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Key-Insulated and Privacy-Preserving Signature Scheme with Publicly Derived Public Key*

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***Abstract*—Since the introduction of Bitcoin in 2008, cryptocurrency has been undergoing a quick and explosive development. At the same time, privacy protection, one of the key merits of cryptocurrency, has attracted much attention by the community. A deterministic wallet algorithm and a stealth address algorithm have been widely adopted in the community, due to their virtues on functionality and privacy protection, which come from a key derivation mechanism that an arbitrary number of derived keys can be generated from a master key. However, these algorithms suffer a vulnerability. In particular, when a minor fault happens (say, one derived key is compromised somehow), the damage is not limited to the leaked derived key only, instead, it spreads to the master key and all derived keys are compromised.**

In this paper, to provide a formal treatment for the problem, we introduce and formalize a new signature variant, called Key-Insulated and Privacy-Preserving Signature Scheme with Publicly Derived Public Key (PDPKS), which forms a convenient and robust cryptographic tool for offering the virtues of deterministic wallet and stealth address, while eliminating the security vulnerabilities. Specifically, PDPKS allows anyone to derive new signature verification keys for a user, say Alice, based on her long-term public key, while only Alice can derive the signing keys corresponding to those verification keys. In terms of privacy, given a derived verification key and valid signatures with respect to it, an adversary is not able to tell which long-term public key, out of a set of known long-term public keys, is the one from which the verification key was derived. A distinguishing security feature of PDPKS, with the above functionality and privacy features, is that the derived keys are independent/insulated from each other, namely, compromising the signing key associated with a verification key does not allow an adversary to forge a valid signature for another verification key, even if both verification keys are derived from the same long-term public key.

We formalize the notion of PDPKS and propose a practical and proven secure construction, which could be a convenient and secure cryptographic tool for building privacy-preserving cryptocurrencies and supporting promising use cases in practice, as it can be used to implement secure stealth addresses, and can be used to implement deterministic wallets and the related appealing use cases, without security concerns.

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***Index Terms*—Signature Scheme, Publicly Derived Public Key, Key-Insulated Security, Privacy, Cryptocurrency, Stealth Addresses, Deterministic Wallets**

I. Introduction

Since the introduction of Bitcoin [1] in 2008, in the past decade, cryptocurrency has been undergoing a quick and explosive development, with thousands of different cryptocoins available to date, most of which are Bitcoin-like. A Bitcoin-like cryptocurrency is a ledger consisting of a series of transactions, and Digital Signatures [2] are used to authorize and authenticate the transactions. More specifically, each coin is a transaction-output represented by a (public key, value) pair, where the public key specifies the owner of the coin (i.e. the payee of the transaction) and the value specifies the denomination of the coin. When the owner wants to spend a coin cn on public key pk, acting as a payer, he needs to issue a new transaction consuming cn and outputting new coins (i.e. new transaction-outputs) assigned to the payees' public keys, and sign this new transaction using his secret signing key sk corresponding to pk. Due to the nature of digital signature, the public can be convinced that such a transaction is authorized and authenticated to spend the input coin cn. In other words, the public key acts as the *coin-receiving address*, while the secret signing key acts as *coin-spending key*. As a user may have multiple coins, a cryptocurrency *Wallet* is used to manage the (public key, secret key) pairs for the wallet owner, including generating, storing, using, and erasing the keys, etc. A preliminary wallet may generate each key pair randomly and independently by running the key generation algorithm of the underlying signature scheme in a typical manner. On the other hand, a type of advanced wallet mechanisms, called ***Deterministic Wallets*** [3]–[5], has been proposed to achieve some appealing virtues, such as low-maintenance, easy backup and recovery, supporting functionalities required by popular applications, and so on. Deterministic wallets have been very popular, and nearly every Bitcoin-like cryptocurrency client either already has a deterministic wallet implemented or is planning to create one. However, as shown later, the existing

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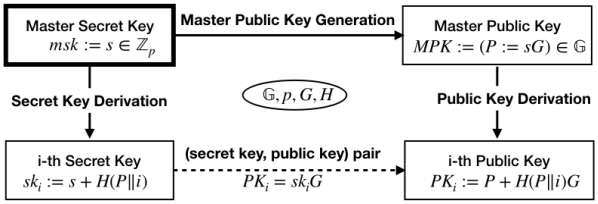

Fig. 1. Deterministic Wallet Algorithm.

deterministic wallet algorithms may suffer a fatal vulnerability, which seriously limits their applications.

On the other side, while protecting user privacy is one of the most desired features of cryptocurrency, it has been generally acknowledged that Bitcoin only provides *pseudonymity*, which is pretty weak and does not provide *untraceability* or *unlinkability* [6], [7]. Different techniques and cryptocurrencies have been proposed to provide stronger privacy, for example, Dash, ZCash, Monero, etc. Among the privacy protection technologies for cryptocurrencies, ***Stealth Address*** [7], [8] is regarded as a simple but effective and efficient way to enhance privacy, and has been widely adopted by many cryptocurrencies. Particularly, it is a part of the core protocol of Monero [9], which is the most popular privacy-centric cryptocurrency, with a market capitalization valued at approximate 2 billion USD, ranking the 10th in all the existing cryptocurrencies [10]. However, as shown later, the Stealth Address algorithm, the one used in Monero as example, also suffers a fatal vulnerability.

