

Bitcoin Fork

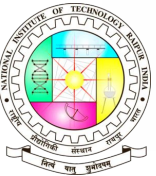
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Outline

- Introduction
- Soft fork
- Hard fork
- Some bitcoin forks

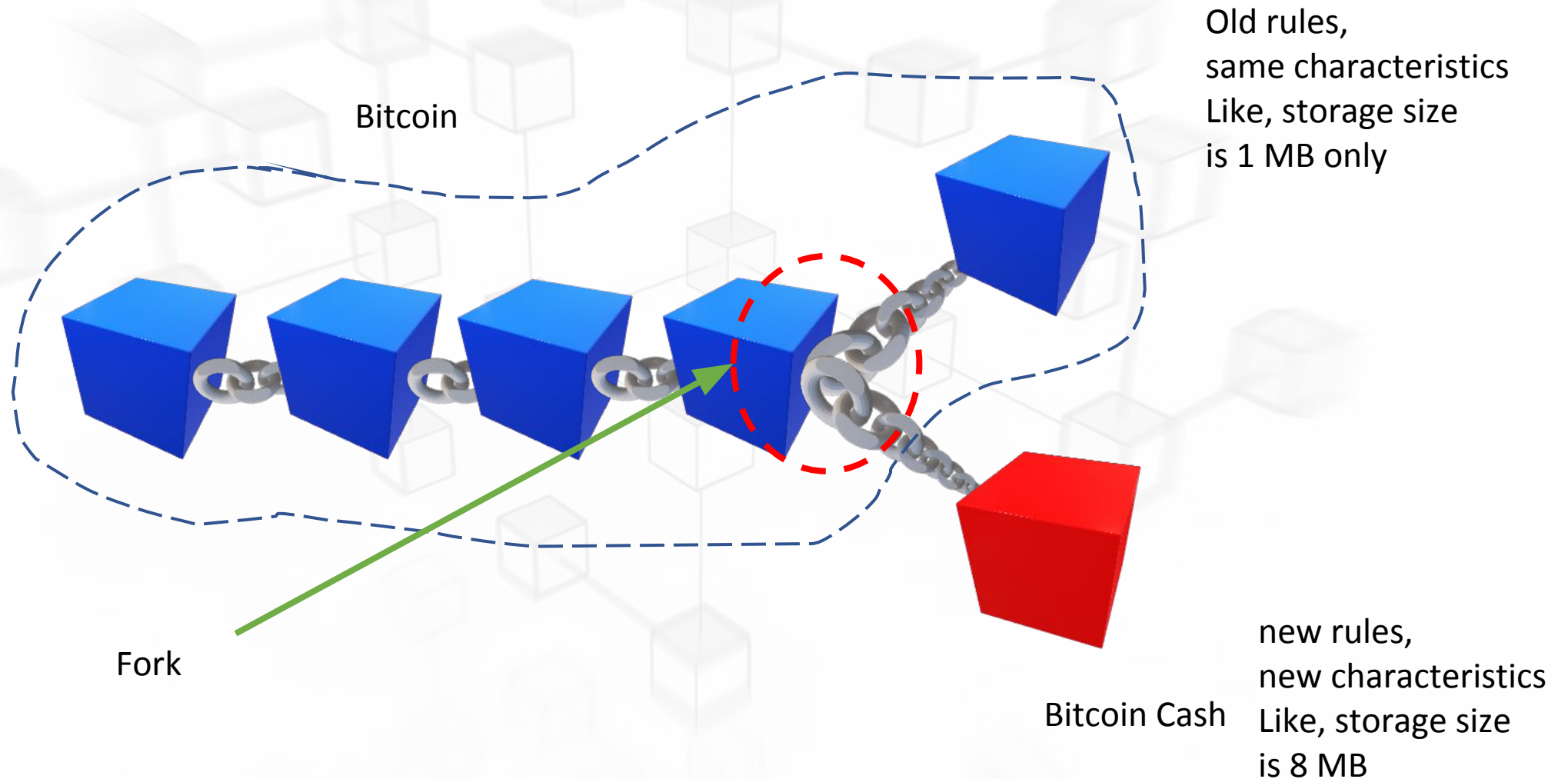


Introduction

- ❑ The bitcoins are created using a digital signature – a **blockchain**
- ❑ They are almost **impossible to forge**
- ❑ In bitcoin a piece of code that can be used transactionally, **forming a protocol**
- ❑ When someone wants to change that protocol a bifurcation is created, known as a **bitcoin fork**.
- ❑ As result of fork **two or more versions** of bitcoin can exist at the same time – the original bitcoin and the newly-created coin
- ❑ Forks happen because developers have **disagreements over protocols** or updates in the code.
- ❑ Sometimes, developers want to **make a ‘better’ version** of bitcoin or deal with an issue that is causing problems



bitcoin fork example (hard fork)

