scheme - aptRecvCoins.

```
dAptFinTx⟨$(ptx, sk_A, n_A, X), (ptx, sk_B, n_B, \tilde{\sigma_B})$⟩

Alice                                                   Bob
$(m, inp, out, \Pi, \Lambda, com, \hat{\sigma_B}, t) \leftarrow ptx$   $(m, inp, out, \Pi, \Lambda, com, \hat{\sigma_B}, t) \leftarrow ptx$
if vrfRanPrf($\Pi[1], out[1]$) $= 0$
  return $\perp$
if vrfAptSig($\tilde{\sigma_B}, m, com[1], X$) $= 0$
  return $\perp$
$\tilde{\sigma_{AB}} \leftarrow$ dSign($m, sk_A, n_A$)             $\tilde{\sigma_{AB}} \leftarrow$ dSign($m, sk_B, n_B$)
                                                        $\sigma_{fin} \leftarrow$ finSig($\tilde{\sigma_{AC}}, \tilde{\sigma_B}$)
                                                        $tx \leftarrow$ createTx($m, inp, out, \Pi, \Lambda, com, \sigma_{fin}, t$)
return $\tilde{\sigma_{AB}}$                                  return $tx$
```

Figure 5.6: Adapted Extended Mimblewimble Transaction Scheme - dAptFinTx.

with Bob in the dSign protocol to build the partial signature for their shared coin. Note that at this point Alice is not able to finalize the signature (and consequently the transaction) as she only knows Bobs adapted partial signature ($\hat{\sigma_B}$), but not the original one ($\tilde{\sigma_B}$), which is needed for the finSig function. Therefore, Bob completes the transaction and outputs it, while Alice outputs $\tilde{\sigma_{AB}}$ with which she can then retrieve x.

5.3 Protocols

In this section we specify three protocols to build Mimblewimble transactions from the definitions found in 5.1. Later in section 5.4 we will prove the security of these protocols and finally in section 5.5 we will utilize them to build our Atomic Swap.

5.3.1 Simple Mimblewimble Transaction - dBuildMWTx

dBuildMWTx is a protocol between a sender and receiver which builds a Mimblewimble transaction transferring a value p from the sender to a receiver for a Mimblewimble Transaction scheme as defined in 5.1. It takes as input a list of spendable coins $[sp\mathcal{C}]$, a transaction value p, and an optional timelock t from the sender, the same transaction value p from the receiver and uses the functions defined earlier to output a valid transaction tx as well as the newly spendable coins to both parties.

$$\langle (tx, sp\mathcal{C}_A^*), (tx, sp\mathcal{C}_B^*) \rangle \leftarrow \mathsf{dBuildMWTx}\langle (sp\mathcal{C}^*, p, t), (p) \rangle$$

Figure 5.7 shows the implementation of the dBuildMWTx.

$\mathsf{dBuildMWTx}\langle([sp\mathcal{C}], p, t), (p)\rangle$

	Alice		*Bob*
1 :	$(ptx, sp\mathcal{C}^*_A, (sk_A, n_A))$ $\leftarrow \mathsf{spendCoins}([sp\mathcal{C}], p, t)$		
2 :		$\xrightarrow{ptx}$	
3 :			$(ptx', sp\mathcal{C}^*_B) \leftarrow \mathsf{recvCoins}(ptx, p)$
4 :		$\xleftarrow{ptx'}$	
5 :	$tx \leftarrow \mathsf{finTx}(ptx', sk_A, n_A)$		
6 :		$\xrightarrow{tx}$	
7 :	$\mathbf{return}\ (tx, sp\mathcal{C}^*_A)$		$\mathbf{return}\ (tx, sp\mathcal{C}^*_B)$

Figure 5.7: dBuildMWTx two-party protocol to build a new transaction

5.3.2 Shared Output Mimblewimble Transaction - dsharedOutMWTx

dsharedOutMWTx is a protocol between a sender and a receiver. It builds a Mimblewimble transaction transferring value from a sender for the Extendend Mimblewimble Transaction Scheme in 5.3. However, instead of simply sending value to a receiver it sends it to a shared coin, for which both the sender and receiver know one part of the opening. As input it again takes a list of spendable coins $[sp\mathcal{C}]$, a transaction value p and an optional timelock t from the sender and the same transaction value p from the receiver. It outputs the final transaction tx to both parties, Alice will receive her spendable change output $sp\mathcal{C}^*_A$ and both parties will receive their part of the shared spendable coin $psp\mathcal{C}^*_A$, $psp\mathcal{C}^*_B$.

$$\langle(tx, sp\mathcal{C}^*_A, psp\mathcal{C}^*_A), (tx, psp\mathcal{C}^*_B)\rangle \leftarrow \mathsf{dsharedOutMWTx}\langle([sp\mathcal{C}], p, t), ()\rangle$$

One use case of this transaction protocol is to lock funds between two users, which can then be redeemed by both parties cooperating.

Figure 5.8 shows the implementation of the protocol.

5.3.3 Shared Input Mimblewimble Transaction dsharedInpMWTx

dsharedInpMWTx is a protocol between a sender and a receiver. It builds a Mimblewimble transaction transferring value from a coin shared between the sender and receiver to a receiver again for the Extended Mimblewimble Transaction Scheme outlined in 5.3 As input it takes a list of partial spendable coins $[psp\mathcal{C}_A]$, a transaction value p and an optional timelock t from the sender, and the other part of the shared spendable

```
$\mathsf{dsharedOutMWTx}\langle([spC], p, t), ()\rangle$

$Alice$                                                        $Bob$
$(ptx, spC^*_A, (sk_A, n_A))$
    $\leftarrow \mathsf{spendCoins}([spC], p, t)$
                              $\xrightarrow{ptx}$
$(ptx', pspC^*_A)$                                             $(ptx', pspC^*_B)$
    $\leftarrow \mathsf{dRecvCoins}(ptx, p)$                       $\leftarrow \mathsf{dRecvCoins}()$
$tx \leftarrow \mathsf{finTx}(ptx', sk_A, n_A)$
                              $\xrightarrow{tx}$
$\mathbf{return}\ (tx, spC^*_A, pspC^*_A)$                         $\mathbf{return}\ (tx, pspC^*_B)$
```

Figure 5.8: dsharedOutMWTx two-party protocol to build a new transaction with a shared output

coins $pspC_B$ as well as the same transaction value p from the receiver. It outputs a final transaction tx to both parties, as well as the new outputs spC^*_A, spC^*_B to the respective owner.

$$\langle(tx, spC^*_A), (tx, spC^*_B)\rangle \leftarrow \mathsf{dsharedInpMWTx}\langle([pspC_A], p, t), ([pspC_B], p)\rangle$$

The protocol can be used to redeem funds which are locked created with the dsharedInpMWTx protocol.

Figure 5.9 shows the implementation of the protocol.

5.3.4 Contract Mimblewimble Transaction - dcontractMWTx

dcontractMWTx is a protocol between a sender and a receiver for the Contract Mimblewimble Transaction Scheme defined in 5.5. Similar to the dsharedInpMWTx it spends an input coin which is shared between the sender and receiver. Additionally, we utilize the adapted signature protocol from 4.2 to let the receiver hide a secret witness value x in the transaction signature which the sender can extract from the final transaction, thereby allowing the construction of primitive contracts.

$$\langle(tx, spC^*_A, x), (tx, spC^*_B)\rangle \leftarrow \mathsf{dcontractMWTx}\langle([pspC_A], p, t, X)([pspC_B], p, x)\rangle$$

Figure 5.10 shows the implementation of the protocol.

```
dsharedInpMWTx⟨([$pspC_A$], $p$, $t$), ([$pspC_B$], $p$)⟩

Alice                                              Bob
($ptx$, $spC^*_A$, ($sk_A$, $n_A$))                      ($ptx$, ($sk_B$, $n_B$))
  ← dSpendCoins([$pspC_A$], $p$, $t$)                   ← dSpendCoins([$pspC_B$], $p$, $t$)
                                                   ($ptx'$, $spC^*_B$) ← recvCoins($ptx$, $p$
                              $ptx'$
                        ←──────────────
$tx$ ← dFinTx($ptx'$, $sk_A$, $n_A$)                     $tx$ ← dFinTx($ptx'$, $sk_B$, $n_B$)
return ($tx$, $spC^*_A$)                                return ($tx$, $spC^*_B$)
```

Figure 5.9: dsharedOutMWTx two-party protocol to build a new transaction from a shared output

```
dcontractMWTx⟨([$pspC_A$], $p$, $t$, $X$)([$pspC_B$], $p$, $x$)⟩

Alice                                              Bob
($ptx$, $spC^*_A$, ($sk_A$, $n_A$))                      ($ptx$, ($sk_B$, $n_B$))
  ← dSpendCoins([$pspC_A$], $p$, $t$)                   ← dSpendCoins([$pspC_B$], $p$, $t$)
                                                   ($ptx'$, $spC^*_B$, $\tilde{\sigma_B}$)
                                                     ← aptRecvCoins($ptx$, $p$, $x$)
                              $ptx'$, $X'$
                        ←──────────────
if $X \neq \perp \wedge X \neq X'$
  return $\perp$
$\hat{\sigma_B}$ ← $ptx'.\sigma$
$\tilde{\sigma_{AB}}$                                          $tx$
  ← dAptFinTx($ptx'$, $sk_A$, $n_A$, $X$)                ← dAptFinTx($ptx'$, $sk_B$, $n_B$, $\tilde{\sigma_B}$)
                              $tx$
                        ←──────────────
$x$ ← extWit($tx.\sigma$, $\tilde{\sigma_{AB}}$, $\hat{\sigma_B}$)
return ($tx$, $spC^*_A$, $x$)                           return ($tx$, $spC^*_B$)
```

Figure 5.10: dcontractMWTx two-party protocol to build a primitive contract transaction

5.4 Security & Correctness

In this section we will prove the correctness and security of the instantiation described in 5.2. We start by proving *Transaction Scheme Correctness*, *Extended Transaction Scheme Correctness* and *Adapted Transaction Scheme Correctness* for the three outlined transaction schemes MW, MW_{ext} and MW_{apt}. We then continue by showing that all protocols described in 5.3 are secure in the malicious models as defined in 3.8.

5.4.1 Correctness

We will argue *Transaction Scheme Correctness* follows from the correctness of the commitment scheme COM, two-party signature scheme Φ as well as the correctness of the range proof system Π used in the transaction protocol. If the transaction was constructed correctly (that is by calling the procedures $\mathsf{spendCoins}, \mathsf{recvCoins}, \mathsf{finTx}$, the distributed variants $\mathsf{dSpendCoins}, \mathsf{dRecvCoins}, \mathsf{dFinTx}$ or the adapted ones $\mathsf{aptRecvCoins}, \mathsf{dAptFinTx}$ with valid inputs) it must follow that the final transaction has correct commitments, rangeproofs and a valid signature and verfTx will therefore return 1. We construct the following theorem:

Theorem 3. *Transaction Scheme Correctness, Extended Transaction Scheme Correctness or Adapted Transaction Scheme Correctness for a transaction system* $MW[COM, \Phi, \Pi]$, $MW_{ext}[COM, \Phi, \Pi]$ *or* $MW_{apt}[COM, \Phi, \Pi]$ *holds if and only if the underlying Commitment Scheme* COM*, Two-Party Signature Scheme* Φ_{MP} *and Rangeproof system* Π *are correct.*

I think this theorem states more than what you actually prove. If and only if means that you prove both directions but I think you prove only one direction, that is, assume that COM, two-party signature and rangeproof are correct then your transactions schemes are correct. For the if and only if, you should additionally prove the following: Assume that your transactions schemes are correct then show that COM, two-party signature and range proof are correct.