Below we show that the vulnerabilities lie in the inherent designs of the deterministic wallet and stealth address algorithms, in the sense that the damage of a minor fault will spread and incur destructive consequences. In this work, we formalize a new cryptographic concept and propose a provably secure construction, which provides a practical and solid solution to address these problems.

A. Deterministic Wallets for Bitcoin

Literally, in a deterministic wallet, all the public keys and secret keys can be deterministically derived from a 'seed'. Fig. 1 shows the essence of the deterministic wallet algorithm. Actually, a specification of deterministic wallet based on this algorithm has been accepted as Bitcoin standard BIP32 [5], and other existing deterministic wallets, for example *Electrum* wallet [4], also use the similar algorithms. More specifically, let $\mathbb{G}$ be an additive cyclic group of prime order p, $G \in \mathbb{G}$ be a generator of $\mathbb{G}$, and $H : \{0,1\}^* \to \mathbb{Z}_p$ be a cryptographic hash function. A randomly and uniformly chosen $s \in \mathbb{Z}_p$ works as the *master secret key* (i.e. the 'seed') for a deterministic wallet. Then the *master public key* is computed as $P = sG$, and for any index i, the i-th public key could be derived from the master public key as $PK_i = P + H(P\|i)G$, without needing to use the master secret key, while the corresponding i-th secret key could be derived from the master secret key as $sk_i = s + H(P\|i)$. Note that (sk_i, PK_i) satisfies $PK_i = sk_iG$ and forms a valid (secret key, public key) pair for some Discrete Logarithm based signature schemes, for example, ECDSA (Elliptic Curve Digital Signature Algorithm) [11], which is used by most Bitcoin-like cryptocurrencies.

In the community, the deterministic wallets are advertised for the following use cases, as summarized in [12]:

1) *Low-maintenance wallets with easy backup and recovery*. With the algorithm in Fig. 1, to backup his deterministic wallet, a user only needs to backup the master secret key s, and when necessary, for example, the hardware where his deterministic wallet is stored breaks down, he can reconstruct the complete wallet from the master secret key.
2) *Freshly generated cold addresses*. In cryptocurrencies, cold address mechanisms are used to reduce the exposure chance of secret keys, namely, only the public keys are stored on a vulnerable online server (referred to as 'hot storage'), while the corresponding secret keys are kept safe in offline storage (referred to as 'cold storage') until they are needed to generate signatures to spend the coins, and each public key (and corresponding secret key) is used only once to have better security and privacy. As each public key is used only once, cold address mechanisms protect user privacy in the sense that the public could not link the coins belonging to the same owner. The algorithm in Fig. 1 provides a *convenient* way to implement cold address mechanisms, namely, it allows a user to easily generate and store only the public keys on hot storage, while the corresponding secret keys are generated only when they are needed to spend the corresponding coins.
3) *Trustless audits*. The algorithm in Fig. 1 allows a user to reveal his master public key to third-party auditors, then the auditors could view all the transactions related to the corresponding wallet, since they can compute all the public keys in the wallet by using the master public key and the possible indexes. Note that the user is assured that his coins are safe from the theft by the auditor since the master secret key or derived secret keys could not be computed from the master public key and/or the derived public keys.
4) *Hierarchical Wallet allowing a treasurer to allocate funds to departments*. The algorithm in Fig. 1 allows a treasurer of a large company to create child key pairs for each department within the company, so that the treasurer will have the master public/secret key for everything, but each department will only have the key to their own part of the funds.

However, to use the deterministic wallet algorithm, the users have to be very aware in that, besides the master secret key, they also need to keep the master public key and *all* the derived secret keys secret and safe. This is because, if an attacker somehow obtains the master public key P and any derived secret key, say sk_i for some index i, he can compute the master secret key by $s \leftarrow sk_i - H(P\|i)$, and further compromise

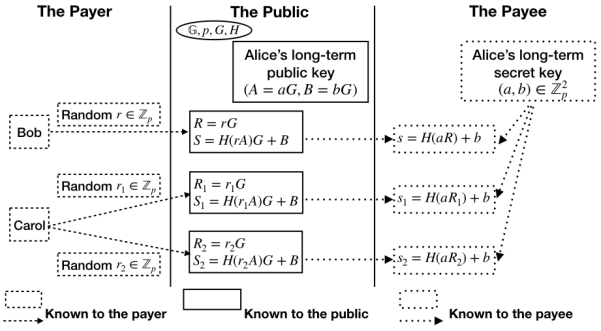

Fig. 2. Stealth Address Algorithm in Monero.

the wallet completely. However, in practice these awareness requirements may be difficult to meet. In particular, to generate the derived public keys conveniently, the master public key is often stored in the vulnerable and online hot storage. For the derived secret keys, when they are used to sign a transaction, the signature computation is often performed on a relatively insecure device (e.g., a mobile device or an Internet-connected host) which cannot be trusted to maintain secrecy of the secret key, as pointed out by Dodis et al. [13], [14]. As a result, for the use case of *freshly generated cold addresses*, even if an attacker only obtains the master public key somehow, it could break the privacy-protection feature claimed by cold address mechanisms, by behaving like an auditor. And for the use case of *treasurer allocating funds to departments*, once a department manager who knows a child/derived secret key sk_i obtains the master public key somehow, he can steal all the funds of the company. In addition, *the deterministic wallet algorithm cannot be used to simultaneously implement the treasurer and the auditor use cases*, otherwise the auditor may collude with some department manager who knows a child/derived secret key sk_i to compromise the master secret key and then steal all the funds of the company.