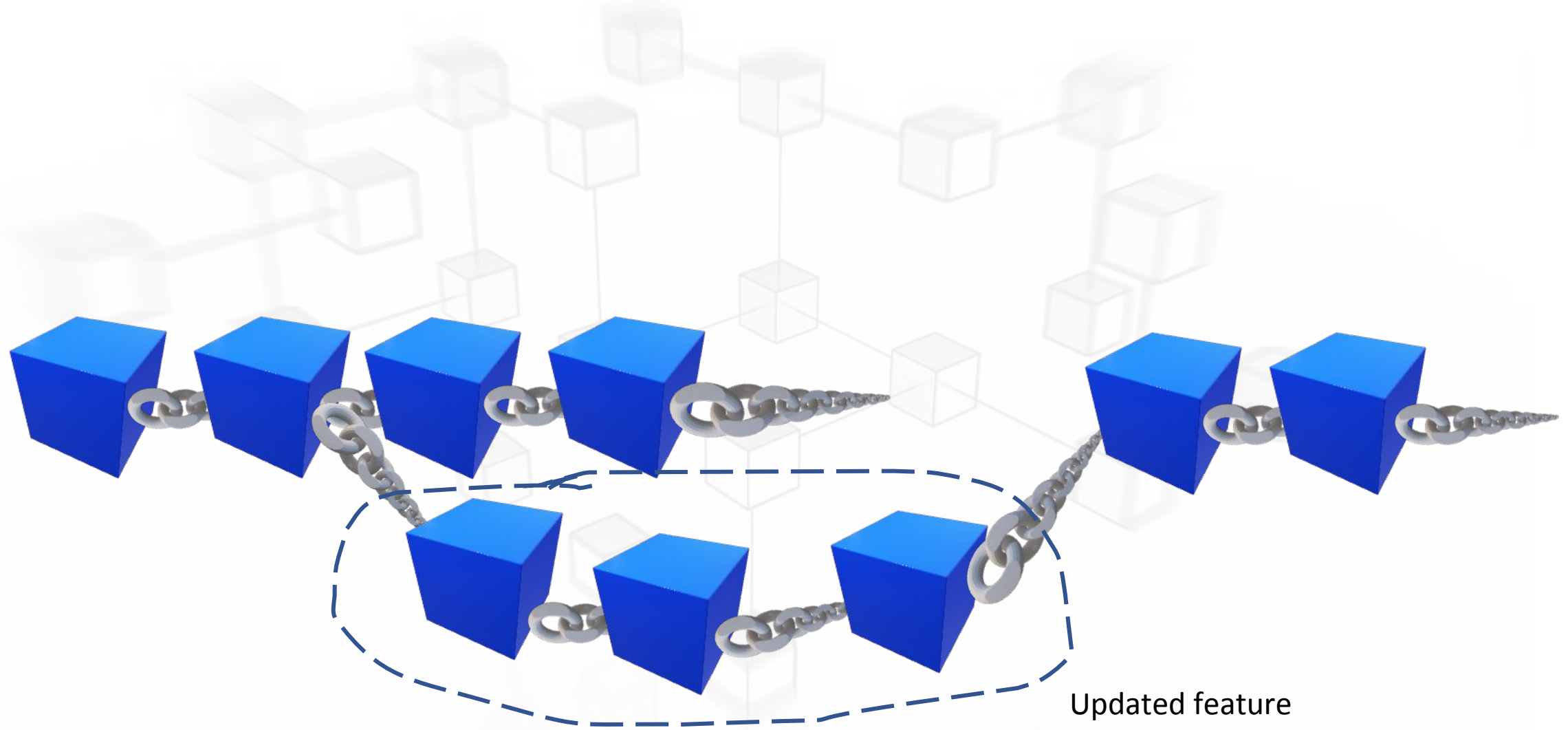


Types of Bitcoin Forks : Soft fork

- ❑ When a change to the protocol is enacted that is an update to the existing code but doesn't create a new coin, it is known as a soft fork.
- ❑ Soft forks are backwards compatible – which means that they work alongside the original bitcoin, providing extra functions or features.
- ❑ Need majority of nodes to enforce new rules
- ❑ Old nodes will approve
- ❑ New signature schemes
- ❑ Extra per-block metadata