Proof. We assume there are two honest participants Alice and Bob, there exists a list of input coins $[\mathcal{C}_{inp}]$ with blinding factors $[r_i]$ and values $[v_i]$ wrapped inside a list $[sp\mathcal{C}]$ known to Alice, and some amount p which Alice wants to transfer to Bob. For *Transaction Scheme Correctness* to hold $\mathsf{verfTx}(tx)$ must return 1 with overwhealming probability for the two parties creating the transaction tx in the following three steps:

1. $(ptx, (sk_A, n_A)) \leftarrow \mathsf{spendCoins}([sp\mathcal{C}], p, \perp)$
2. $ptx^* \leftarrow \mathsf{recvCoins}(ptx, p)$
3. $tx \leftarrow \mathsf{finTx}(ptx^*, sk_A, n_A)$

We recall the conditions for $\mathsf{verfTx}(tx)$ to return 1 found in 5.1 and show that each of them must hold:

Condition 1 and 2 both must hold if the participants are honest. In the case that the sending party provides duplicate inputs the check at the beginning of the spendCoins procedure will fail and consequently $\mathsf{verfTx}(tx)$ will return 0. The blinding factors to the ouput coins created in spendCoins and recvCoins are generated randomly, which means a duplication can only appear with negligible probability.

Condition 3 follows from the implementation of the createCoin function called in spendCoins as well as recvCoins. In the function a rangeproof is computed for the new coin $\mathcal{C}$ with value v and blinding factor r as $\pi \leftarrow \mathsf{ranPrf}(\mathcal{C}, v, r)$. Given that our Rangeproof system π system has to be correct $\mathsf{vrfRanPrf}(\pi, \mathcal{C}) = 1$ must hold for all coins created with the createCoin routine. Therefore Condition 2 must hold if the transaction is computed honestly.

typo?

I think you have mixed condition 3 and condition 4? In your description of verfTX (Definition 5.1), Condition 4 checks the validity of range proofs and condition 3 checks the validity of the transaction signature.

For condition 4 we must look at how the secret keys sk_A and sk_B are constructed. From the instantiation of spendCoins we can see that Alice's share will be $sk_A := r_A^* - \sum_{i=0}^{n}[r_A]$, where r_A^* is the blinding factor to her output and $[r_A]$ are the blinding factors to her input coins. Bobs secret key is constructed like $sk_B := r_B^*$, so it corresponds to the blinding factor of his output. From the construction of the two-party signature scheme in 4.1 we know that therefore the final signature will be valid under the following public key:

$$\mathcal{E}' := g^{sk_A} \cdot g^{sk_B}$$

Given how the secret keys are constructed we arrive at:

$$\mathcal{E}' := g^{r_A^*} \cdot \sum_{i=0}^{n} [g^{-r_A}] \cdot g^{r_B}$$

If we can show that the excess value $\mathcal{E}$ computed in verfTx is the same as above, $\mathsf{verf}(m, \sigma, pk) = 1$ must hold and therefore condition 3 would be proven. We show this by a stepwise conversion of the initial equation computing $\mathcal{E}$ until we arrive at the equation for $\mathcal{E}'$:

$$\mathcal{E} \; = \; \mathcal{E}' \tag{5.1}$$

$$\sum_{i\,=\,0}^{n} out \; - \; \sum_{i\,=\,0}^{n} inp \; = \; g^{r_A^*} \; \cdot \; \sum_{i\,=\,0}^{n} [g^{-r_A}] \; \cdot \; g^{r_B} \tag{5.2}$$

$$\mathcal{C}_{out}^{A} \; \cdot \; \mathcal{C}_{out}^{B} \; \cdot \; \sum_{i\,=\,0}^{n} [(\mathcal{C}_{inp})^{-1}] \; = \tag{5.3}$$

$$(g^{r_A^*} \; \cdot \; h^{v\,-\,p}) \; \cdot \; (g^{r_B^*} \; \cdot \; h^{p}) \; \cdot \; \sum_{i\,=\,0}^{n} [(g^{-r_A}, h^{-v_i})] \; = \tag{5.4}$$

$$g^{r_A^*} \; \cdot \; g^{r_B^*} \; \cdot \; \sum_{i\,=\,0}^{n} g^{-r_A} \; = \; g^{r_A^*} \; \cdot \; g^{r_B^*} \; \cdot \; \sum_{i\,=\,0}^{n} g^{-r_A} \tag{5.5}$$

$$1 \; = \; 1 \tag{5.6}$$

From step 5.3 to 5.4 we replace every coin $\mathcal{C}$ by its instantiation for a pedersen commitment $\mathcal{C} \; = \; g^{v} \; \cdot \; h^{v}$.

typo? should be g^r instead?

From step 5.4 to 5.4 we rely on the fact that if Alice is honest $v \; = \; \sum v_i$, therefore also $(v \; - \; p) \; + \; p \; = \; \sum v_i$ must hold. From that we can infer that $h^{v\,-\,p} \; \cdot \; h^{p} \; \cdot \; \sum h^{-v_i}$ must cancel out, otherwise the transaction would either create or burn value, which is not allowed and in which case verfTx should again return 0.

typo?

We have managed to show that condition 1-4 must hold for a valid transaction and can conclude that *Transaction Scheme Correctness* holds for $MW[COM, \Pi, \Phi_{MP}]$.

We will now argue that the same deriviation holds for *Extended Transaction Scheme Correctness* and *Adapted Transaction Scheme Correctness*.

Condition 1-2 again follow trivially from the construction of dSpendCoins and dRecvCoins for the same reasons we have already layed out in the previous proof.

dSpendCoins, dRecvCoins, aptRecvCoins all rely on the same createCoin routine to create output coins, thereby condition 3 also holds for valid transactions with the same argument as for the previous proof.

same comment as before with mixed conditions

In the case of *Extended Transaction Scheme Correctness* the blinding factors for the input coins $[\mathcal{C}_{inp}]$ are shared. However, we can easily reduce this case to the proof for the regular case: In dSpendCoins Alice and Carol construct their secret keys as follows:

$$sk_A \; := \; r_A^* \; - \; \sum_{i\,=\,0}^{n} r_A \tag{5.7}$$

$$sk_C \; := \; r_C^* \; - \; \sum_{i\,=\,0}^{n} r_C \tag{5.8}$$

sk_A and sk_C are then inputs to dFinTx in which a partial signature $\sigma_{\tilde{AC}}$ is calculated, by both Alice and Carol signing with their secret key. Assume the general key from before,

what is exactly before? not clear here for the reader in which we have a single secret key sk_A. We can split sk_A into arbitrarily chosen shares $(sk_A)_1, (sk_A)_2$ with $sk_A = (sk_A)_1 + (sk_A)_2$. By the definition of Two-Party Signatures 4.1 the combined signature from $(sk_A)_1, (sk_A)_2$ will be valid under g^{sk_A}. Thereby we can treat sk_A and sk_C from spendCoins as arbitrary shares of a combined sk_{AC}. It follows from the additive homomorphic property of the elliptic curve that a signature valid under $g^{sk_{AC}}$ must also be valid under $g^{sk_A} \cdot g^{sk_C}$. The case of two receivers calling dRecvCoins is symmetric. From this we can conclude that condition 4 must also hold for the *Extended Transaction Scheme.*

Now for the *Adapted Extended Transaction Scheme* the same argument holds. The only difference in this scheme is that in dAptFinTx Bob (instead of Alice) will call finSig, as only he knows his unadapted partial signature $\tilde{\sigma_B}$. However, the construction of the signature remains unchanged, therefore the reduction we provided before must hold for the same reasons.

We have thereby proven that if COM, Π, Φ_{MP} are correct and the participants behave honestly (that is by providing valid inputs and calling the respective routines in the given order) verfTx(tx) will return 1 for the resulting transaction tx and therefore theorem 3 holds. □

Right. As I mentioned before, you have proven only one direction (what is what you were supposed/expected to do). Just update the theorem.

5.4.2 Security

We now want to prove security in the malicious setting as defined in 3.8 for the protocols defined in 5.3. Again we show that the distributed protocols are secure in the hybrid f_{zk}^{R}-model as already explained in section 4.4.2. We start by proving security of the simple transaction protocol dBuildMWTx.

Hybrid functionalities: The parties have access to a trusted third party computing the zero-knowledge proof of knowledge functionalities $\mathsf{f}_{zk}^{R_1}$, $\mathsf{f}_{zk}^{R_2}$ and $\mathsf{f}_{zk}^{R_2*}$. R_1 is the relation between a secret key sk and its public key $pk = g^{sk}$ for the elliptic curve generator point g. R_2 is the relation between two secret inputs r, v and its pedersen commitment $C = g^r \cdot h^v$ for two adjacent generators g, h as defined in 3.7. We shorten the call by the prover to just provide $sp\mathcal{C}$ because it is a wrapper that contains the coin commitment, as well as its openings. R_2* is the same as R_2 just for a list of secrets inputs $[(r, v)]$ and its list of commitments $[C]$. Again to shorten the calls by the prover we simplify the call to $\mathsf{f}_{zk}^{R_2*}([sp\mathcal{C}])$.

Proof Idea: We extend the protocol dBuildMWTx instantiated in section 5.3 with the following calls to the zero-knowledge proof of knowledge functionalities as depicted in figure 5.11.

Theorem 4. Let *COM* be a correct and secure pedersen commitment scheme, Π

```
$\mathsf{dBuildMWTx}\langle([sp\mathcal{C}], p, t), (p)\rangle$

Alice                                                          Bob
$\mathsf{f}_{zk}^{R_2*}([sp\mathcal{C}])$
$(ptx, sp\mathcal{C}_A^*, (sk_A, n_A))$
  $\leftarrow \mathsf{spendCoins}([sp\mathcal{C}], p, t)$
$\mathsf{f}_{zk}^{R_1}((sk_A, g^{sk_A}))$
$\mathsf{f}_{zk}^{R_1}((n_A, g^{n_A}))$
$\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_A^*)$
                               $\xrightarrow{ptx}$
                                                               if $\mathsf{f}_{zk}^{R_2*}(tx.inp) = 0$
                                                                 return $\bot$
                                                               if $\mathsf{f}_{zk}^{R_1}(tx.\Lambda.pk) = 0$
                                                                 return $\bot$
                                                               if $\mathsf{f}_{zk}^{R_1}(tx.\Lambda.R) = 0$
                                                                 return $\bot$
                                                               if $\mathsf{f}_{zk}^{R_2}(tx.out[0]) = 0$
                                                                 return $\bot$
                                                               $(ptx', sp\mathcal{C}_B^*) \leftarrow \mathsf{recvCoins}(ptx, p)$
                                                               $\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_B^*)$
                               $\xleftarrow{ptx'}$
if $\mathsf{f}_{zk}^{R_2}(tx.out[1]) = 0$
  return $\bot$
$tx \leftarrow \mathsf{finTx}(ptx', sk_A, n_A)$
                               $\xrightarrow{tx}$
return $(tx, sp\mathcal{C}_A^*)$                                return $(tx, sp\mathcal{C}_B^*)$
```

We need to decide what version of the protocols you want to put finally in the thesis. So far you are writing 2 versions: (i) the version as it is in Grin; and (ii) the version that you are able to prove secure (i.e., adding the calls to the zkp system). So, one question that you might get is: what is the "good" version, that is, if I create another implementation of Mimblewimble, which one should I take? And another question could be: the fact that you have 2 versions means that the current implementation is broken? Think about the answers and we should discuss them. Regarding the 2 versions, I see 2 possibilities: (a) keep both and clearly say their difference; or (b) keep only the one that you prove secure and say that it is slightly different from that of Mimblewimble.