B. Stealth Address in Monero

While deterministic wallets focus on the management of the keys in a wallet, the goal of stealth address is to send money to a certain *publicly visible* master key in such a way that this key does not appear in the ledger at all, so that users' privacy gets more protection. Thus, a crucial difference between stealth address and deterministic wallet is whether the master public key is allowed to be publicly visible. Note that the above advertised use cases of deterministic wallet heavily rely on the assumption that the master public key is kept secret.

As a privacy-centric cryptocurrency, to achieve unlinkable payments, Monero adopts a stealth address algorithm proposed in CryptoNote [7], as shown in Fig. 2. In particular, each user could choose random $(a, b) \in \mathbb{Z}_p^2$ as his master secret key (also referred to as *long-term secret key*) and keep it secret, while publishing $(A = aG, B = bG)$ publicly as his master public key (also referred to as *long-term public key*). *On the functionality*, for each transaction, the payer chooses a random $r \in \mathbb{Z}_p$ and computes a derived public/verification key[1] $dvk = (R = rG, S = H(rA)G + B)$ from the payee's long-term public key (A, B), and uses (R, S) as the coin-receiving address for the payee in the transaction. On the other side, from the view of a payee, with his long-term public key (A, B) and long-term secret key (a, b), he can check whether he is the intended receiver of a coin on fresh public/verification key $dvk = (R, S)$, by checking $S \stackrel{?}{=} H(aR)G+B$, and if the equation holds, he can compute $s = H(aR)+b$ as his secret/signing key to spend the coin, since (S, s) satisfies $S = sG$ and forms a valid (public/verification key, secret/signing key) pair for a signature scheme[2]. *On the privacy*, from the view of the public, the coin-receiving address (R, S) does not leak any information that can be linked to the payee's long-term public key. This is due to the Diffie-Hellman Key Exchange [17] part (i.e. $rA = aR = raG$), since the public cannot compute the value of raG from A and R. *On the security*, *intuitively*, for a coin-receiving address (R, S), only the payee can derive the corresponding secret/signing key $s = H(aR) + b$, since only the payee knows the value of b for the corresponding long-term key. This is why B is added in S.

In summary, the main advantage of the stealth address algorithm is that every coin-receiving address is unique *by default* (unless the payer uses the same random data for each of his transactions to the same payee), so that there is no such issue as "address reuse" by design and no observer can determine if any transactions were sent to a specific long-term public key or link two coin-receiving addresses together. And importantly, this is achieved in a very convenient manner, as each user only needs to publish one long-term public key, and anyone (acting as a payer) can derive an arbitrary number of fresh public/verification keys from the long-term public key of a user (acting as a payee), while there is no interaction needed between the payer and the payee. Also the payee can compute the secret/signing keys corresponding to the fresh public/verification keys without any interaction with the payer. Actually, due to its virtues in functionality, privacy and "security", the above algorithm and similar variants have been widely adopted by the cryptocurrency community to implement stealth addresses.

However, we would like to point out that, the above stealth address algorithm suffers a vulnerability which may cause fatal damages. In particular, consider the example in Fig. 2, namely, the payer Carol derives two public/verification keys $dvk_1 = (R_1 = r_1G, S_1 = H(r_1A)G+B)$ and $dvk_2 = (R_2 = r_2G, S_2 = H(r_2A)G+B)$ for the same payee Alice with long-

[1]Note that it is not required that the long-term public key and secret key forms a key pair for a signature scheme. To avoid confusion, we use (public/verification key, secret/signing key) to denote the key pair for signature scheme, where it is emphasized that verification key is public and signing key is secretly held.

[2]Besides using the above stealth address algorithm to hide the payee, Monero hides the payer and transaction amount (i.e. the coin's value) using the techniques based on Linkable Ring Signature [15] and Pedersen Commitment [16] respectively. But all these functionalities are built on the basis of the above stealth address algorithm, as the derived key pair (S, s) serves as the coin-receiving address and coin-spending key.

term public key (A, B). Suppose Carol somehow compromises one of the two secret/signing keys, say $s_1 = H(aR_1)+b$. Note that Carol knows the value of r_1, she can compute the value of b by $b \leftarrow s_1 - H(r_1A)$. So, Carol can compute the secret/signing key corresponding to dvk_2, by $s_2 \leftarrow H(r_2A)+b$, since she also knows the value of r_2. Furthermore, if Carol colludes with other payers who sent coins to Alice, they can compromises all the secret/signing keys for the related coins, for example, colluding with Bob in Fig. 2, Carol and Bob can compute the secret/signing key corresponding to (R, S) by $s \leftarrow H(rA) + b$, where r is provided by Bob. Actually, as long as *one* derived secret/signing key is compromised, the corresponding long-term secret key is not safe any more, and all coins to the fresh public/verification keys derived from the corresponding long-term public key in the past and the future are in danger of being stolen.

