THE BITFURY GROUP SUCCESSFULLY TESTS LIGHTNING NETWORK TRANSACTION USING CURRENT BITCOIN PROTOCOL

Test shows first bitcoin transaction using the Lightning Network

AMSTERDAM – July 19, 2017 – The Bitfury Group, the world's leading full-service Blockchain technology company, announced today that its developers have successfully tested the Lightning Network on the main Bitcoin network.

Committed to the success of the Lightning Network and the wider Bitcoin ecosystem, Bitfury engineers have been conducting research and carrying out tests to perform Lightning transactions using the current Bitcoin protocol. After much research, the Bitfury team succeeded in sending a real-time bitcoin transaction on the Lightning Network, which can be seen in a video demo.

"This is a major accomplishment by our technical team and an important step forward for the Lightning Network and the growth of Bitcoin," said Valery Vavilov, CEO of The Bitfury Group. "The Lightning Network has the potential to solve Bitcoin's scalability issue and provide instant payment functionality. By demonstrating that the Lightning Network can function now, Bitfury has cleared the way to increased transaction processing and further adoption of Bitcoin."

For more than a year, Bitfury has been supporting the development and implementation of the Lightning Network. In July 2016, Bitfury released a white paper in collaboration with the Lightning Network team detailing the specifications for Flare, an algorithm developed to improve payment routing in the Lightning Network. In September 2016, the Flare algorithm was successfully implemented and tested by ACINQ.

ABOUT THE LIGHTNING TRANSACTION

The software written by Bitfury developers is based on the LND protocol being developed by Lightning Labs. The link to Bitfury's modified version can be viewed here.

The setup of the transaction involved three LND nodes, in which two nodes were connected to the third one by payment channels. To carry out the transaction, Bitfury developers first opened the payment channels. Hashes of the funding transactions, which can be viewed in any Bitcoin explorer, are:

d8dc019280a8531fdcf26e350874fe3100c06925306f002d85c943d9c215609e

8a4bf5481b12ee572639454939bef0d5e5b1a92bb3892db431ebb88f944e3f90

After opening the channels, Bitfury developers could make an indefinite number of transactions between the three nodes without fees, but made just two: one single-hop transaction and one multi-hop transaction.

After completing the transactions, developers settled the payment channels by broadcasting the closing transactions on the Bitcoin Blockchain. Hashes of the closing transactions are:

5e1ddeb8ebdc1a8603e6294546858da3e432af532f2b71ba0fc2214a9ecafd0c

00843a49178ba5304d1940945312d66e066dc59f96a006d04c21adbb4f074656

The logs of LNDs that participated in the transaction will be published on GitHub.

ABOUT THE LIGHTNING NETWORK
The Lightning Network is a promising overlay solution that enables instant micropayments and an increase in the amount of transaction processing on the Bitcoin Blockchain and other Blockchains. The Lightning Network operates as additional layer of bidirectional payment channels that transfer value off-Blockchain. The network is also designed to be decentralized, eliminating the need for custodial trust. The security of the network is enforced by smart contracts using Blockchain's built-in scripting capabilities. Increased capacity is achieved by the following principle - instead of creating on-Blockchain transactions for individual payments, the broadcasting of the net result of these transactions is deferred. The Lightning Network can also be deployed on other Blockchains, or build transaction bridges between other Blockchains with inter-ledger transactions.

ABOUT THE BITFURY GROUP:
The Bitfury Group is the leading full service Blockchain technology company and one of the largest private infrastructure providers in the Blockchain ecosystem. The Bitfury Group develops and delivers both the software and the hardware solutions necessary for businesses, governments, organizations and individuals to securely move an asset across the Blockchain. The expertise of The Bitfury Group ensures successful, easy, fast, secure and cost-effective connectivity to the Blockchain. The Bitfury Group is a global team of experts in technology, business, communications, security and civil society. The Bitfury Group believes the Blockchain can and will open new doors for global economic opportunity and prosperity, and its mission is to create and advance Blockchain applications that will further promote innovation and the advancement of the peer-to peer economy.

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