Figure 5.11: dBuildMWTx in the hybrid Model

I would write Π as Π_{RP} instead to clearly show that it is not a generic zk proof but a range proof.

be a correct and secure rangeproof system and Φ_{MP} be a secure and correct two-party signature scheme, then $\mathsf{dBuildMWTx}$ securely computes a Mimblewimble transaction transferring the value p from a sender (denoted as Alice) to a receiver (denoted as Bob) in the hybrid $\mathsf{f}_{zk}^{R_1}, \mathsf{f}_{zk}^{R_2}$-model.

one ideal functionality missing here?

Proof. We proof the security of $\mathsf{dBuildMWTx}$ by constructing a simulator $\mathcal{S}$ with access to a TTP computing the protocol in the ideal setting upon receiving the inputs from the participants. For this the simulator has to extract the inputs used by the adversary. The TTP returns the outputs $(tx, sp\mathcal{C}^*_A)$ (resp. $(tx, sp\mathcal{C}^*_B)$) from which he has to construct a transcript that is indistinguishable from the protcol transcript in the real world. The simulator uses the calls to $\mathsf{f}_{zk}^{R_1}, \mathsf{f}_{zk}^{R_2}, \mathsf{f}_{zk}^{R_2*}$ to achieve this. We proof that the transcript is indistinguishable in the cases that either Alice or Bob is corrupt and controlled by a deterministic polynomial adversary $\mathcal{A}$.

Alice is corrupt: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and once it calls $\mathsf{f}_{zk}^{R_2*}, \mathsf{f}_{zk}^{R_1}$ $\mathsf{f}_{zk}^{R_2}$ saves the values $[sp\mathcal{C}], sk_A, n_A, sp\mathcal{C}^*_A$ to its memory.

2. $\mathcal{S}$ calculates the transaction value p as follows:

$$\begin{aligned} v &= \sum_{i\,:=\,0}^{i\,<\,n} (sp\mathcal{C}_i.v) \\ p &= v - sp\mathcal{C}^*_A.v \end{aligned}$$

3. $\mathcal{S}$ receives ptx from $\mathcal{A}$ and checks for every transaction input i if $ptx.inp[i] = sp\mathcal{C}[i].\mathcal{C}$, and that $tx.out = [sp\mathcal{C}^*_A.\mathcal{C}]$. He also compares $tx.\Lambda.pk = g^{sk_A}$, $tx.\Lambda.R = g^{n_A}$, $tx.\pi[0] = sp\mathcal{C}^*_A.\pi$ and $tx.com[0] = g^{sk_A}$. If any of the equalities were invalid $\mathcal{S}$ sends abort to the TTP computing $\mathsf{dBuildMWTx}$ and returns $\perp$. Otherwise he extracts $t = tx.t$ and sends the inputs $([sp\mathcal{C}], p, t)$ to the TTP and receives back the outputs $(tx, sp\mathcal{C}^*_A)$.

4. The simulators task is it now to construct ptx' which he can achieve in the following steps:

   a) He takes the signature context Λ and final signature σ_{fin} from the final transaction $\Lambda = tx.\Lambda$ and $\sigma_{fin} = tx.\sigma$.

   b) He computes the adversaries partial signature as $\tilde{\sigma_A} \leftarrow \mathsf{signPt}(m, sk_A, n_A, \Lambda)$

c) He further computes

$$\begin{aligned} pk &\leftarrow \Lambda.pk \\ pk_A &= g^{sk_A} \\ (s_A, R_A, \Lambda) &\leftarrow \tilde{\sigma_A} \\ (s, R) &\leftarrow \sigma_{fin} \\ s_B &= s - s_A \\ R_B &= R \cdot R_A^{-1} \\ pk_B &= pk \cdot pk_A^{-1} \\ \tilde{\sigma_B} &= (s_B, R_B, \Lambda) \end{aligned}$$

d) He takes further values from the final transaction:

$$\begin{aligned} \mathcal{C}_{out}^{B} &= tx.out[1] \\ \pi_B &= tx.\pi[1] \\ C_B &= tx.com[1] \end{aligned}$$

e) Now he can compute $ptx' \leftarrow \mathsf{createTx}(m, inp, out \,||\, \mathcal{C}_{out}^{B}, \Pi \,||\, \pi_B, \Lambda, com \,||\, C_B, \tilde{\sigma_B}, t)$

Finally $\mathcal{S}$ will send ptx' as if coming from Bob and sends continue to the TTP.

5. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_2}$ he checks equality to $\mathcal{C}_{out}^{B}$ and returns either 0 or 1.

6. Eventually $\mathcal{A}$ will send a tx' after which the simulator will output whatever $\mathcal{A}$ outputs.

Next we need to proof that the transcript produced by $\mathcal{S}$ is indistinguishable from a real one in every phase of the protocol. We separate between the following three phases: **Phase 1**: Alice sends her input coins, signing key and nonce as well as her change output coin to $\mathsf{f}_{zk}^{R_1}$ and $\mathsf{f}_{zk}^{R_2}$ and sends the pre-transaction ptx to Bob. **Phase 2**: Bob calls $\mathsf{f}_{zk}^{R_1}$ and $\mathsf{f}_{zk}^{R_2}$ as the verifier, after which he calls $\mathsf{f}_{zk}^{R_2}$ as the prover and proceeds by sending the updated pre-transaction ptx' to Alice. **Phase 3**: Alice calls $\mathsf{f}_{zk}^{R_2}$ as the verifier and sends back the final transaction tx to Bob which they then both output.

- *Phase 1*: Due to the deterministic nature of $\mathcal{A}$ we can conclude that this phase has to be indistinguishable as there is not yet any simulation required.
- *Phase 2*: If any of the values that $\mathcal{A}$ send to the trusted party computing the zero-knowledge proofs of knowledge are different from the value that $\mathcal{A}$ sends in the pre-transaction the equality checks done by $\mathcal{S}$ will fail in which case he will output $\perp$ which is identical to what happens in the real execution. We further argue that the updated pre-transaction ptx' is identical to the one send in the real execution by Bob. The signatures $\tilde{\sigma_A}$ and $\tilde{\sigma_B}$ have to add up to σ_{fin} which is the

final signature. $\mathcal{S}$ can read σ_{fin} from the transaction in the output he received from the TTP, he can further calculate the adversaries signature because he knows their signing secrets. From those two values he can then compute the value that $\tilde{\sigma_B}$ must have such that it will complete to σ_{fin} when added to Alice's part of the signature. All further values $\mathcal{S}$ needs to build ptx' he can simply read from the final transaction tx. Therefore ptx' is identical to the one sent in the real execution.

- *Phase 3*: When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_2}$ as the verifier, $\mathcal{S}$ can simply check equality with the correct value and return 0 or 1, which is identical to the real execution.

Same comment about using "identical" as in the security of previous chapter

We have managed to show that in the case that Alice is corrupted the simulation is perfect, because the transcript is in fact identical to the transcript of the real execution.

Bob is corrupt: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ computes one (or multiple) input coins as follows:

$$r, v \leftarrow\$\, \mathbb{Z}_p^*$$
$$sp\mathcal{C} \;\leftarrow\; \mathsf{createCoin}(r, v)$$

   He chooses p randomly and sets $t = \perp$. Now he can call $\mathsf{spendCoins}$ and get:

$$(ptx, sp\mathcal{C}_A^*, (sk_A, n_A)) \;\leftarrow\; \mathsf{spendCoins}([sp\mathcal{C}], p, t)$$

2. The simulator invokes $\mathcal{A}$ and sends ptx as if coming from Alice.

one ideal functionality missing?

3. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_1}, \mathsf{f}_{zk}^{R_2}$ as the verifier $\mathcal{S}$ simply checks equality we the values he sent and returns either 0 or 1. The adversary proceeds by calling $\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_B^*)$, $\mathcal{S}$ saves $sp\mathcal{C}_B^*$ and extracts $p = sp\mathcal{C}_B^*.v$ He then calls the TTP computing $\mathsf{dBuildMWTx}$ with the input p and receives $(tx, sp\mathcal{C}_B^*)$.

4. Next $\mathcal{A}$ sends an updated pre-transaction ptx'. $\mathcal{S}$ verifies the output coin added by $\mathcal{A}$ matches with $sp\mathcal{C}_B^*$, if it does not he sends abort to the TTP and outputs $\perp$. Otherwise $\mathcal{S}$ computes the following values from the signature context Λ provided in the final transaction and Λ' provided by $\mathcal{A}$:

$$\begin{aligned} pk_B &= \Lambda'.pk \cdot g^{{sk_A}^{-1}} \\ R_B &= \Lambda'.R \cdot g^{{n_A}^{-1}} \\ pk_A &= \Lambda.pk \cdot pk_B^{-1} \\ R_A &= \Lambda.R \cdot R_B^{-1} \end{aligned}$$

5. Next the simulator rewinds to the first step of the simulation but instead of choosing the values for the pre-transacion now he uses $tx.inp$ as the pre-transaction input values, $tx.out[0]$ as the single output value, $tx.\Pi[0]$ as the single rangeproof value and

$tx.com[0]$ as the single value in the commitment field. Furthermore he constructs the initial signature context as:

$$\Lambda \;:=\; \{pk \;=\; 1, R \;=\; 1\}$$
$$\Lambda \;\leftarrow\; \mathsf{setupCtx}(\Lambda, pk_A, R_A)$$

And again sends the pre-transaction to $\mathcal{A}$ as if coming from Alice.

6. The simulator repeats the steps until step 5. where he rewinded earlier, now instead of rewinding $\mathcal{S}$ sends continue to the TTP and sends tx as if coming from Alice, and finally outputs whatever $\mathcal{A}$ outputs.

Again we now claim that the simulation is indistinguishable from a real execution in all three phases. Note that due to the rewinding step we need to consider both the message sent before and after the rewind.

- *Phase 1:* In the first iteration the simulator constructs the input values $[sp\mathcal{C}]$ from random values and also chooses a random transaction value p. $\mathcal{S}$ constructs the pre-transaction using those chosen value rather than the real ones. We claim that the adversary cannot distinguish the chosen from the real coin commitments (Except with neglible probability). If we assume that he would be able to do so, that means he could distinguish for two pedersen commitments $C_1 \;=\; g^{r_1} \cdot h^v, C_2 \;=\; g^{r_2} \cdot h^{v'}$ which one commits to v, from which follows that he could break the hiding property of perdersen commitments. Not being able to extract the coin values, the adversary has no chance of knowing if they are correct at this point. For the same reasons the pre-transaction sent by $\mathcal{S}$ after the rewind will be indistinguishable from a real one. However, as this time the pre-transaction is constructed from the real tx which $\mathcal{S}$ received from the TTP, the pre-transaction is in fact identical to the pre-transaction sent in the real execution. The calls to $\mathsf{f}_{zk}^{R_1}$ and $\mathsf{f}_{zk}^{R_2}$ also behave identically to the real execution in which the parties have access to a TTP computing those protocols.

