Mastering Michelson Part 0: Outline

Raphaël Cauderlier

Nomadic Labs training October 17, 2019

Outline

Part 1: Getting started

2 Part 2: Michelson by example

3 Part 3: Formal Methods

Mastering Michelson Part 1: Getting started

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Outline

- Introduction
- 2 Type System
- Tooling
- 4 Reference manual

Smart contracts in Tezos

Smart contracts are:

- a bag of tokens (the balance), a piece of code, a storage space
- all stored on the blockchain at a specific address

They:

- decide whether a transaction is accepted or rejected
- keep track of transactions in their storage,
- initiate transfers to other smart contracts.
- take a parameter and emit operations

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• Like EVM:

- stack language
- on-chain storage
- gas model
- Turing complete
- Unlike EVM:
 - static typing
 - atomic computations
 - explicit failure
 - strict syntax

Stack language

- low level enough for good intuition on gas consumption,
- ideal underlying model for formal verification,
- between a high level language and a typed bytecode,

Stack language

Introduction

- instructions rewrite an input stack into an output stack,
- do not modify input values (immutable data structures),
- the contract rewrites the stack
 - from pair parameter storage
 - to pair (list operation) storage

Instructions operate on a *stack*.

Each instruction pops 0, 1, or several elements on the top of the stack and pushes back 0, 1, or several elements on the stack.

For example:

- SWAP pops two elements a and b and pushes back a, and b on top of a
- UNIT pops nothing and pushes the constant Unit
- DROP pops an element and pushes nothing
- NOT pops a boolean and pushes its negation

The number and nature of the element popped and pushed can be seen in the type of the instruction

```
SWAP :: 'a : 'b : 'A \rightarrow 'b : 'a : 'A SENDER :: 'A \rightarrow address : 'A DROP :: 'a : 'A \rightarrow 'A \rightarrow 'A NOT :: bool : 'A \rightarrow bool : 'A
```

Data are typed.

- PUSH int 2 vs. PUSH mutez 2
- PUSH (list int) { 1 ; 2 ; 3 } vs. PUSH (set int) { 1 ; 2 ; 3 }

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- PUSH (and variants)
- storage
- parameter

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The type of each instruction is determined by the type of its input

```
ADD ::
             int : int : 'S
                                      int: 'S
ADD :: mutez : mutez : 'S \rightarrow
                                      mutez : 'S
                'a : 'b : 'S
                                \rightarrow
                                      'b : 'a : 'S
SWAP ::
```

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```

type-checking at origination + each call

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```

type-checking at origination + each call

Michelson interpreter cannot run on an ill-typed contract

Introduction

- sound: well-typed contracts do not go wrong,
- inter-contract type safety checks!

Strong type system:

- no nulls, no implicit casts, no overflow, no division by 0 etc.
- \bullet high level types: \mathbb{Z} , options, pairs, lists, immutable sets and maps,

A Michelson contract runs completely before calling other contracts.

This avoids many re-entrancy bugs.

Contracts are not functions, they do not return values.

To get a value from another contract, we need continuation passing style.

A Michelson contract runs completely before calling other contracts.

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Contracts are not functions, they do not return values.

To get a value from another contract, we need continuation passing style.

 $A \rightarrow B(reguest, address of A) \rightarrow A(answer)$

All possible runtime failures:

- Explicit failure (FAILWITH instruction)
- Gas exhaustion
- Mutez overflow

No modular arithmetic, invalid opcode, invalid instruction, stack over/underflow at runtime.

Syntax

Introduction

- as unambiguous as possible for humans,
- enforced indentation (alignment of sequences and arguments),
- enforced case: (INSTR, Data, type),
- enforced delimitation of code blocks

Tooling

Types

- Arithmetic: int, nat, mutez, timestamp
- Compound types: unit, bool, pair _ _, or _ _, option _
- Addresses: key_hash, address, contract _
- Data structures: list _, set _, map _ _, big_map _ _
- Crypto: bytes, key, signature
- Other: string, lambda _ _, operation

```
INT
                         int
           nat
```

ISNAT :: int \rightarrow option nat

ABS int nat \rightarrow

Casts

```
\texttt{INT} \quad \texttt{::} \qquad \texttt{nat} \qquad \rightarrow \qquad \texttt{int}
```

 $\texttt{ISNAT} :: \qquad \texttt{int} \qquad \rightarrow \qquad \texttt{option nat}$

