

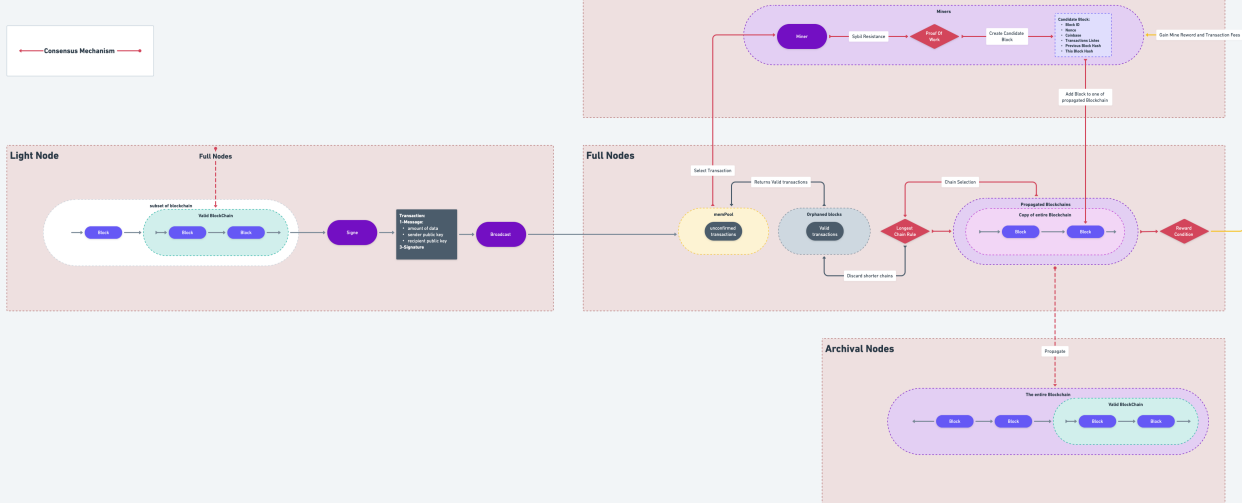
# Blockchain Consensus Mechanism

## Proof of work with Longest Chain Rule.

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### Peer-to-peer Network

#### Layer1



### 1. Light Nodes or Wallets:

#### Generate a Transaction:

The user creates a transaction, such as transferring tokens, deploying a contract, or invoking a smart contract.

#### Sign the Transaction:

The transaction is signed with the user's private key to ensure authenticity and integrity.

#### Broadcast to the Network:

The signed transaction is sent to the L1 network, where it enters the mempool (a queue of pending transactions).

### 3. Miners Nodes (Consensus Mechanism):

#### Select Transactions:

Miners/validators select transactions from the mempool, typically prioritizing those with higher fees.

#### Validate Transactions:

##### They verify:

**Signature Validity:** Ensures the transaction was signed by the sender.

**Account Balance:** Checks if the sender has sufficient funds or gas to cover the transaction and fees.

**Smart Contract Rules:** If the transaction interacts with a smart contract, it validates whether it adheres to the contract's logic.

#### Execute Transactions:

The node executes the transaction, updating the blockchain's state.

#### Prepare a Block:

Valid transactions are grouped into a candidate block.

### 5. Archival Nodes:

#### Propagate canonical Blockchain:

Full nodes propagate and update the L1 Archival blockchain to the canonical L1 blockchain.

### 2. Full Nodes (Mempool):

#### Transaction Pooling:

All unprocessed transactions are stored in the mempool, waiting to be included in a block.

#### Prioritization:

Miners or validators prioritize transactions based on factors like gas fees (in Proof of Work) or stake and reputation (in Proof of Stake).

### 4. Full Nodes (Consensus Mechanism):

#### Block Validation:

**In Proof of Work (PoW):** Miners solve a cryptographic puzzle to propose a valid block.

**In Proof of Stake (PoS):** Validators are chosen based on their stake to propose and validate the block.

#### Block Propagation:

The new block is broadcast across the network, where other nodes verify its validity.

#### Validate Block and Transactions:

Full nodes independently verify the new block and all included transactions.

#### Update Blockchain State:

Once validated, the block is added to the blockchain, updating the global state, such as account balances and contract states.

#### Finality:

A transaction is considered confirmed once it is included in a block and additional blocks are built on top (to reduce the risk of reorganization).

#### Global State Update:

The transaction's effect (e.g., a token transfer) is reflected in the blockchain's global state.

### 6. Light Nodes or Wallets:

#### Propagate canonical Blockchain:

Full nodes propagate and update the Subset of blockchain to the canonical L1 blockchain.