- *Phase 2:* This phase will be identical to the real execution due to the fact that the adversary is deterministic.

- *Phase 3:* The transaction sent to $\mathcal{A}$ in this phase is the one received from the TTP and is therefore identical to what would have been sent in the real execution, given $\mathcal{A}$ sends correct values. (Otherwise the execution would have halted with $\perp$). We like to emphasize that in the case that we wouldn't have done the rewind step, $\mathcal{A}$ would be able to distinguish the transcript from the real one because he can identify differences in the inputs, outputs, proofs and commitment, as well as the signature context of the final transaction tx and the pre-transaction ptx sent in the first phase. For instance inputs which are spend in the final transaction are not present in the pre-transaction. However, due to the rewinding step $\mathcal{S}$ manages to construct the correct pre-transaction which will finalize into tx such that $\mathcal{A}$ again has no chance of distinguishing the two transcripts.

We have manged to show that the transcripts produced by $\mathcal{S}$ in the case that Alice and in the case that Bob is corrupt are indistinguishable from the transcript of a real execution and can therefore conclude that the protocol is secure and theorem 4 holds.

$\square$

Before we can continue to proof the security of the three other protocols $\mathsf{dsharedInpMWTx}$, $\mathsf{dsharedOutMWTx}$, $\mathsf{dcontractMWTx}$ we first have to proof that all the protocols which are run as part of those executions are secure too. That is we have to show security for $\mathsf{dSpendCoins}$, $\mathsf{dRecvCoins}$, dFinTx, $\mathsf{dAptFinTx}$.

We start with the proof for $\mathsf{dSpendCoins}$ which is called inside $\mathsf{dsharedInpMWTx}$ as well as $\mathsf{dcontractMWTx}$.

Hybrid functionalities: For this proof we need to extend our hybrid model. As previously the parties have access to a trusted third party computing the zero-knowledge proof of knowledge functionalities $\mathsf{f}_{zk}^{R_1}$,$\mathsf{f}_{zk}^{R_2}$ and $\mathsf{f}_{zk}^{R_2*}$. Additionally we introduce $\mathsf{f}_{zk}^{R_3}$, whereas R_3 is the relation between a value v, two secrets r_A, r_C and the commitment $\mathcal{C} = h^v \cdot g^{r_A} \cdot g^{r_C}$.

In general, one cannot add an ideal functionality for a zkp of an arbitrary relation. I mention this because I see here you introduce a new relation R_3. In theory, when one introduces such ideal functionality, there should be a protocol that is secure for such functionality. However, in this case is fine as one can foresee that R3 can be done securely with a Sigma Protocol (as the one we saw in the lecture) or in the worst case with a more powerful zkp such as SNARKS.

This means that for R_3 we have two provers, one of them having to provide r_A, the other r_C. Both will have to provide the commitment $\mathcal{C}$ and the value v. Both parties can then call the protocol again as the verifier providing the commitment $\mathcal{C}^*$ and receiving 1 if $\mathcal{C}^* = \mathcal{C}_A = \mathcal{C}_C$ (whereas $\mathcal{C}_A$ is the commitment received from Bob as the prover, resp. for Carol) $v_A = v_C$ and $\mathcal{C}^* = h^{v_\cdot} \cdot g^{r_A} \cdot g^{r_C}$. To simplify the call made by the prover we just write $\mathsf{f}_{zk}^{R_3}(psp\mathcal{C})$ as $psp\mathcal{C}$ is like $sp\mathcal{C}$ a wrapper around $\mathcal{C}$, r, v. As for R_2 we again allow to call the protocol with an array of inputs by calling $\mathsf{f}_{zk}^{R_3*}$

Proof Idea: We extend the protocol $\mathsf{dSpendCoins}$ instantiated in 5.2 with the following calls to the zero-knowledge proof of knowledge functionalities as can be seen in figure 5.12.

Theorem 5. *Let COM be a correct and secure pedersen commitment scheme, Π be a correct and secure range proof system and Φ_{MP} be a secure and correct two-party signature scheme, then* $\mathsf{dSpendCoins}$ *securely computes a Mimblewimble pre-transaction ptx' spending a coin $\mathcal{C}_{out}^{sh}$ owned by the two parties in the hybrid $\mathsf{f}_{zk}^{R_1}$,$\mathsf{f}_{zk}^{R_2}$,$\mathsf{f}_{zk}^{R_3}$-model.*

Proof. Again we proof security by constructing a simulator $\mathcal{S}$ with access to a trusted third party (TTP) computing $\mathsf{dSpendCoins}$ in the ideal setting upon receiving inputs from the two parties. The simulators task is to extract the inputs of the adversary $\mathcal{A}$,

```
$\mathsf{dSpendCoins}\langle([psp\mathcal{C}_A], p, t), ([psp\mathcal{C}_C], p, t)\rangle$

$Alice$                                                  $Carol$
$\mathsf{f}_{zk}^{R_{3*}}([psp\mathcal{C}_A])$                      $\mathsf{f}_{zk}^{R_{3*}}([psp\mathcal{C}_C])$
$\cdots$
$\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_A^*)$
$\mathsf{f}_{zk}^{R_1}((sk_A, g^{sk_A}))$
$\mathsf{f}_{zk}^{R_1}((n_A, g^{n_A}))$
                          $\xrightarrow{ptx}$
                                                         if $\mathsf{f}_{zk}^{R_{3*}}(ptx.inp) = 0$
                                                           return $\perp$
                                                         $\mathsf{f}_{zk}^{R_2}(ptx.out[0]) = 0$
                                                           return $\perp$
                                                         if $\mathsf{f}_{zk}^{R_1}(\Lambda.pk) = 0$
                                                           return $\perp$
                                                         if $\mathsf{f}_{zk}^{R_1}(\Lambda.R) = 0$
                                                           return $\perp$
                                                         $\cdots$
                                                         $\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_C^*)$
                                                         $\mathsf{f}_{zk}^{R_1}((sk_C, g^{sk_C}))$
                                                         $\mathsf{f}_{zk}^{R_1}((n_C, g^{n_C}))$
                          $\xleftarrow{ptx'}$
if $\mathsf{f}_{zk}^{R_{3*}}(ptx'.inp) = 0$
  return $\perp$
if $\mathsf{f}_{zk}^{R_2}(ptx'.out[1]) = 0$
  return $\perp$
$\{pk, R\} \leftarrow ptx'.\Lambda$
if $\mathsf{f}_{zk}^{R_1}(pk \cdot pk_A^{-1}) = 0$
  return $\perp$
if $\mathsf{f}_{zk}^{R_1}(R \cdot R_A^{-1}) = 0$
  return $\perp$
return $(ptx', sp\mathcal{C}_A^*, (sk_A, n_A))$             return $(ptx', sp\mathcal{C}_C^*, (sk_C, n_C))$
```

Figure 5.12: dSpendCoins in the hybrid model

send the inputs to the TTP and construct a protocol transcript indistinguishable from a real one. We separately look at the case in which Alice is corrupted, and the case the Carol is corrupted.

Editorial: I see that you have mentioned the proof strategy several times throughout the thesis. This is good, just that, if you find it repetitive, you can mention it once the first time you need it and refer to it in the rest.

Alice is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and saves $[pspC_A]$, spC_A^*, sk_A, n_A when he calls $\mathsf{f}_{zk}^{R_{1,2,3}}$
2. The simulator then receives ptx from $\mathcal{A}$ and compares the input coins, output coin and proof, signature context value with what he has stored in the first step. If any of those are not equal $\mathcal{S}$ sends abort to the TTP and outputs $\perp$. Otherwise he extracts $p := \sum[pspC_A.v] - spC_A^*.v$ as well as $t := ptx.t$ and sends the inputs $([pspC_A], p, t)$ to the TTP and receives the outputs $(ptx', spC_A^*, (sk_A, n_A))$.
3. $\mathcal{S}$ sends ptx' to $\mathcal{A}$ as if coming from Carol and sends continue to the TTP to make $\mathcal{A}$ receive the outputs in the ideal setting.
4. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_{1,2,3}}$ as the verifier he compares the values to what he has sent in ptx' and returns either 0 or 1.
5. Finally the simulator outputs whatever $\mathcal{A}$ outputs.

We separate between the following three phases: **Phase 1**: Alice sends her partially owned inputs coins, newly created output coins, as well as her signing secrets to $\mathsf{f}_{zk}^{R_{1,2,3}}$ and sends ptx. Carol sends her partiall owned input coins to f_{zk}^{R3} **Phase 2**: Carol calls $R_{1,2,3}$ as the verifier constructs her output coin and signing secrets, now calls $R_{1,2}$ as the prover and sends the updated ptx' to Alice. **Phase 3**: Alice calls $R_{1,2,3}$ as the verifier

We now argue why each phase is indistinguishable from a real execution in the case that Alice is corrupted.

- *Phase 1*: No simulation is required in this phase, we therefore conclude that is indistinguishable from a real execution due to the deterministic nature of $\mathcal{A}$.
- *Phase 2*: If $\mathcal{A}$ tried to cheat by providing invalid values in ptx the equalities that $\mathcal{S}$ checks will fail and will lead to a $\perp$ output which is identically to what would happen in a real execution. $\mathcal{S}$ then sends ptx' to $\mathcal{A}$ which he received from the TTP and therefore has to be identical to the real execution, as Carol as the honest party must always provide exactly this message.
- *Phase 3*: Again if $\mathcal{A}$ tries to cheat by sending an invalid value, he will receive a 0 bit, which would also happen in the real execution.

As the transcript is identical to a transcript of a real protocol execution we conclude that the simulation is perfect.

Carol is corrupt: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and saves $[psp\mathcal{C}_C]$ when the adversary calls $\mathsf{f}_{zk}^{R_{3*}}$
2. The simulator then chooses $r_A, r_A^*, p \leftarrow\$\, \mathbb{Z}_p^*$ and sets $psp\mathcal{C}_A \;:=\; \{\mathcal{C} \;:=\; psp\mathcal{C}_C.\mathcal{C}, r \;:=\; r_A, v \;:=\; psp\mathcal{C}_C.v\}$. He then proceeds by building ptx as given by the protocol definition with the chosen values and $[psp\mathcal{C}_A]$ and sends it to $\mathcal{A}$ as if coming from Alice.
3. When Carol calls $\mathsf{f}_{zk}^{R_{1,2,3}}$ as the verifier $\mathcal{S}$ checks the passed values for equality and returns either 0 or 1. As soon as Carol calls $\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_C)$ $\mathcal{S}$ will extract $psp\mathcal{C}_C^*.v$ and finally call the TTP with inputs $([psp\mathcal{C}_C], p)$ to receive $ptx', sp\mathcal{C}_C^*, (sk_C, n_C)$.