ABS :: int ightarrow nat

 ${\tt IMPLICIT_ACCOUNT} :: \quad {\tt key_hash} \rightarrow {\tt contract} \ {\tt unit}$

ADDRESS :: contract $_ \rightarrow address$

 ${\tt CONTRACT 'ty} \qquad :: \qquad {\tt address} \rightarrow {\tt option (contract 'ty)}$

Casts

```
INT :: nat

ightarrow int
         ISNAT ::
                    int \rightarrow option nat
         ABS :: int
                           \rightarrow
                                 nat
IMPLICIT ACCOUNT :: key hash \rightarrow contract unit
ADDRESS
                 :: contract \_ \rightarrow address
CONTRACT 'ty ::
                     address → option (contract 'ty)
     PACK ::

ightarrow bytes

ightarrow option 'ty
     UNPACK 'ty :: bytes
```

CLI

Introduction

- tezos-client typecheck script <file>
- tezos-client run script <file> on storage <data> and input <data> [--trace-stack]
- tezos-client originate contract <contract_name> transferring <balance> from <payer> running <file> --init <storage> --burn-cap <cap>
- tezos-client transfer <amount> from <sender> to <contract> --arg <parameter> [--burn-cap <cap>]

Editors

- Emacs https://gitlab.com/tezos/tezos/tree/master/emacs
- IntelliJ (and derived editors like PyCharm) https: //www.plugin-dev.com/plugins/tezos-michelson/

Tooling

Try-Michelson

```
https://try-michelson.tzalpha.net/
(or locally on the Training VM)
```

- Web editor
- Type-checking
- Simulation (incl. inter-contract interaction)

Michelson whitepaper:

- Athens: https: //tezos.gitlab.io/master/whitedoc/michelson.html
- Babylon: https: //tezos.gitlab.io/zeronet/whitedoc/michelson.html

WIP Michelson reference:

• https://arvidj.eu/michelson/

Reference manual

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Questions?

Mastering Michelson

Part 2: Michelson by example (and Babylon novelties)

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Outline

- 1 First example: Deposit
- Second example: Voting
- What's new in Babylon
- 4 Third example: Multisig
- 5 Fourth example: Weather Insurance

Deposit contract

First example: a deposit contract

- Storage contains the owner's address
- Can recieve tokens from anybody
- The owner can withdraw tokens

Goal

- Starting example
- Simple authentication
- Token transfers

Base types

- unit: trivial type (the only value is Unit)
- bool: either True or False
- string: character strings surrounded by double quotes "

Control structures

- No operation: $\{\} :: 'A \rightarrow 'A$
- Sequence: { code_1 ; code_2 ; ... ; code_n } :: $\mathtt{A}_1 \to \mathtt{A}_{n+1}$ if code_i :: $\mathtt{A}_i \to \mathtt{A}_{i+1}$
- ullet Explicit failure: FAILWITH :: 'a : 'A ightarrow 'B
- Conditional: IF { bt } { bf } :: bool : 'A \rightarrow 'B if bt, bf :: 'A \rightarrow 'B
- loop: LOOP { body } :: bool : 'A \rightarrow 'A if body :: 'A \rightarrow bool : 'A

Stack manipulation

```
PUSH 'a x
                                     ' A
DROP
                                     ' A
                                                    ' A
DUP
                                     ' A
                                                           'a :
SWAP
                              'b:
                                    ' A
                                                    'b:
                                                          'a : 'A
DIP { code } ::
                              'a :
                                     ' A
                                                    'a :
                                                           'Β
        if code :: 'A \rightarrow 'B
```

Stack manipulation example

```
PUSH string "foo"; PUSH string "bar"; DIP { DUP; PUSH string "baz"}; SWAP; DROP
```

Stack manipulation example

```
PUSH string "foo"; PUSH string "bar";
DIP { DUP; PUSH string "baz"}; SWAP; DROP
```

```
"bar"
"foo"
"foo"
```

Comparison

- ullet COMPARE :: 'a : 'A ightarrow int : 'A Returns -1, 0, or 1
- ullet EQ, NEQ, LT, GT, LE, GE :: int : 'A o bool : 'A

Sender authentication

<sender address>
<authorized address>
<remaining stack>
...

