

Contents

1. Introduction	1
1.1. Gambling	1
1.2. Cryptocurrency	2
1.3. Gambling using cryptocurrencies	3
1.4. Objectives	3
1.4.1. Specific objectives	4
1.5. Methodology	4
1.6. The proposed protocol	4
1.6.1. Oracle Selection	5
1.6.2. Bet Resolution	5
2. Preliminaries	6
2.1. Hash functions	6
2.2. Cryptographic hash function	6
2.3. Digital Signatures	7
2.4. Ecash	8
2.5. Bitcoin	9
2.5.1. Transactions	9
2.5.2. Blockchain	10
2.5.3. Script	13
2.6. Previous work	15
2.6.1. Distributed oracles: Orisi	16
2.6.2. Trustless distributed casino: Winsome.io	16
2.6.3. Secure data feeds	16
3. The Protocol	18
3.1. Overview	18
3.1.1. First part: Oracle selection	18
3.1.2. Second part: The Bet	19
3.2. Oracles	19
3.3. Players	20
3.4. Protocol Description	20
3.4.1. Notation	20
3.4.2. First part: Oracle Selection	21
3.4.3. Second part: The bet	24
3.5. Cost analysis	29

3.5.1. Concrete costs	32
3.6. Communication	33
3.6.1. Secure communication	33
3.6.2. Channel	34
3.7. Implementation	34
4. Discussion	36
4.1. Incentives	36
4.1.1. Players	36
4.1.2. Oracles	37
4.2. Costs	37
4.2.1. Attacks	38
4.3. Limitations	40
4.3.1. Number of participants	40
4.3.2. Bet prize	40
4.4. Extensions	40
4.5. Comparison with Existing Solutions	41
4.6. Future work	42
4.6.1. Protocol extension	42
4.6.2. Oracle reutilization	43
5. Conclusion	44
6. Bibliography	47
7. Appendix	50
7.1. Transactions	50
7.1.1. Oracle registration	50
7.1.2. Bet promise	51
7.1.3. Oracle enrollment	55
7.1.4. Bet	58
7.1.5. Oracle answer	66
7.1.6. Winner prize collect	68
7.2. Bitcoin scripting	77

List of Tables

2.1.	Script evaluation to check a P2PKH transaction.	14
2.2.	Script evaluation of a P2SH transaction.	15
3.1.	Transaction notation example.	20
3.2.	Oracle Registration.	22
3.3.	Bet Promise	24
3.4.	Oracle Enrollment	25
3.5.	Bet	27
3.6.	Timeouts	28
3.7.	Transactions size and fee.	30
3.8.	Successful run, costs for the players	31
3.9.	Successful run, oracle cost and earning	31
4.1.	Oracle exits after Oracle Enrollment	38

List of Figures

2.1. Simplified Transaction	10
2.2. Blocks linked to each other in the blockchain.	11
2.3. Block Structure	12
2.4. A fork in the blockchain.	12
2.5. Wire format of an Input.	13
2.6. Wire format of an Output	13