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4. Now the simulator rewinds to step 1 and constructs the actual ptx from ptx' as follows:

$$\begin{aligned}
\{m, inp, out, \Pi, \Lambda, com, \emptyset, t\} \;&\leftarrow\; ptx' \\
pk_A \;&:=\; ptx'.\Lambda.pk \;\cdot\; g^{sk_C{}^{-1}} \\
R_A \;&:=\; ptx'.\Lambda.R \;\cdot\; g^{n_C{}^{-1}} \\
\Lambda^* \;&:=\; \{pk \;:=\; pk_A, R \;:=\; R_A\} \\
ptx \;&:=\; \mathsf{createTx}(m, inp, out[0], \Pi[0], \Lambda^*, com[0], \emptyset, t)
\end{aligned}$$

   he then sends again ptx Carol and continues as before
5. When $\mathcal{A}$ sends ptx' he compares its inputs, outputs, proofs and signature context to ptx' received from the trusted third party and outputs $\perp$ and sends abort to the TTP if any do not match. Otherwise he sends $\mathsf{continue}$ to the TTP and outputs whatever $\mathcal{A}$ outputs.

We again show that in each phase the transcript produced by the simulator is computationally indistinguishable from a real transcript.

- *Phase 1*: In the first iteration (before the rewind) the pre-transaction that is send to $\mathcal{A}$ will be constructed from randomly chosen values except for the transaction inputs which are given by the commitments in $[psp\mathcal{C}_C]$. Due to the hiding property of the pedersen commitment the adversary cannot determine if the correct value p has been used to construct the output coin, even though he in fact knows the correct value for p, but does not know the blinding factor r_A^*. $\mathcal{A}$ does know the correct values for the input coins from $[psp\mathcal{C}_C]$ thereby it is critical that $\mathcal{S}$ uses the commitments extracted from $[psp\mathcal{C}_C]$ to build the transaction. Otherwise the simulation could be detected. In the second iteration (after the rewind) $\mathcal{S}$ sends the same ptx which would be sent in a real execution which is therefore identical.

- *Phase 2*: When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_{1,2,3}}$ he will receive 0 or 1 identically to the real execution.
- *Phase 3*: If $\mathcal{A}$ sends invalid input, output, proof or context values is the final pre-transaction ptx' the simulator detects this and ouputs $\perp$, otherwise the protocol concludes, which is the same that would happen in the real exeuction.

We have managed to show that the simulator $\mathcal{S}$ can produce an indistinguishable transcript both in the case that Alice and that Carol is corrupted and can thereby conclude that dSpendCoins is secure in the $\mathsf{f}_{zk}^{R_1}$,$\mathsf{f}_{zk}^{R_2}$,$\mathsf{f}_{zk}^{R_3}$-model and theorem 5 holds. □

We continue by proofing security of the dRecvCoins which is called inside the dsharedOutMWTx protocol.

Hybrid functionalities: Again the parties have access to a trusted third party computing the zero-knowledge proof of knowledge functionalities $\mathsf{f}_{zk}^{R_1}$, $\mathsf{f}_{zk}^{R_2}$ and $\mathsf{f}_{zk}^{R_2*}$. For this proof we do not need R_3 as defined in the previous proof, however we extend the model with two further protocols which have already been proven secure. We extend our model by including the dSign protocol for which security has been proven in section 4.4 and the dRanPrf for which a secure protocol can be found in [10]

Proof idea: We extend the protocol dRecvCoins instantiated in 5.2 with the following calls to the zero-knowledge proof of knowledge functionalities as outlined in figure 5.13.

Theorem 6. Let *COM* be a correct and secure pedersen commitment scheme, Π_{mp} be a correct and secure multiparty range proof system and Φ_{MP} be a secure and correct two-party signature scheme, then dRecvCoins securely updates a mimbewimble pre-transaction by creating a new output coin $\mathcal{C}_{out}^{sh\,\prime}$ for which the key is shared between two parties Bob and Carol in the $\mathsf{f}_{zk}^{R_1}$,$\mathsf{f}_{zk}^{R_2}$,dSign,dRanPrf-model.

Proof. As before we proof security by construction of a simulator $\mathcal{S}$ with access to a trusted third party (TTP) computing dRecvCoins in the ideal model upon receiving inputs from the two parties. The simulators task is to extract the inputs of the adversary $\mathcal{A}$, send the inputs to the TTP and construct a protocol transcript indistinguishable from a real one. We first look at the case in which Bob is corrupted and then when Carol is corrupted.

Bob is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and saves ($\mathcal{C}_{out}^{sh}$, (p, r_B^*)) when the adversary calls $\mathsf{f}_{zk}^{R_2}$.
2. $\mathcal{A}$ sends $(ptx, \mathcal{C}_{out}^{sh})$. The simulator then compares $\mathcal{C}_{out}^{sh}$ with the values saved in its memory and sends abort to the TTP and outputs $\perp$ if they don't match. Otherwise he sends (ptx, p) to the TTP computing recvCoins and receives the outputs $(ptx^*, psp\mathcal{C}_B^*)$.

```
$\mathsf{dRecvCoins}\langle(ptx, p), ()\rangle$

$Bob$                                                        $Carol$
$\cdots$
$\mathsf{f}_{zk}^{R_2}((\mathcal{C}_{out}^{sh}, (p, r_B^*)))$
                        $\xrightarrow{ptx, \mathcal{C}_{out}^{sh}}$
                                                             if $\mathsf{f}_{zk}^{R_2}(\mathcal{C}_{out}^{sh}) = 0$
                                                               return $\perp$
                                                             $\cdots$
                                                             $\mathsf{f}_{zk}^{R_1}((sk_C, g^{sk_C}))$
                        $\xleftarrow{ptx', g^{sk_C}}$
if $\mathsf{f}_{zk}^{R_1}(g^{sk_C}) = 0$
  return $\perp$
$\cdots$                                                     $\cdots$
$\pi_{BC} \leftarrow \mathsf{dRanPrf}({\mathcal{C}_{out}^{sh}}', p, sk_B)$     $\pi_{BC} \leftarrow \mathsf{dRanPrf}({\mathcal{C}_{out}^{sh}}', p, sk_C)$
$(\sigma_{\tilde{BC}}, pk_{BC}) \leftarrow$                  $(\sigma_{\tilde{BC}}, pk_{BC}) \leftarrow$
$\mathsf{dSign}(m, sk_B, n_B)$                               $\mathsf{dSign}(m, sk_C, n_C)$
$\cdots$                                                     $\cdots$
return $(ptx^*, psp\mathcal{C}_B^*)$                         return $(ptx^*, psp\mathcal{C}_C^*)$
```

Figure 5.13: dRecvCoins in the hybrid model

3. $\mathcal{S}$ proceeds by taking the last output ${\mathcal{C}_{out}^{sh}}'$ from $ptx^*.out$ and computes $g^{sk_C} := {\mathcal{C}_{out}^{sh}}' \cdot {\mathcal{C}_{out}^{sh}}^{-1}$. The simulator computes ptx' by adding ${\mathcal{C}_{out}^{sh}}'$ to ptx and sends it together with g^{sk_C} to $\mathcal{A}$ as if coming from Carol and sends continue to the TTP.

4. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_1}$ as the verifier $\mathcal{S}$ check equality with the correct value and returns either 0 or 1.

5. When the adversary calls dRanPrf the simulator saves sk_B to its memory and returns the last element of $ptx^*.\Pi$ as received from the TTP.

6. For the call to dSign the simulator returns the $ptx.\sigma$ as the signature and $g^{sk_B} \cdot g^{sk_C}$ as the public key.

7. $\mathcal{S}$ concludes by outputting whatever $\mathcal{A}$ outputs.

We find the following phases: **Phase 1**: Bob calls $\mathsf{f}_{zk}^{R_2}$ and sends ptx to Carol. **Phase 2**: Carol calls $\mathsf{f}_{zk}^{R_2}$ as the verifier adds her public key to the commitment and sends back an updated pre-transaction and her public key. **Phase 3**: Bob calls $\mathsf{f}_{zk}^{R_1}$ as the verifier and the parties call the trusted third parties computing $\mathsf{dRanPrf}$ and dSign.

We argue that in this case the simulation is perfect, that is the transcript produced by $\mathcal{S}$ is identical to the transcript of the real execution.

- *Phase 1*: No simulation is done during this phase, and the transcript is therby indistinguishable by the deterministic nature of $\mathcal{A}$.
- *Phase 2*: In case $\mathcal{A}$ sends an invalid value for $\mathcal{C}_{out}^{sh}$ the execution will stop with output $\perp$ which is identical to what would happen in the real execution. The simulator can then send the updated pre-transaction as the honest Carol would do and the extracted real value for g^{sk_C}.
- *Phase 3*: $\mathcal{A}$ will receiver 0 or 1 to the call to $\mathsf{f}_{zk}^{R_1}$ as in the real execution. The simulator further manages to reconstruct the real output values for $\mathsf{dRanPrf}$ and dSign again making the transcript identical in this phase.

Carol is corrupted: The simulator works as follows:

1. Since Carol does not have any inputs in this protocol $\mathcal{S}$ can simply send $\emptyset$ to the TTP and receives $(ptx^*, sp\mathcal{C}_C^*)$ from which he extracts Carols bliding factor (and secret key) as $sk_C := sp\mathcal{C}_C^*.r$. He can now create the initial shared coin $\mathcal{C}_{out}^{sh}$ by taking the last output of $ptx^*.out$ as $\mathcal{C}_{out}^{sh}{}'$ and calculating $\mathcal{C}_{out}^{sh} := \mathcal{C}_{out}^{sh}{}' \cdot g^{{sk_C}^{-1}}$. he can further create the initial pre-transaction by removing the last entry of the output coin list, last entry of the proof list and signature from ptx^*.
2. $\mathcal{S}$ invokes $\mathcal{A}$ and send $ptx, \mathcal{C}_{out}^{sh}$ (as calculated in step 1) as if coming from Bob.
3. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_2}$ as the verifier the simulator checks for equality with what he send in the last step and returns either 0 or 1.
4. The adversary then sends the updated ptx' which the simulator validates by checking if the last entry in $ptx'.out$ equals $\mathcal{C}_{out}^{sh}{}'$. If they don't $\mathcal{S}$ will output $\perp$ and send abort to the TTP halting the execution, otherwise he will send $\mathsf{continue}$.
5. Upon the adversary calling $\mathsf{dRanPrf}$ the simulator will return the proof at the last position in the proofs array of $ptx^*.\Pi$ received from the TTP.
6. The simulator then extracts $p := psp\mathcal{C}_C^*$ and computes $pk_B := \mathcal{C}_{out}^{sh} \cdot h^{v-1}$ and returns $ptx^*.\sigma$ and $sk_C^* \cdot pk_B$ when $\mathcal{A}$ calls dSign.
7. The simulation completes with $\mathcal{S}$ outputting whatever $\mathcal{A}$ outputs.

We now argue why in each of the three phases the transcript produced by $\mathcal{S}$ is indistinguishable from a real transcript.

- *Phase 1*: Because $\mathcal{S}$ as able to call the TTP already in the first step he is able to receive the protocol outputs. The simulator can then extracts carols secret key sk_C from Carols $psp\mathcal{C}_C^*$ output, which must also be her blinding factor in $\mathcal{C}_{out}^{sh\,\prime}$. He therefore can reconstruct $\mathcal{C}_{out}^{sh}$ which must be sent by Bob in this phase, simply by subtracting Carols part from the output which is present in $ptx^*.out$. $\mathcal{S}$ is further able to reconstruct the ptx which must be sent by Bob in this phase simply by removing the values from ptx^* which get added at a later point in the protocol. The transcript is therefore identical to a real one in this phase.
- *Phase 2*: If $\mathcal{A}$ tries do cheat by sending an invalid value to $\mathsf{f}_{zk}^{R_2}$ as the verifier he will receive 0 as a response and 1 otherwise, which is identical to the real case. Similarity the execution will halt with $\perp$ if $\mathcal{A}$ sends invalid values as ptx' and g^{sk_C}, again identical to a real execution.
- *Phase 3*: $\mathcal{S}$ is able to read the output values for π_{BC} and $\sigma_{\tilde{BC}}$ from ptx^*, he further is able to calculate pk_{BC} as he knows g^{sk_C} and is further able to reconstruct pk_B from $\mathcal{C}_{out}^{sh}$. Therefore the simulation again is perfect in this phase.