<remaining stack>

•••

Sender authentication

```
<sender address>
<authorized address>
<remaining stack>
...
```

<remaining stack>

COMPARE; EQ; IF { FAILWITH } {}

Operations

- address: untyped address
- contract 'a: smart contract expecting a parameter of type 'a
- mutez: amount of tokens (in μţ)

```
TRANSFER_TOKENS :: 'a : mutez : contract 'a : 'A \rightarrow operation : 'A
```

```
AMOUNT, BALANCE :: 'A \rightarrow mutez : 'A SENDER :: 'A \rightarrow address : 'A
```

SELF :: 'A \rightarrow contract 'a : 'A

CONTRACT 'a :: address : 'A \rightarrow option (contract 'a) : 'A

ADDRESS :: contract 'a : 'A \rightarrow address : 'A

Pairs, ors, and options

- pair 'a 'b: a pair of values Pair x y with x :: 'a and y ::
 'b
- or 'a 'b: either Left x with x :: 'a or Right y with y :: 'b
- option 'a: either Some x with x :: 'a or None

Constructors

```
PAIR
                 'a : 'b : 'A
                                             pair 'a 'b : 'A
LEFT 'b ::
                                             or 'a 'b : 'A
                        'a : 'A
                                     \rightarrow
RIGHT 'a ::
                        'b : 'A
                                             or 'a 'b : 'A
                                     \rightarrow
NONE 'a
                               ' A
                                     \rightarrow
                                             option 'a : 'A
SOME
                        'a :
                              ' A
                                     \rightarrow
                                             option 'a : 'A
```

Destructors

```
CAR:: pair 'a 'b : 'A \rightarrow 'a : 'A
      CDR :: pair 'a 'b : 'A \rightarrow 'b : 'A
IF LEFT { bl } { br } :: or 'a 'b : 'A \rightarrow
                                                            'B
          if bl :: 'a : 'A \rightarrow 'B. br :: 'b : 'A \rightarrow 'B
IF NONE { bn } { bs } :: option 'a : 'A \rightarrow
                                                             'B
             if bn :: 'A \rightarrow 'B. bs :: 'a : 'A \rightarrow 'B
LOOP_LEFT { body } :: or 'a 'b : 'A \rightarrow 'b : 'A
             if body :: 'a : 'A \rightarrow or 'a 'b : 'A
```

Parameters and storage

3 sections: storage, parameter, code

- storage and parameter are types.
- ullet code :: pair parameter storage : [] o pair (list operation) storage

Example: deposit contract

Example: deposit contract

```
parameter: (or unit mutez);
storage: address;
code:
  { DUP; CAR; DIP {CDR};
    IF LEFT
      { # Deposit
        DROP; NIL operation }
      { # Withdraw
        DIP { DUP;
              # Access control:
                 only the stored address can withdraw
              DUP; SENDER; COMPARE; EQ; IF {FAILWITH} {}
              CONTRACT unit; IF NONE {FAILWITH} {}};
        PUSH unit Unit; TRANSFER TOKENS;
        NIL operation; SWAP; CONS};
    PAIR}
```

Vote contract

- User can pay 5th to vote
- Fixed set of options to vote for

Goal

- paywall
- arithmetics
- manipulation of a map

Integer arithmetics

- int: arbitrary-precision integers
- nat: arbitrary-precision naturals

Arithmetics

```
ullet ABS :: int : 'A 
ightarrow nat : 'A
• NEG :: nat : 'A \rightarrow int : 'A
ullet NEG :: int : 'A 	o int : 'A
ullet ADD :: nat : nat : 'A \rightarrow nat : 'A
ullet ADD :: nat : int : 'A \rightarrow int : 'A
ullet ADD :: int : nat : 'A \rightarrow int : 'A
ullet ADD :: int : 'A 	o int : 'A
• SUB. MUL
ullet EDIV :: nat : nat : 'A 	o option(pair nat nat) : 'A
ullet EDIV :: nat : int : 'A 	o option(pair int nat) : 'A
ullet EDIV :: int : nat : 'A 	o option(pair int nat) : 'A
ullet EDIV :: int : 'A 	o option(pair int nat) : 'A

    bitwise operations
```

ullet LSL, LSR :: nat : nat : 'A o nat : A

Data structures

- list 'a: a list with elements of type 'a
- set 'a: a finite set of elements of type 'a
- map 'key 'val: a finite map
- big_map 'key 'val: same but lazily deserialized

Instructions

• NIL 'a

EMPTY_SET 'elt
EMPTY_MAP 'key 'val
CONS
UPDATE
IF_CONS { bc } { bn }
MEM
MAP { body }
SIZE