As a result, the users in Monero must be very aware in that, they not only need to keep their long-term secret keys safe, but also need to keep *all* the derived secret/signing keys for their coins absolutely safe, even after the coins have been spent, since leaking *one* derived secret/signing key may lead to the complete leakage of *all* the secret/signing keys derived from the same long-term key. Note that the users in Monero are not warned about this vulnerability, and the security heavily depends on the implementations and the users' awareness and behavior. However, in practice keeping all the derived secret/signing keys (i.e. coin-spending keys) safe is a difficult task, as pointed out by Dodis et al. [13], [14], *"cryptographic computations (decryption, signature generation, etc.) are often performed on a relatively insecure device (e.g., a mobile device or an Internet-connected host) which cannot be trusted to maintain secrecy of the private key."* In addition, it is worth mentioning that, while the deterministic wallet is only a optional tool for Bitcoin, the stealth address algorithm is a part of the core protocol for Monero. That is, the damages caused by the vulnerability seem to be inevitable for Monero, unless it is fixed.

C. Related Work

The community has noticed the deterministic wallet algorithm's vulnerability that once the master public key and one secret key are compromised, the master secret key and the whole wallet will be compromised. In particular, the authors of BIP32 standard [5] noticed this vulnerability and compensated for it by allowing for "hardened" child secret key that can be compromised without also compromising the master secret key. But the cost is that the public keys cannot be generated from the master public key, i.e. it cannot support the use cases of 'freshly generated cold addresses' or 'trustless audits'. Buterin [18] called attention to this vulnerability, by announcing open-source software that cracks BIP32 [5] and Electrum wallets [4], but was pessimistic on fixing this vulnerability. As an attempt to fix this vulnerability, Gutoski and Stebila [12] proposed a deterministic wallet that can tolerate the leakage of up to m derived secret keys with a master public key size of $O(m)$. In essence, Gutoski and Stebila's algorithm improves the difficulty of compromising the master secret key m times at the price of $O(m)$ times larger master public key, but does not eliminate this vulnerability, in the sense that if an attacker compromises the master public key and m secret keys, it can compromise the master secret key. Thus, the algorithm by Gutoski and Stebila [12] still heavily relies on the users' awareness and suffers the problems discussed in Sec. I-A. For example, when being used to simultaneously implement the treasurer and the auditor use cases, the parameter m must be larger than the possible max number of the departments.

For the vulnerability in Monero's stealth address algorithm, it is somewhat surprising that it has not been noticed in the community. This might be because that the algorithm allows the master public key to be publicly visible, and that it seems that the value of b could not be computed from the master public key (A, B), one secret key $s = H(aR) + b$, and the corresponding public key (R, S). It is worth mentioning that Courtois and Mercer [19] pointed that, when the stealth address algorithm works together with ECDSA, if the signature scheme is implemented incorrectly so that two ECDSA signatures use the same randomness, the two payers who generated the two public keys corresponding to the two 'bad' signatures may collude and compromise the master secret key. To address this problem, they proposed an enhanced stealth address algorithm by incorporating Gutoski and Stebila's method [12] and gets similar results as that of [12], i.e., their algorithm improves the difficulty of compromising the master secret key m times at the price of $O(m)$ times larger master public key, but does not eliminate the problem.

D. Our Results

Note that for the vulnerabilities of the deterministic wallet and stealth address algorithms, as well as the problem pointed out by Courtois and Mercer [19], the essence is that the derived secret keys are not insulated from each other, neither from the master secret key, so that one derived secret key being compromised will lead to the compromising of the master secret key and all other derived secret keys. From a cryptography security point of view, this is a fatal flaw, as when a minor fault happens (say, one derived secret key is compromised somehow), the damage spreads and the whole system collapses. As a counterexample, for an old-style wallet where each key pair is generated independently by running the key generation algorithm of the signature scheme, if a secret key is compromised, only the coins on the corresponding public key may be stolen, without affecting the security of other keys or coins.

Naturally, we want to enjoy both *the virtues* of deterministic wallet and stealth address, including the functionalities and privacy-protection features, and *the security* of conventional wallet and address mechanism. Intuitively, this may be achieved by a cryptographic primitive where the security model allows the derived secret key to be corrupted by the adversaries while the security and privacy rely only on the secrecy of the master secret key, and the damage of derived secret key being compromised will not spread at all.

In this paper, we introduce and formalize a new signature variant, called Key-Insulated and Privacy-Preserving Signature Scheme with Publicly Derived Public Key (PDPKS)[3], and propose a provably secure and practically efficient construction, which provides a solution that offers the virtues of deterministic wallet and stealth address, while eliminating the security vulnerabilities completely.

In particular, on the functionality, PDPKS provides a convenient way to enable receiving each coin at a fresh/unique address, namely, anyone can derive public/verification keys from a long-term public key without requiring any interaction, while only the owner of the long-term public key can generate the corresponding secret/signing keys, also without interactions. On the security, we formalize a security model for PDPKS, which ensures the derived keys are completely insulated from each other, i.e., for any specific derived public/verification key dvk, even if an adversary corrupts all other derived public and secret keys from the same long-term key, the adversary cannot forge a valid signature with respect to dvk. On the privacy, we formalize a privacy model for PDPKS, which captures that an adversary should not be able to link a given public/verification key (with corresponding signatures) to its underlying long-term public key.

With its functionality, security, and privacy protection features, PDPKS can support the use cases of deterministic wallet and stealth address, without security vulnerabilities. To demonstrate these properties are achievable, we propose a practical PDPKS construction, and prove its security and privacy in the random oracle model.