Both in the case the Bob and Carol is corrupted $\mathcal{S}$ is able to produce a transcript indistinguishable from a transcript produced on a real execution we can therefore conclude that the protocol is secure in the $\mathsf{f}_{zk}^{R_1}$,$\mathsf{f}_{zk}^{R_2}$,dSign,dRanPrf-model and theorem 6 holds. □

We claim that the security of the protocols dFinTx and dAptFinTx can be reduced to the security of dSign as all interaction between the two parties happens in the call to dSign. We have already proven the security of dSign in section 4.4 and can reuse the simulator constructed there for the protcols dFinTx and dAptFinTx.

We can now continue to proof security of the protocols found in section 5.3. We start with dsharedOutMWTx.

Hybrid functionalities: For this proof we again assume the access to a trusted third party computing the zero-knowledge proof of knowledge functionalities $\mathsf{f}_{zk}^{R_1}$, $\mathsf{f}_{zk}^{R_2}$ and $\mathsf{f}_{zk}^{R_{3*}}$, with the three relations defined as in previous proofs. We further require a trusted third party computing dRecvCoins, which we have already proven to be secure in the hybrid model.

We extend the protocol dsharedOutMWTx instantiated in section 5.3 with the following calls to the zero-knowledge proof of knowledge functionalities shown in figure 5.14.

Theorem 7. Let COM be a correct and secure pedersen commitment scheme, Π be a correct and secure range proof system and Φ_{MP} be a secure and correct two-party signature scheme, then dsharedOutMWTx securely computes a Mimblewimble transaction with a output coin $\mathcal{C}_{out}^{sh\,\prime}$ which spending secret is shared between Alice and Bob.

Proof. We proof security of the protocol in the malicious setting by constructing a simulator $\mathcal{S}$ with access to a trusted third party (TTP) computing dsharedOutMWTx in

```
$\mathsf{dsharedOutMWTx}\langle(([sp\mathcal{C}], p, t), ()\rangle$

Alice                                                      Bob
$\mathsf{f}_{zk}^{R_{3*}}([sp\mathcal{C}])$
$\cdots$
$\mathsf{f}_{zk}^{R_2}(sp\mathcal{C}_A^*)$
$\mathsf{f}_{zk}^{R_1}((sk_A, g^{sk_A}))$
$\mathsf{f}_{zk}^{R_1}((n_A, g^{n_A}))$
                         $\xrightarrow{ptx}$
                                                           if $\mathsf{f}_{zk}^{R_{3*}}(ptx.inp) = 0$
                                                             return $\perp$
                                                           if $\mathsf{f}_{zk}^{R_2}(ptx.out[0]) = 0$
                                                             return $\perp$
                                                           if $\mathsf{f}_{zk}^{R_1}(ptx.\Lambda.pk) = 0$
                                                             return $\perp$
                                                           if $\mathsf{f}_{zk}^{R_1}(ptx.\Lambda.R) = 0$
                                                             return $\perp$
$(ptx', psp\mathcal{C}_A^*)$                               $(ptx', psp\mathcal{C}_B^*)$
  $\leftarrow \mathsf{dRecvCoins}(ptx, p)$                   $\leftarrow \mathsf{dRecvCoins}()$
$tx \leftarrow \mathsf{finTx}(ptx', sk_A, n_A)$
                         $\xrightarrow{tx}$
return $(tx, sp\mathcal{C}_A^*, psp\mathcal{C}_A^*)$        return $(tx, psp\mathcal{C}_B^*)$
```

Figure 5.14: dsharedOutMWTx in the hybrid model

the ideal model upon receiving inputs from the two parties. The simulators task is to extract the adversaries inputs, send them to the TTP to receive the protocol outputs and construct a transcript indistinguishable from a transcript produced in a real execution. We separately look at the case in which Alice and in which Bob is corrupted.

Alice is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and saves $[sp\mathcal{C}]$, sk_A, n_A and $sp\mathcal{C}_A^*$ to its memory.

2. $\mathcal{A}$ sends ptx from which $\mathcal{S}$ extracts $t := ptx.t$. He further extracts $p := \sum sp\mathcal{C}_i.v - sp\mathcal{C}_A^*.v$. $\mathcal{S}$ verifies that the values $ptx.inp$, $ptx.out$, $ptx.\pi$ and $ptx.\Lambda$ correspond to what he has saved to its memory. In case this verification failes he sends abort to the TTP and outputs $\perp$.

3. $\mathcal{S}$ sends $([spC], p, t)$ to the TTP and receives $(tx, spC^*_A, pspC_A)$.

4. When $\mathcal{A}$ calls $\mathsf{dRecvCoins}$ $\mathcal{S}$ verifies that ptx and p passed by $\mathcal{A}$ are correct and only then forwards them to the TTP to receive $(ptx', pspC^*_A)$ which he then returns to $\mathcal{A}$. Otherwise he returns $\perp$ to $\mathcal{A}$ and sends abort to the TTP and halts the protocol

5. $\mathcal{S}$ sends $\mathsf{continue}$ to TTP. Eventually $\mathcal{A}$ sends tx after which $\mathcal{S}$ outputs whatever $\mathcal{A}$ outputs.

It is easy to see that the simulation is perfect as every simulated message exchanged between the party is identical to what would be exchanged in a real execution. Also if the adversary cheats (by sending an invalid ptx) this is noticed by the simulator who then outputs $\perp$ which is identical as well to the real case.

Bob is corrupted: Simulator works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and sends () to the TTP to receive the outputs $(tx, pspC^*_B)$

2. $\mathcal{S}$ now has the following challenge: $\mathcal{A}$ first expects the first pre-transaction ptx coming from Alice, which should not have any signature, only one output (Alice change output) and only a partially setup signature context Λ. To achieve this $\mathcal{S}$ clones tx into ptx, removes the last output coin (and proof), and sets the signature field to $\emptyset$. The simulator can now construct the partially setup signature context as follows:

$$sk_A, n_A \leftarrow\!\!\$\, \mathbb{Z}^*_p$$
$$\Lambda' := \{pk := g^{sk_A}, g^{n_A}\}$$

He then sets $ptx.\Lambda := \Lambda'$ and sends ptx to $\mathcal{A}$ as if coming from Alice.

3. When $\mathcal{A}$ calls $\mathsf{f}^{R_{1,2,3}}_{zk}$ as the verifier $\mathcal{S}$ compares the values with what he sent in step 1 in ptx and returns either 0 or 1.

4. $\mathcal{A}$ will call $\mathsf{dRecvCoins}$ upon which $\mathcal{S}$ calls the TTP computing $\mathsf{dRecvCoins}$ to receive ptx', $pspC^*_B$ which $\mathcal{S}$ then returns to $\mathcal{A}$.

5. Finally $\mathcal{S}$ sends tx as if coming from Alice and outputs whatever $\mathcal{A}$ outputs.

It is easy to see that tx sent by $\mathcal{S}$ in the last step must be identical to the value from a real execution as it has been computed by the TTP. Also when $\mathcal{A}$ tries to cheat by sending invalid values to $\mathsf{f}^{R_{1,2,3}}_{zk}$ will he receive 0, as would be the case in a real execution. ptx' must be identical to a real execution as computed by the trusted third party computing $\mathsf{dRecvCoins}$. Therefore the only thing that remains to show is that ptx constructed by the simulator is indistinguishable from a ptx exchanged in a real transcript. We note that sk_A and n_A in a real execution are uniformly distributed values in $\mathbb{Z}^*_p$. Consequently

g^{sk_A} and g^{n_A} are uniformly distributed in $\mathbb{G}$. By construction of $\mathcal{S}$ this must also hold in the simulated case. Therefore the signature context constructed in step 2 for *ptx* must be indistinguishable from a real one, which also means that the *ptx* is indistinguishable, as the rest of the values are taken from *tx* as computed by the TTP. We must also note that even when $\mathcal{A}$ receives ptx' and *tx* later in the protocol, he has no way of realizing that *tx* was constructed by $\mathcal{S}$. This follows from the fact that the final R and pk in the final signature context of ptx' and *tx* is composed of three values each: $\Lambda = pk_{A1} \cdot pk_{A2} \cdot pk_B$ (similar for R). $\mathcal{A}$ only learns one of Alice's public keys (from step 2) and knows his own, but does not know anything about Alice second keypair. Therefore he has no way of learning that the final pk is not constructed correctly. The same argument holds for R.

We have shown that the simulator $\mathcal{S}$ is able to produce an indistinguishable transcrip both in the case that Alice and that Bob is corrupted and can thereby conclude that dsharedOutMWTx is secure in the $\mathsf{f}_{zk}^{R_1}$,$\mathsf{f}_{zk}^{R_2}$,$\mathsf{f}_{zk}^{R_3}$,dRecvCoins-model and consequently theorem 7 holds. □

Next we proof security for dsharedInpMWTx.

Hybrid functionalities: For this proof it is enough to give the parties access to a trusted third party computing the dSpendCoins and the dFinTx protocol. Further calls to a zero-knowledge proof of knowledge functionality are not needed. This means that we do not have to extend to original protocol instantiation any further.

Theorem 8. Let *COM* be a correct and secure pedersen commitment scheme, Π a correct and secure range proof system and Φ_{MP} be a secure and correct two-party signature scheme, then dRecvCoins securely computes a mimewimble transaction spending an input coin $\mathcal{C}_{out}^{sh}$ shared between Alice and Bob in the hybrid dSpendCoins, dFinTx-model

Proof. We proof security by construction of simulator $\mathcal{S}$ with access to a trusted third party (TTP) computing dsharedInpMWTx in the ideal model upon receiving inputs from the two parties, as well as a trusted third party computing the functionality of the hybrid model. The simulators task is to extract the adversaries inputs, send them to the TTP and construct a protocol transcript indistinguishable from a real one. We again look separately at the case in in which Alice, and in which Bob is corrupted.