• ITER { body }

Example: vote contract

Example: vote contract

Overview of Michelson changes in Babylon

More details here:

https:

//blog.nomadic-labs.com/michelson-updates-in-005.html

Gas

- Micro bench-marking
- Better gas computation
- STEPS_TO_QUOTA is deprecated

Account reorganisation

- CREATE_ACCOUNT is deprecated
- CREATE_CONTRACT now takes fewer arguments

CREATE_CONTRACT { storage 'g ; parameter 'p ; code
... } Parameters

Parameter type	Parameter	in Athens	in Babylon
key_hash	manager	Yes	No
option key_hash	initial delegate	Yes	Yes
bool	spendable flag	Yes	No
bool	delegatable flag	Yes	No
mutez	initial balance	Yes	Yes
'g	initial storage	Yes	Yes

Stack instructions

```
a{1} : ... : a{n-1} : a{n} : C
 DIG n
                     'a{n}: 'a{1}: ...: 'a{n-1}: 'C
 DUG n
                       'a{1}: 'a{2}: ...: 'a{n}: 'C
                       'a{2} : ... : 'a{n} : 'a{1} : 'C
                 \rightarrow
                               a{1} : ... : a{n} : C
 DR.OP n
                                                      'C
 DIP n { code }
                       a{1} : a{2} : ... : a{n} : C
                       a{1} : a{2} : ... : a{n} : D
if code :: 'C \rightarrow 'D
```

Partial application

```
Already in Athens:
```

```
EXEC :: 'a : lambda 'a 'b : 'C \rightarrow 'b : 'C
```

New in Babylon:

```
APPLY :: 'a : lambda (pair 'a 'b) 'c : 'C \rightarrow lambda 'b 'c : 'C
```

Multiple big maps

In Athens:

- Each contract can store at most one big_map, storage pair (big_map 'a 'b) 'c
- big_maps can not be transferred

In Babylon:

Both restrictions removed

Already in Athens:

• A contract with 3 entrypoints of type 'a, 'b, and 'c can be encoded as:

```
(or 'a (or 'b 'c)).
```

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 A contract with 3 entrypoints of type 'a, 'b, and 'c can be encoded as:

```
(or 'a (or 'b 'c)).
```

• Entrypoints can be named using %-annotations:

```
(or ('a %entry_A) (or ('b %entry_B) ('c %entry_C))).
```

Already in Athens:

 A contract with 3 entrypoints of type 'a, 'b, and 'c can be encoded as:

```
(or 'a (or 'b 'c)).
```

• Entrypoints can be named using %-annotations:

```
(or ('a %entry_A) (or ('b %entry_B) ('c %entry_C))).
```

- But two problems:
 - To call an entrypoint of a contract, we need to know where the entrypoint is in the or-tree
 - and the types of all entrypoints
 - interfaces are not extensible

In Athens:

In Babylon:

```
CONTRACT %<entry> 'ty :: address : 'S  \rightarrow \text{ option (contract 'ty) : 'S}  SELF %<entry> :: 'S  \rightarrow \text{ contract <entry_ty} : 'S
```

%default is used if %<entry> is omitted.

The multisig contract

- *n* persons share the ownership of the contract.
- they agree on a threshold t (an integer).
- to do anything with the contract, at least t owners must agree.
- possible actions:
 - list of operations (to be run atomically)
 - changing the list of owners and the threshold

Goal

- advanced, signature-based authentication
- security

Types

- bytes: non-readable sequence of bytes
- key: cryptographic public key
- signature: cryptographic signature

Instructions

- ullet PACK :: 'a : 'A o bytes : 'A
- ullet UNPACK 'a:: bytes o option 'a : 'A
- ullet BLAKE2B, SHA256, SHA512 :: bytes : 'A o bytes : 'A
- ullet CHECK_SIGNATURE :: key : signature : bytes : 'A ightarrow bool : 'A