E. Outline

In Sec. II, we review the techniques related to privacy protection and key insulation, and present our approach to construct a PDPKS scheme. In Sec. III, we formalize the definition, the security model, and the privacy model for PDPKS. In Sec. IV we propose a PDPKS construction, and prove its security and privacy in Sec. V and Sec. VI respectively. In Sec. VII we discuss the applications and implementation of the proposed PDPKS construction. The paper is concluded in Sec. VIII.

II. Related Techniques and Our Approach

A. Techniques Related to Privacy Protection

While Blind Signature [20] hides the really signed messages from the signer and Group Signature [21] and Ring Signature [22] hide the identity of the real signer from the public, the PDPKS signature in this paper focuses on (public) key privacy, i.e. breaking the link between the derived public/verification keys (and corresponding signatures) and the underlying long-term public key. From the view point of motivations in practice, namely in cryptocurrency, this is to protect the privacy of the payees of the transactions, as the derived public/verification keys are used to specify the owner of the output coins. Note that in Monero [9], a variant of ring signature, namely Linkable Ring Signature [15], has been adopted to hide the payer, while the above discussed stealth address algorithm is used to hide the payee.

While the privacy protection concerns in cryptocurrencies motivate us to investigate the (public) key privacy problem for digital signature in this paper, Bellare et al. [23] has considered a similar problem in the setting of public key encryption in 2001, where *key privacy* requires that an eavesdropper in possession of a ciphertext cannot tell which specific key, out of a set of known public keys, is the one under which the ciphertext was created, meaning the receiver is anonymous from the view point of the adversary.[4]

Recently, a new notion named "Signatures with Flexible Public Key" was proposed in [24]. It allows a signer of a digital signature scheme to derive new public and private key pairs that fall in the same "equivalent class". This new primitive has various applications including stealth addresses for cryptocurrencies. However, as the primitive does not consider the attack that an adversary corrupts the derived keys, when it is used to implement stealth addresses, it suffers the same security issue as in the stealth address algorithm for Monero illustrated above.

B. Techniques Related to Key Insulation

Motivated by the fact that in practice signature computation is often performed on a relatively insecure device (e.g., a mobile device or an Internet-connected host) which cannot be trusted to maintain secrecy of the secret key, Dodis et al. [13], [14] introduced key-insulated signature scheme, where the lifetime of the protocol is divided into N distinct periods, and at the beginning of each period a temporary secret key is derived and will be used by the insecure device to sign messages during that period. The security of key-insulated signature scheme means that even if an adversary corrupts t temporary secret keys, it will be unable to forge a signature on a new message for any of the remaining $N - t$ periods. Note that the key-insulated signature scheme does not consider the privacy-protection problem, and it is not applicable to the setting of cryptocurrency, where the verification key (serving as coin-receiving address) and signing key (serving as coin-spending key) are unrelated to time periods.

In Identity-based Cryptography (IBC) [25], [26], there is an entity referred to as Private Key Generator (PKG), who publishes the system master public key MPK and holds the system master secret key MSK. For any identity string ID, PKG can generate a corresponding user secret key sk_{ID}, which can be used to decrypt ciphertexts encrypted under $(\mathsf{MPK}, \mathsf{ID})$ as public key (in Identity-based Encryption (IBE) system) or sign a message to produce a signature that can be verified by $(\mathsf{MPK}, \mathsf{ID})$ as verification key (in Identity-based Signature (IBS) system). In a secure IBC system, unbounded leakage of user secret keys will not affect the security of the master

[3]We abbreviate this signature variant to PKPDS to emphasize its functionality feature, namely, Signature Scheme with Publicly Derived Public Key.

[4]We borrow the term "key privacy" from [23], although its meaning for digital signature in this paper is very different from that for public key encryption in [23].

secret key or other identities' user secret keys. In other words, the user secret keys in IBC are insulated from each other. On privacy, user/identity anonymity *inside one instantiation* has been studied much, known as anonymous IBE [27], where the ciphertext hides the identity used to create it. And the IBE by Agrawal et al. [28] considered the *master public key privacy among multiple instantiations*, where the ciphertext hides the master public key used to create it. However, the master public key privacy for IBS may be more complicated than that in IBE, since the master public key and the identity need to be known by the public who verify the signature. In addition, IBS with master public key privacy seems to lack motivations in practice. As a result, IBS with master public key privacy has not been considered as so far.

C. Our Construction Approach

Besides introducing and formalizing PDPKS, including its definition and models for security and privacy, we also propose a concrete construction with provable security and privacy. Below we briefly describe our construction approach.

Note that what we need is a signature scheme where (1) each public/verification key can be derived from a (long-term, unchanged) public key, and the corresponding secret/signing key can be computed from the verification key and the long-term secret key; (2) the (verification key, signing key) pairs are insulated from each other, namely one being compromised will not affect others; and (3) the verification keys, as well as the signatures, could not be linked to the original long-term public key. For the requirements (1) and (2), it is natural to consider the Identity-Based Signature (IBS) [25], [26], [29], which supports verification key derivation and can tolerate unbounded leakage of the user secret/signing keys. The challenge is how to achieve the privacy described by requirement (3).