Types of Bitcoin Forks : Soft fork



Updated feature

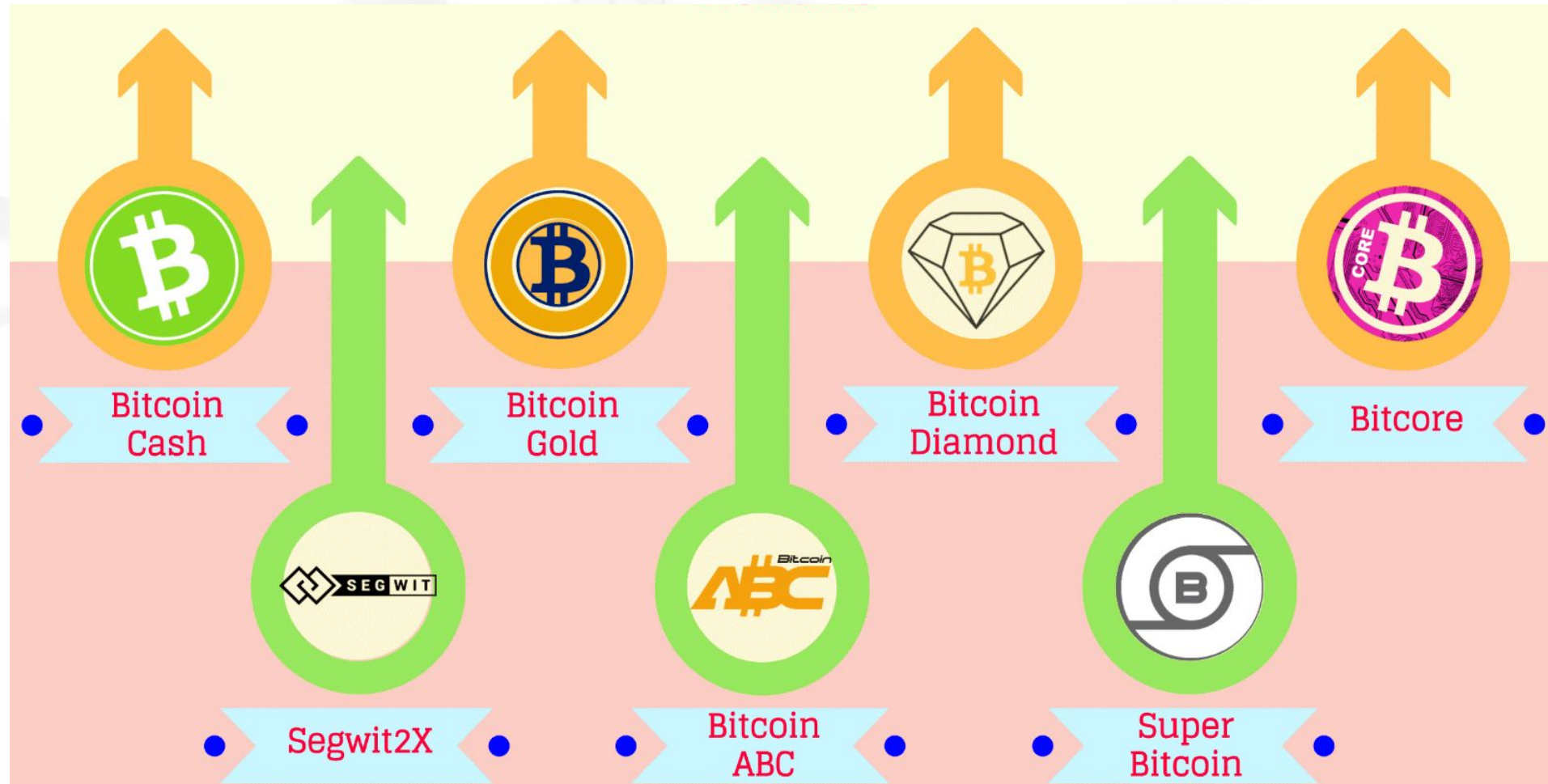


Types of Bitcoin Forks : hard fork

- ❑ Hard fork occurs when a change to the code renders all **existing protocols invalid**.
- ❑ Hard forks create a completely new bitcoin currency and **reject all transactions** from the **legacy version**,
- ❑ becoming **incompatible** with the **original blockchain**.
- ❑ New op codes
- ❑ Changes to size limits
- ❑ Changes to mining rate
- ❑ Many small bug fixes



Major Bitcoin Forks



Can You Benefit From Bitcoin Forks?

- ❑ the biggest benefit is that you can get **free coins**
- ❑ When a hard fork creates a new cryptocurrency
- ❑ holders of the original currency **can claim the same amount** in the **new coin** in addition to the ones they hold
- ❑ When a fork is announced, the **original coin price can go down**.
- ❑ However, it can sometimes get boosted as **others buy-in before the fork**
- ❑ Another way that a fork can benefit you is if they offer **'futures'**



Things to Consider About Bitcoin Forks

- ❑ forks are created – and not all of them to solve a **genuine problem in the original protocol**.
- ❑ For some early forks, have issues with **performance and privacy issues**
- ❑ Announcing a new fork can make developers **rich instant**
- ❑ Of course, the announcement might well be **a scam**
- ❑ One of the most well-known scams is **Bitcoin Platinum**