Example: multisig

Example: multisig

```
parameter (pair (lambda unit (list operation)) (list (option signature)));
storage (pair nat (list kev)):
code
 { DUP; CDR; DIP {CAR}; DUP;
   DIP { SWAP: DUP: CAR: DIP {CDR}: DUP: DIP {SWAP}: PACK: SWAP }:
   DUP: CAR:
   DTP
     { CDR; PUSH nat 0; SWAP;
        ITER
          { DIP {SWAP}; SWAP;
            IF_CONS
              f IF SOME
                  f SWAP:
                    DIP { SWAP ; DIP {DIP {DIP {DUP}; SWAP}};
                          DIP {DIP {DIP {DUP}: SWAP}: SWAP}: SWAP}:
                          DIP {CHECK SIGNATURE}: SWAP:
                          IF {DROP} {PUSH string "bad signature"; FAILWITH};
                          PUSH nat 1: ADD }}
                  { SWAP: DROP }}
              { PUSH string "signature list is too short"; FAILWITH };
            SWAP }};
   COMPARE; LE; IF {} {PUSH string "not enough signatures"; FAILWITH};
    IF CONS {PUSH string "signature list is too long"; FAILWITH} {}; DROP;
   UNIT; EXEC; PAIR }
```

Weather Insurance

- Insurance contract
 - Take deposits
 - Refunds the insurance or its client depending on the rain level
- Oracle contract
 - stores rain levels
 - paid service

Goal

- communication between smart contracts
- deposits and refunds

Continuation passing style

$$A \rightarrow B(request, address of A) \rightarrow A(answer)$$

Continuation passing style

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 Smart contract A (insurance contract) needs an extra entrypoint for receiving the answer

Continuation passing style

$$A \rightarrow B(request, address of A) \rightarrow A(answer)$$

- Smart contract A (insurance contract) needs an extra entrypoint for receiving the answer
- Smart contract B (oracle) also needs two entrypoints

Oracle

https://gitlab.com/nomadic-labs/mi-cho-coq/blob/master/src/contracts/mutually_calling/oracle.tz

Insurance

```
https://gitlab.com/nomadic-labs/mi-cho-coq/blob/master/src/contracts/mutually_calling/weather_insurance_on_chain_oracle.tz
```

Mastering Michelson Part 3: Formal Methods

Raphaël Cauderlier

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Outline

1 Formal Methods for Michelson smart contracts

Motivation

- Smart contracts manipulate money (sometimes a lot)
- They are here to stay: in case of bug, they are hard to update
- Security: bugs may become exploits

Before uploading them, we want to be sure there is no bug in them!

Motivation

- Smart contracts manipulate money (sometimes a lot)
- They are here to stay: in case of bug, they are hard to update
- Security: bugs may become exploits

Before uploading them, we want to be sure there is no bug in them!

 infinitely-many possible input values so testing cannot be exhaustive

Formal methods: methods for mathematically reasoning about programs

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• Semantics: Description of the meaning of all instructions of the programming language

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- Specification: Formula in some logic describing the expected behaviour of the program

Formal methods: methods for mathematically reasoning about programs

- Semantics: Description of the meaning of all instructions of the programming language
- Specification: Formula in some logic describing the expected behaviour of the program
- Goal: verify that the program satisfies the specification
 - Mathematical proof, more or less automatized

Approaches

- Model Checking
 Abstract the program into a state automaton called the model that can be checked on all inputs.
- Abstract Interpretation
 Abstract the values as domains (for example intervals). Refine the abstraction when needed.
- Deductive Verification
 Reduce to the theorem proving problem.

Model Checking

Abstract the program into a state automaton called the *model* that can be checked on all inputs.

- Specifications:
 - Safety No bad state can be reached
 - Liveness Good states are reached infinitely often
 - Temporal properties
- Problem:
 - Finding the model
 - Linking it to the concrete program

Abstract Interpretation

Abstract the values as *domains* (for example intervals). Refine the abstraction when needed.

- Specifications:
 - Safety
 - Arithmetic
- Problem
 - False alarms

Deductive Verification

Reduce to the theorem proving problem.

- Specifications:
 - Functional properties { precondition } Program { postcondition }
 - Very rich logics
- Problem
 - Requires a lot of user interaction

Michelson design

Michelson has been designed to ease formal methods

- Static typing
- Explicit failure
- No overflow nor division by zero
- Clear documented semantics

Michelson contracts are necessarily small and simple

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Formal methods for Michelson

- Model Checking:
 - Example: auction
 - Spec: Anybody either win the auction or lose no money
 - Tool: Cubicle Model-Checker
- Abstract Interpretation:
 - Bound on gas
 - Token freeze
- Deductive Verification:
 - Example: multisig
 - Spec: multisig succeeds IFF enough valid signatures
 - Tool: Mi-Cho-Coq