To construct a PDPKS, we start from an IBS scheme as below:

- Each user, say U_i, runs an instantiation of the IBS scheme and acts as the PKG for the instantiation, namely, publishes the system master public key of IBS as his long-term public key of PDPKS, and holds the master secret key as his long-term secret key, denoted by MPK_i and MSK_i respectively.
- When issuing a transaction with U_i as the payee, the payer creates a random string (i.e. identity) ID and sets $vk = (\mathsf{MPK}_i, \mathsf{ID})$ as the fresh public/verification key for the output coin. Note that MPK_i being included in vk is to ensure that only the intended payee (i.e. the owner of MPK_i) can generate the corresponding secret/signing key sk_{vk}.
- For any coin with a fresh public/verification key, say $vk = (\mathsf{MPK}_i, \mathsf{ID})$, the intended payee can run the IBS' Key Extract algorithm $sk_{vk} \leftarrow \mathsf{IBS.KeyExtract}(\mathsf{MPK}_i, \mathsf{ID}, \mathsf{MSK}_i)$ and set sk_{vk} as the secret/signing key, and then spend the coin by generating a valid signature σ, which can be verified by the IBS' Verify algorithm $\mathsf{IBS.Verify}(\mathsf{MPK}_i, \mathsf{ID}, M, \sigma)$, where M is the signed message.

Note that using IBS in such a way does not suffer the drawbacks of the key-escrow problem in IBS,[5] since each user acts as PKG for the identities for himself, and actually is making use of the key-escrow functionality. Such an intuitive construction seems to address the requirements (1) and (2), but does not provide privacy at all, as $vk = (\mathsf{MPK}_i, \mathsf{ID})$ contains the corresponding long-term public key MPK_i. To provide privacy required by PDPKS, the verification algorithm should take only the verification key vk, the message, and the signature σ as inputs, and vk and σ should not leak any information about the corresponding MPK. As discussed previously in Sec. II-B, IBS with such a master public key privacy property has not been considered or researched as so far. In this work, motivated by the vulnerabilities of the stealth address algorithm for Monero and the deterministic wallet algorithm for Bitcoin, we focus on the formalization and construction of PDPKS, rather than IBS with master public key privacy, which lacks motivations in practice. To construct a PDPKS from IBS using the above approach, we need the IBS scheme to have the following property (referred to as MPK-pack-able Property):

- The master public key MPK of the IBS scheme can be divided into two parts CMPK and IMPK, where CMPK are the common parameters shared by all the instantiations of the IBS scheme, for example, the underlying groups, while IMPK are the particular parameters for each individual instantiation, for example, the public parameters generated from the master secret keys of the instantiations.
- There is a function F and a verification algorithm Verify_F such that
  1) An attacker, who does not know the value of ID, cannot learn any partial information about IMPK from the value of $F(\mathsf{MPK}, \mathsf{ID})$, where ID is a random string.
  2) The signature does not leak any partial information about IMPK.
  3) For any master public key MPK, any random ID, any message M, and any signature σ, it holds that $\mathsf{Verify}_F(\mathsf{CMPK}, F(\mathsf{MPK}, \mathsf{ID}), M, \sigma) = \mathsf{IBS.Verify}(\mathsf{MPK}, \mathsf{ID}, M, \sigma)$.

Intuitively, with such an IBS scheme, we can generate ID using the non-interactive Diffie-Hellman Key Exchange mechanism (as shown in Fig. 2) to prevent the attacker from knowing the value of ID, and set $vk = (R, F(\mathsf{MPK}, \mathsf{ID}))$ where $R = rG$ is the randomness chosen by the payer for the Diffie-Hellman Key Exchange mechanism, so that we can achieve the privacy requirement of PDPKS. Note that the ideas behind the above requirements are that the verification key should be derived from MPK and ID, but leak no information about IMPK, and

[5]The key-escrow problem in IBC is that the PKG can generate and know the secret key sk_{ID} for any identity ID, which is regarded as the main drawback of IBC.

we use the function F to perform this derivation operation. In addition, the value of the function F should be independent from the message and signature, that is why F takes only MPK and ID as inputs.

In this work, to obtain a PDPKS construction by the above approach, we investigated three existing IBS schemes [30]–[32], which have very different construction structures. Finally, we find that the IBS schemes in [30], [32] have the above MPK-pack-able property, while the IBS scheme in [31] does not have. We also investigated the three generic transformations [33], which transform standard signature schemes, convertible identification schemes, and hierarchical identity based encryption schemes to IBS schemes, as well as the presented IBS instantiations in [33]. Also, we found that none of the resulting generic IBS constructions or the concrete IBS instantiations in [33] has the above MPK-pack-able property. This is not surprising, as the master public key privacy has not been considered in IBS. Based on the IBS schemes in [32], we construct a PDPKS scheme formally and prove its security and privacy in the random oracle model. Roughly speaking, on the construction, inspired by the stealth address algorithm in Monero, we generate the identity using the non-interactive Diffie-Hellman Key Exchange mechanism (as shown in Fig. 2). On the proof, implied by the above approach, the security proofs are comparatively easy, by a reduction to the security of the underlying IBS scheme, while the privacy proofs need more efforts. More specifically, our techniques include using parallel/double public keys (one for proving security and one for proving privacy) and using $H(rG, (ra)G)$ rather than $H((ra)G)$ as in the stealth address algorithm for Monero. All these techniques are to enable the proof of privacy.

To further demonstrate our approach, in Appendix A we show the details that the IBS scheme in [31] does not have the MPK-pack-able property. We defer the PDPKS construction based on the IBS scheme in [30] to the full version [34].