Alice is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and saves $[psp\mathcal{C}_A]$, p and t when $\mathcal{A}$ calls dSpendCoins.
2. He then forwards those values as the inputs to the TTP computing dSpendCoins and receives $(ptx,\ sp\mathcal{C}_A^*, (sk_A, n_A))$ which he returns to $\mathcal{A}$. He proceeds by sending the inputs $([psp\mathcal{C}_A], p, t)$ to the TTP computing dsharedInpMWTx and receives $(tx, sp\mathcal{C}_B^*)$.
3. The simulator now has the challenge to construct a ptx' which is partially signed. The final signature is composed of A + B1 + B2, where B2 is the signature

from Bobs output coins and A + B1 are the signatures from the shared input coin. ptx' has to contain the partial signature B2, such that the partial signature verification algorithm verifies and such that when combined with the signatures A and B1 it will complete into the final signature $tx.\sigma$. Therefore the only way for the simulator to create a valid simulation is to calculate the actual value for the B2 signature, which is challenging since he does not know sk_B, n_B. However, he knows the final siganture $\sigma_{\mathit{fin}} \;:=\; tx.\sigma$ and he can create the signature A as $\tilde{\sigma_A} \;\leftarrow\; \mathsf{signPt}(tx.m, sk_A, n_A, tx.\Lambda)$. $\mathcal{S}$ is able to recompute the value for the B2 signature as follows:

a) $\mathcal{S}$ choses $(sk_B', n_B') \leftarrow\$\, \mathbb{Z}_p^*$

b) He then computes a temporary $\tilde{\sigma_B}' \;\leftarrow\; \mathsf{signPt}(tx.m, sk_B', n_B', tx.\Lambda)$

c) He clones tx into ptx' and sets $ptx'.\sigma \;:=\; \tilde{\sigma_B}'$

d) Now the simulator calls the TTP computing dFinTx with the inputs ptx', sk_A, n_A to receive tx'

e) Note that the signature in tx' now contains a signature composed of A + B1 + B2', where B2' is the partial signature computed in step b. Therefore now it is possible to recompute the value of the partial signature for B1 as follows:

$$\begin{aligned} (s', R') \;&\leftarrow\; tx' \\ (s_A, R_A, \Lambda) \;&\leftarrow\; \tilde{\sigma_A} \\ (s_B', R_B', \Lambda) \;&\leftarrow\; \tilde{\sigma_B}' \\ s_{B1} \;&:=\; s' \;-\; s_A \;-\; s_B' \\ R_{B1} \;&:=\; R' \;\cdot\; {R_A}^{-1} \;\cdot\; {R_B}'^{-1} \\ \tilde{\sigma_{B1}} \;&:=\; \{s_{B1}, R_{B1}, \Lambda\} \end{aligned}$$

f) $\mathcal{S}$ now has the correct values for the signatures A and B1 and can therefore recompute the correct value for the partial signature B2 from $tx.\sigma$ with the same calculation as shown in the previous step

4. $\mathcal{S}$ is now able to construct ptx' by again cloning tx and setting $ptx'.\sigma \;:=\; \tilde{\sigma_{B2}}$. The simulator will rewind the call to the TTP computing dFinTx and send ptx' to $\mathcal{A}$ as if coming from Bob.

5. When $\mathcal{A}$ calls dFinTx $\mathcal{S}$ will forward the inputs to the TTP party computing dFinTx, return the TTP outputs back to $\mathcal{A}$ and finally output whatever $\mathcal{A}$ outputs.

As only ptx' is constructed by $\mathcal{S}$, it is the only value for which we have to prove indistinguishability. We have already shown that the final signature in tx is composed of three parts A, B1 and B2. Through the calculations layed out the simulator is able to recompute the real value of B2, which must make ptx' identical to the one send by Bob in the real execution.

Bob is corrupted: Simulation in this case is trivial, as there is no message sent from Alice to Bob and $\mathcal{S}$ doesn't need to extract any inputs. A perfect simulation is therefore achieved simply by forwarding the inputs sent by $\mathcal{A}$ to the TTP computing $\mathsf{dSpendCoins}$ and dFinTx and finally outputting whatever $\mathcal{A}$ outputs.

We have managed to construct a simulator in the case the Alice as well as that Bob is corrupted which produced a protocol transcript indistinguishable from a real one and can therefore conclude that $\mathsf{dsharedInpMWTx}$ is secure in the $\mathsf{dSpendCoins}$,dFinTx-model and theorem 8 must hold. □

We now move to the final proof, proving security of $\mathsf{dcontractMWTx}$:

Hybrid functionalities: We proof the security of $\mathsf{dcontractMWTx}$ in the hybrid model in which the participants have access to a trusted third party computing $\mathsf{dSpendCoins}$ and $\mathsf{dAptFinTx}$. We also again require acces to a trusted third party computing the zero-knowledge proof of knowledge functionality $\mathsf{f}_{zk}^{R_1}$, with R_1 being defined equally as in previous proofs.

Proof idea: We extend the original $\mathsf{dcontractMWTx}$ with a single call to $\mathsf{f}_{zk}^{R_1}$ from each Alice and Bob. On Bobs side we extend the protocol with the following call at the beginning of the protocol: $\mathsf{f}_{zk}^{R_1}((x, g^x))$. On Alice side we add the following verification at line 2 of the protocol: $\textbf{If}\ \mathsf{f}_{zk}^{R_1}(X) = 0\ \textbf{return}\ \perp$.

Theorem 9. Let COM be a correct and secure pedersen commitment scheme, Π be a correct and secure range proof system and Φ_{MP} be a secure and correct two-party signature scheme, then $\mathsf{dcontractMWTx}$ securly computes a mimlewimble transaction transfering value from a shared input coin $\mathcal{C}_{out}^{sh}$ to Bob, while at the same time reavealing a secret witness value x to Alice for which she knows the X for which $X = g^x$.

Proof. We proof security by constructing a simulator $\mathcal{S}$ with access to a trusted third party (TTP) computing $\mathsf{dcontractMWTx}$ in the ideal setting upon receiving inputs from the two parties. The simulators task is to extract the adversaries inputs, send them to the TTP and construct a transcript indistinguishable from a transcript produced during a real protocol execution. We separately look at the case in which Alice and in which Bob is corrupted.

Alice is corrupted: Simulator $\mathcal{S}$ works as follows:

1. $\mathcal{S}$ invokes $\mathcal{A}$ and saves the inputs $[psp\mathcal{C}_A]$, p and t when the adversary calls $\mathsf{dSpendCoins}$.

2. He forwards the inputs received in step 1 to the TTP computing $\mathsf{dSpendCoins}$ to receive the outputs $(ptx,\ sp\mathcal{C}_A^*,\ (sk_A, pk_A))$, which he then forwards to $\mathcal{A}$ as the protocol results.

3. When $\mathcal{A}$ calls $\mathsf{f}_{zk}^{R_1}$ as the verifier $\mathcal{S}$ saves X to his memory and sends the inputs $([psp\mathcal{C}_A],\ p,\ t,\ X)$ to the TTP computing dcontractMWTx to receive the outputs $(tx,\ sp\mathcal{C}_A^*,\ x)$.

4. As in the previous proof the simulator now has the task to construct a pre-transaction ptx' with a partial signature B2 of A, B1, B2. The simulator can compute $\tilde{\sigma_B}$ in the same way as we layed out in the previous proof. Note however that in this case $\mathcal{A}$ expects an adapted signature $\hat{\sigma_B}$ which will verify with the adapted partial signature verification routine passing X. $\mathcal{S}$ can easily calculate the adapted signature by computing $\hat{\sigma_B} \leftarrow \mathsf{adaptSig}(\tilde{\sigma_B}, x)$ and constructing ptx' by cloning tx and setting the signature field to $\hat{\sigma_B}$. Finally $\mathcal{S}$ sends (ptx', X) to $\mathcal{A}$ as if coming from Bob.

5. When $\mathcal{A}$ calls dAptFinTx $\mathcal{S}$ forwards the inputs to the TTP computing dAptFinTx and returns the TTP outputs to $\mathcal{A}$. If the output returned to the adversary was not $\perp$ the simulator will send tx to $\mathcal{A}$ as if coming from Bob, send continue to the TTP computing dcontractMWTx and output whatever $\mathcal{A}$ outputs.

In this proof only ptx' and X sent in the first message from Bob to Alice is constructed by $\mathcal{S}$. All other values are direclty forwarded from a trusted third party and must therefore trivially be indistinguishable from the real execution. As $\mathcal{S}$ knows x, constructing the real value of X is simply calculating g^x. That ptx' is identical to the value sent in a real execution must hold for the same reasons as outlined in the previous proof and by the fact that $\mathcal{S}$ knows x and can therefore call adaptSig as it is called in a real execution by Bob.

Bob is corrupted: Again finding a perfect simulator is trivial in this case as there are no messages send directly from Alice to Bob and $\mathcal{S}$ doesn't need to extract any inputs. Whenever $\mathcal{A}$ calls one of the trusted third parties to compute a hybrid functionality $\mathcal{S}$ externally forwards the call to the TTP and returns whatever was the result to $\mathcal{A}$.

We have managed to construct a simulator producing a transcript indistinguishable from a real one both in the case that Alice and that Bob is corrupted and controlled by an adversary $\mathcal{A}$ and can therefore conclude that dcontractMWTx is secure in the $\mathsf{dSpendCoins}, \mathsf{dAptFinTx}, \mathsf{f}_{zk}^{R_1}$-model and theorem 9 must hold. □

5.5 Atomic Swap protocol

With the outlined Adapted Mimblewimble Transaction Scheme from definition 5.5 and protocols from 5.3 we can now construct an Atomic Swap protocol with another Cryptocurrency. In this thesis we will explain a swap with Bitcoin, as at present Bitcoin and Bitcoin-like cryptocurrencies are the most widely adopted. We will generally refer to the “Bitcoin side“ and the “Mimblewimble side“ of the swap to be most generic. Upon implementation one has to decide for a specific implementation, for example BTC on the Bitcoin side and Grin on the Mimblewimble side.

not sure I would claim that Bitcoin-like cryptocurrencies are also widely adopted

Here, I would write sth like: To abstract away from the details of the different Bitcoin implementations, we define here the minimal DPT functions that we require for our atomic swap. These functionalities are inherent to the Bitcoin functionality and thus supported in all implementations.

On the Bitcoin side we define three DPT functions $(\mathsf{lockBtcScript}, \mathsf{verifyLock}, \mathsf{spendBtc})$.

- $(spk) \leftarrow \mathsf{lockBtcScript}(pk_A, pk_B, X, t)$: The locking script function lets Bob construct a Bitcoin script only spendable by Alice if she receives the discrete logarithm x of X with $X = g^x$. Additionally, the function requires Bobs public key pk_B and a timelock t (given as a block number) as input which allows Bob to reclaim his funds after some time if the atomic swap was not completed successfully. The function will create and return a Bitcon script spk to which Bob can send funds using a P2SH transaction. To spend this output Alice will have to provide a signature under her public key pk_A and X, which she is able to provide, once acquired x. This construction is similar although simpler to the locking mechanism described by Malavolta et al.

  Question that arises here: Why a simpler locking mechanism suffices here? What is the extra functionality in Malavolta et al. that you do not require here?

  For a in-depth security analysis of this concept we refer the interested reader to their paper [14]. For a concrete Bitcoin Script realizing this functionality see section 6.

- $\{1, 0\} \leftarrow \mathsf{verifyLock}(pk_A, pk_B, X, v, t, \psi_{lock})$: The lock verification algorithm takes as input Alices, Bobs public keys and the statement X and the UTXO ψ_{lock}. The function will compute the Bitcoin lock script spk as created by $\mathsf{lockBtcScript}$ check equality with ψ_{lock} and if the value locked under the UTXO equals v. Upon successful verification the function returns 1, otherwise 0.

- $tx \leftarrow \mathsf{spendBtc}(inp, out, sk)$: The spend Bitcoin functionality is a wrapper around the $\mathsf{buildTransaction}, \mathsf{signTransaction}$ defined in 3.2.1. It constructs and signs a transaction spending the UTXOs given in inp and creates the fresh UTXOs in out. It returns a signed transaction which then can be broadcast.

I assume that the phases required in atomic swap will be explained earlier in the thesis?