We would like to point out that the above approach of transforming an IBS scheme to a PDPKS scheme is not the unique way to construct PDPKS schemes. Also, we would like to point out that the PDPKS concept formalized in this work is well motivated by the practical requirements in cryptocurrencies, and PDPKS may be a meaningful motivation to the research on IBS with master public key privacy. Although the ideas and techniques in IBC could be useful tools for constructing PDPKS, we do not want to limit the construction of PDPKS to being from IBS only and would like to be open to other approaches. That is why we formalize the concept of PDPKS, rather than extending the IBS concept.

III. Key-Insulated and Privacy-Preserving Signature Scheme with Publicly Derived Public Key

In this section, we formalize the notion of Key-Insulated and Privacy-Preserving Signature Scheme with Publicly Derived Public Key (PDPKS). In particular, we first formalize the comprising algorithms and the security model, which capture the special functionality that fresh public/verification keys could be derived from a long-term public key, and the security requirement that the derived (public/verification key, secret/signing key) pairs are insulated from each other so that one being compromised will not affect others. Then we formalize a model for privacy, which captures that an adversary, given the secret/signing key corruption oracle and signing oracle, should not be able to link a public/verification key to its original long-term public key out of a set of known long-term public keys.

Note that the concept of PDPKS is motivated by the security and privacy problems in cryptocurrency, where it is suggested that each public/verification key, as the coin address, is used only once. But in this paper we do not restrict the concept to one-time signature scheme, which requires that for each public key the signing oracle can be queried at most once. Our proposed PDPKS requires stronger security, namely, even if the users use a derived key pair multiple times, the system is still safe.

A. Algorithm Definition

A PDPKS scheme consists of the following polynomial-time algorithms:

- $\mathsf{Setup}(\lambda) \rightarrow \mathsf{PP}$. This is a probabilistic algorithm. On input a security parameter λ, the algorithm runs in polynomial time in λ, and outputs system public parameters PP.
  The system public parameters PP *are common parameters used by all users in the system, including the underlying groups, hash functions, etc.*
- $\mathsf{KeyGen}(\mathsf{PP}) \rightarrow (\mathsf{PK}, \mathsf{SK})$. This is a probabilistic algorithm. On input the system public parameters PP, the algorithm outputs a (public key, secret key) pair $(\mathsf{PK}, \mathsf{SK})$.
  Each user runs KeyGen *algorithm to generate his long-term (public key, secret key) pair.*
- $\mathsf{VrfyKeyDerive}(\mathsf{PK}, \mathsf{PP}) \rightarrow \mathsf{DVK}$. This is a probabilistic algorithm. On input a public key PK and the system public parameters PP, the algorithm outputs a derived verification key DVK.[6]
  Anyone can run this algorithm to generate a fresh public/verification key from a long-term public key.
- $\mathsf{VrfyKeyCheck}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}) \rightarrow 1/0$. This is a deterministic algorithm. On input a derived verification key DVK, a (public key, secret key) pair $(\mathsf{PK}, \mathsf{SK})$, and the system public parameters PP, the algorithm outputs a bit $b \in \{0, 1\}$, with $b = 1$ meaning that DVK is a valid derived verification key generated from PK and $b = 0$ otherwise.
  The owner of a long-term (public key, secret key) pair can use this algorithm to check whether a verification key is derived from his public key. In a cryptocurrency, a payee can use this algorithm to check whether he is the intended

[6]From now on, due to the clear definition, we use 'verification key' and 'signing key', rather than 'public/verification key' and 'secret/signing key', respectively.

receiver of a coin on the verification key. Note that this algorithm is actually a subroutine of the following SignKeyDerive *algorithm. It is put here as a standalone algorithm to capture the application scenario that, in a cryptocurrency, when a payer issues a transaction paying to a payee, the payee may first check whether he is the owner of the output coin's verification key to ensure he is paid, but does not compute the corresponding signing key at this moment. The signing key may be computed just before it is used to sign a transaction to spend the coin.*

- $\mathsf{SignKeyDerive}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}) \rightarrow \mathsf{DSK}$ or $\perp$. On input a derived verification key DVK, a (public key, secret key) pair $(\mathsf{PK}, \mathsf{SK})$, and the system public parameters PP, the algorithm outputs a derived signing key DSK, or $\perp$ implying that DVK is not a valid verification key derived from PK.
  The owner of a long-term (public key, secret key) pair can use this algorithm to compute the signing key corresponding to a given derived verification key, if the verification key was indeed derived from this public key.
- $\mathsf{Sign}(m, \mathsf{DVK}, \mathsf{DSK}, \mathsf{PP}) \rightarrow \sigma$. On input a message m in the message space $\mathcal{M}$, a derived (verification key, signing key) pair $(\mathsf{DVK}, \mathsf{DSK})$, and the system public parameters PP, the algorithm outputs a signature σ.
- $\mathsf{Verify}(m, \sigma, \mathsf{DVK}, \mathsf{PP}) \rightarrow 1/0$. This is a deterministic algorithm. On input a (message, signature) pair (m, σ), a derived verification key DVK, and the system public parameters PP, the algorithm outputs a bit $b \in \{0, 1\}$, with $b = 1$ meaning valid and $b = 0$ meaning invalid.