5.5.1 Setup phase

We assume Alice owns Mimblewimble coins $[sp\mathcal{C}]$ with the total value v_{mw} and Bob owns Bitcoin locked in some UTXO ψ with a value of v_{btc} and secret spending key sk_{btc}. Before the protocol can start the two parties must agree on the value they want to swap, the exchange rate of the currencies and a time after which the swap should be canceled. After coming to an agreement the following variables are defined and known by both Alice and Bob:

- 1^n A security parameter.
- a_{btc} The amount of Bitcoin Bob will swap to Alice.
- a_{mw} The amount of the Mimblewimble coin Alice will swap to Bob.
- t_{btc} The locktime as a blockheight for the Bitcoin side.
- t_{mw} The locktime as a blockheight for the Mimblewimble side.

the symbol for *varSwpState* is overloaded. You have used this symbol already many times before for other purpose (e.g., the adversary?)

We collect this shared variables in an initial swap state $\mathcal{A}$:

$$\mathcal{A} := \{1^n, a_{btc}, a_{mw}, t_{btc}, t_{mw}\}$$

In practice, we need to consider that exchange rates might fluctuate, furthermore timeouts have to be calculated separately for each chain. The problems with cross chain payments are discussed by Tairi et al. in [20], they propose to use a fixed exchange rate for each day and to use a real world timeout like one day and then calculate the specific block numbers by taking the average block time of the blockchain into account. In our setup we can also fix the exchange rate at the beginning of the protocol, which stays unchanged during protocol execution. If the exchange rate fluctuates and one party is negatively impacted he or she could still decide to stop being cooperative which means the coins would be returned to the original owners after the timeout.

There is furthermore the problem of transaction fees, which we do not consider for this formalization. Depending on the current network load the participants need to agree on a fee that they are willing to pay for each network. It needs to be considered that if fees are picked to low, it might take time for transactions to be confirmed, and the swap will take longer, if they are picked high the participants will lose funds.

We formalize the protocol setupSwp in figure 5.15. The protocol takes as input the shared swap state $\mathcal{A}$ from both parties. From Alice her Mimblewimble input coins $[sp\mathcal{C}]$ with the summed up value v_{mw} is furthermore required as an input. From Bob we require a list of UTXO's $[\psi]$ he wants to spend, he also needs to provide their spending keys $[sk_{btc}]$ and their summed of total value v_{btc}, although this could also be read from the blockchain.

The protocol starts by both parties creating and exchanging keys. Bob now creates two new Bitcoin outputs ψ_{lock} and ψ_B, of which one is the locked Bitcoins which Alice might retrieve later (or Bob after time t_{btc} has passed), and the other Bobs change output.

(Difference between what is stored in the input UTXO and what should be sent to Alice). After Bob has published the transaction sending value to the new outputs, he will provide Alice with the statement X under which the Bitcoins' are locked together with Alice's public key. Alice can now verify that the funds on Bitcoin side are indeed correctly locked. After that she will collaborate with Bob to spend her Mimblewimble coins into an output shared by both parties. Immediately after, both parties collaborate again to spend this shared coin back to Alice with a timelock of t_{mw}. It is immanent that Alice does not publish the first transaction (A -> AB) before the timelocked refund transaction (AB -> A) was signed, otherwise her funds are locked in the shared output without the possibility of refund if Bob refuses to cooperate. The setup protocol concludes with the funds locked up in both chains and ready to be swapped and outputs the updated swap state $\mathcal{A}$ to both parties. Additionally, it outputs Alice's part $psp\mathcal{C}_A^*$ of the locked Mimblewimble coin, her change output on the Mimblewimble side $sp\mathcal{C}_A^*$, her secret key sk_A for the Bitcoin side and $sp\mathcal{C}_A{}'$, which is refund coin, only valid after t_{mw}. For Bob it furthermore outputs his part $psp\mathcal{C}_B^*$ of the locked Mimblewimble coin, his change output on the Bitcoin side ψ_B and the secret witness value x, which shall be revealed to Alice in the execution phase.

```
setupSwp$\langle(\mathcal{A}, [sp\mathcal{C}], v_{mw})(\mathcal{A}, [\psi], [sk_{btc}], v_{btc})\rangle$

Alice                                                              Bob
$(sk_A, pk_A) \leftarrow$ keyGen$(1^n)$                            $(sk_B, pk_B) \leftarrow$ keyGen$(1^n)$
                                                                   $(x, X) \leftarrow$ keyGen$(1^n)$
                              $\xrightarrow{pk_A}$
                              $\xleftarrow{pk_B}$
                                                                   $spk \leftarrow$ lockBtcScript$(pk_A, X, pk_B, t_{btc})$
                                                                   $\psi_{lock} \leftarrow$ createUTXO$(a_{btc}, spk)$
                                                                   $\psi_B \leftarrow$ createUTXO$(v_{btc} - a_{btc}, pk_B)$
                                                                   $tx_{btc} \leftarrow$ spendBtc$([\psi], [\psi_{lock}, \psi_B], [sk_{btc}])$
                                                                   publish$_{\mathsf{BTC}}([tx_{btc}])$
                                                                   $\mathcal{A} := \mathcal{A} \cup (X, \psi_{lock})$
                              $\xleftarrow{X, \psi_{lock}}$
if verifyLock$(pk_A, pk_B, X, a_{btc}, t_{btc}, \psi_{lock}) = 0$
  return $\perp$
$\mathcal{A} := \mathcal{A} \cup (X, \psi_{lock})$
$({tx_{mw}}^{fnd}, sp\mathcal{C}_A^*, psp\mathcal{C}_A^*)$           $(psp\mathcal{C}_B^*)$
  $\leftarrow$ dsharedOutMWTx$([sp\mathcal{C}], a_{mw}, \perp)$      $\leftarrow$ dsharedOutMWTx$(a_{mw})$
$({tx_{mw}}^{rfnd}, sp\mathcal{C}_A{}')$                            ${tx_{mw}}^{rfnd}$
  $\leftarrow$ dsharedInpMWTx$(psp\mathcal{C}_A^*, a_{mw}, t_{mw})$  $\leftarrow$ dsharedInpMWTx$(psp\mathcal{C}_B^*, a_{mw})$
publish$_{\mathsf{MW}}([{tx_{mw}}^{fnd}, {tx_{mw}}^{rfnd}])$
return $(\mathcal{A}, psp\mathcal{C}_A^*, sp\mathcal{C}_A^*, sk_A, sp\mathcal{C}_A{}')$   return $(\mathcal{A}, psp\mathcal{C}_B^*, \psi_B, x)$
```

You need to add at some point that Alice (and Bob) parse the state in $\mathcal{A}$ to extract parameters they need later.
I think we need a way to differentiate better between local operations and 2-party protocols (e.g., dsharedInMWTx).

Figure 5.15: Atomic Swap - setupSwp.

5.5.2 Execution Phase

First we need to define an additional auxiliary function verfTime with the following interface:

$$\{0,1\} \leftarrow \mathsf{verfTime}(C, t)$$

This function will verify that there is sufficient time to execute the atomic swap protcol. As input it takes a chain parameter C (in our case this could be either BTC or MW) and a block height t. The routine will verify that the current height of the blockchain is marginally below t. If this is the case it will return 1, or 0 otherwise. How much time exactly should be left for the function to return 1 is implementation specific, and could be set to for instance one day. We now define a protocol execSwap to execute the Atomic Swap between some amount a_{btc} on the Bitcoin side and some amount on the Mimblewimble side a_{mw}. We assume the participants have successfully run the setupSwp protocol and both know the updated swap state $\mathcal{A}$ as returned by the setup protocol. Both parties need to provide their part of the locked Mimblewimble coins as input to the protocol. Additionally, Alice needs to provide her secret key for the Bitcoin side sk_A and Bob the secret witness value x. The protocol starts with both parties checking that there is enough time left to complete the protocol. After the check they will run the dcontractMWTx protocol in which they spend the locked Mimblewimble output to Bob, while at the same time revealing x to Alice. Either one of the parties can now publish the transaction to the Mimblewimble network, which concludes the swap on the mimbewimble side, as Bob is now in full control of the funds. Alice, knowing x, creates now a new UTXO where she then sends the funds from the Bitcoin lock. After publishing this transaction to the Bitcoin network, Alice is in full possession of the swapped funds on the Bitcoin side and the Atomic Swap is completed. The protocol outputs their newly created output/coin to each party.

```
$\mathsf{execSwap}\langle(\mathcal{A}, psp\mathcal{C}^*_A, sk_A), (\mathcal{A}, psp\mathcal{C}^*_B, x)\rangle$

$Alice$                                                                  $Bob$
$(a_{mw}, a_{btc}, t_{mw}, t_{btc}, \psi_{lock}, X) \leftarrow \mathcal{A}$        $(a_{mw}, a_{btc}, t_{mw}, t_{btc}) \leftarrow \mathcal{A}$
$\textbf{if } \mathsf{verfTime}(BTC, t_{btc}) = 0 \vee \mathsf{verfTime}(MW, t_{mw}) = 0$    $\textbf{if } \mathsf{verfTime}(BTC, t_{btc}) = 0 \vee \mathsf{verfTime}(MW, t_{mw}) = 0$
  $\textbf{return } \perp$                                                  $\textbf{return } \perp$
$(tx_{mw}, \emptyset, x)$                                                $(tx_{mw}, sp\mathcal{C}^*_B)$
  $\leftarrow \mathsf{dcontractMWTx}(psp\mathcal{C}^*_A, a_{mw}, \perp, X)$          $\leftarrow \mathsf{dcontractMWTx}(psp\mathcal{C}^*_B, a_{mw}, x)$
$\mathsf{publish}_{\mathsf{MW}}(tx_{mw})$                                     $\mathsf{publish}_{\mathsf{MW}}(tx_{mw})$
$(sk_A{}', pk_A{}') \leftarrow \mathsf{keyGen}(1^n)$
$\psi_A \leftarrow \mathsf{createUTXO}(a_{btc}, pk_A{}')$
$tx_{btc} \leftarrow \mathsf{spendBtc}([\psi_{lock}], [\psi_A], [sk_A, x])$
$\mathsf{publish}_{\mathsf{BTC}}(tx_{btc}{}^*)$
$\textbf{return } (\psi_A)$                                                  $\textbf{return } (sp\mathcal{C}^*_B)$
```

Here both publish the mimblewimble tx?

Figure 5.16: Atomic Swap - setupSwp.

5.5.3 Refunding

If one party refused to cooperate or goes offline the coins can be returned to the original owner. On the Bitcoin side this is the case as Bob can simply spend the locked output with his private key sk_B after the timeout t_{btc} has passed. He then can simply construct and sign a transaction spending the output to a new UTXO which is in his full possession. He even could prepare this transaction upfront and broadcast it, once the the blocknumber hits t_{btc} the transaction will become valid and get mined. Again we stress the importance of using appropriate timeouts, if a timeout is too short the swap might get cancelled if there are some delays, if the timeout is too long the funds might be locked for an unnessary amount of time.

On the Mimblewimble side the second transaction spending the shared output back to Alice guarantees that her funds are returned to her after the timeout t_{mw} hits. For this reason it is so important that Alice publishes both the fund and refund transaction at the same time. If she would publish the funding transaction first, Bob could refuse to cooperate for the refund transaction, in which case the funds would stay in the locking output only retrievable if both parties cooperate. If the swap executes successful the refund transaction would get discarded by miners, as it then is no longer valid even after the timeout t_{mw}.

CHAPTER 6

Implementation

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