Correctness. The scheme must satisfy the following correctness property: For any message $m \in \mathcal{M}$, suppose

$$\mathsf{PP} \leftarrow \mathsf{Setup}(\lambda), (\mathsf{PK}, \mathsf{SK}) \leftarrow \mathsf{KeyGen}(\mathsf{PP}),$$
$$\mathsf{DVK} \leftarrow \mathsf{VrfyKeyDerive}(\mathsf{PK}, \mathsf{PP}),$$
$$\mathsf{DSK} \leftarrow \mathsf{SignKeyDerive}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}),$$

it holds that

$$\mathsf{VrfyKeyCheck}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}) = 1 \ and$$
$$\mathsf{Verify}(m, \mathsf{Sign}(m, \mathsf{DVK}, \mathsf{DSK}, \mathsf{PP}), \mathsf{DVK}, \mathsf{PP}) = 1.$$

Remark: Note that the above definition is open on whether the SignKeyDerive and Sign algorithms are probabilistic or deterministic, which may depend on the concrete constructions.

B. Security Model

Definition 1. *A PDPKS scheme is existentially unforgeable under an adaptive chosen-message attack, or just secure, if for all probabilistic polynomial time (PPT) adversaries $\mathcal{A}$, the success probability of $\mathcal{A}$ in the following* ***game*** $\mathsf{Game}_{\mathsf{EUF}}$ *is negligible.*

- **Setup.** $\mathsf{PP} \leftarrow \mathsf{Setup}(\lambda)$ *is run and* PP *are given to* $\mathcal{A}$. $(\mathsf{PK}, \mathsf{SK}) \leftarrow \mathsf{KeyGen}(\mathsf{PP})$ *is run and* PK *is given to* $\mathcal{A}$. *An empty set* $L_{dvk} = \emptyset$ *is initialized.* [7]

[7]This set is defined only for describing the game easier.

- **Probing Phase.** *$\mathcal{A}$ can adaptively query the following oracles:*
  - *Verification Key Adding Oracle* $\mathsf{ODVKAdd}(\cdot)$*:* *On input a derived verification key* DVK*, this oracle returns* $b \leftarrow \mathsf{VrfyKeyCheck}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP})$ *to* $\mathcal{A}$*. If* $b = 1$*, set* $L_{dvk} = L_{dvk} \cup \{\mathsf{DVK}\}$. *This captures that* $\mathcal{A}$ *can try and test whether the derived verification keys generated by him are accepted by the owner of* PK.
  - *Signing Key Corruption Oracle* $\mathsf{ODSKCorrupt}(\cdot)$*:* *On input a derived verification key* DVK *in* L_{dvk}*, this oracle returns* $\mathsf{DSK} \leftarrow \mathsf{SignKeyDerive}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP})$ *to* $\mathcal{A}$. *This captures that* $\mathcal{A}$ *can obtain the derived signing keys for some existing valid derived verification keys of its choice.*
  - *Signing Oracle* $\mathsf{OSign}(\cdot, \cdot)$*: On input a message* $m \in \mathcal{M}$ *and a derived verification key* $\mathsf{DVK} \in L_{dvk}$*, this oracle returns* $\sigma \leftarrow \mathsf{Sign}(m, \mathsf{DVK}, \mathsf{DSK}, \mathsf{PP})$ *to* $\mathcal{A}$*, where* DSK *is a signing key corresponding to* DVK. *This captures that* $\mathcal{A}$ *can obtain the signatures for messages and derived verification keys of its choice.*
- **Output Phase.** *$\mathcal{A}$ outputs a message* $m^* \in \mathcal{M}$*, a derived verification key* $\mathsf{DVK}^* \in L_{dvk}$*, and a signature* σ^**. $\mathcal{A}$ succeeds in the game if* $\mathsf{Verify}(m^*, \sigma^*, \mathsf{DVK}^*, \mathsf{PP}) = 1$ *under the* **restriction** *that (1)* $\mathsf{ODSKCorrupt}(\mathsf{DVK}^*)$ *is never queried, and (2)* $\mathsf{OSign}(m^*, \mathsf{DVK}^*)$ *is never queried.*

Remark: Note that the adversary in the above model is allowed to generate derived verification keys and corrupt the corresponding signing keys of its choice. This captures the security requirement that the derived verification keys should be insulated from each other, i.e. for any specific derived verification key, even if all other verification keys derived from the same public key are corrupted, the specific one is still safe. With such a security requirement, the security flaws in Monero's stealth address and Bitcoin's deterministic wallet are avoided.

C. Privacy Model

The public key privacy of a PDPKS scheme needs to consider two cases:

- **Case I**: Given a derived verification key and corresponding signatures, an adversary should not be able to tell which public key, out of a set of known public keys, is the one from which the verification key was derived.
- **Case II**: Given two derived verification keys and corresponding signatures, an adversary should not be able to tell whether they are generated from the same public key.

Below we define the key privacy for Case I, while deferring the key privacy definition for case II to the full version [34]. Actually, in the full version [34] we prove that the key privacy for Case I implies that for Case II.

Definition 2. *A PDPKS scheme is public key unlinkable (PK-UNL), if for all PPT adversaries $\mathcal{A}$, the advantage of $\mathcal{A}$*

in the following game $\mathsf{Game}_{\mathsf{PKUNL}}$*, denoted by* $Adv_{\mathcal{A}}^{pkunl}$*, is negligible.*

- **Setup.** $\mathsf{PP} \leftarrow \mathsf{Setup}(\lambda)$ *is run and* PP *are given to* $\mathcal{A}$. $(\mathsf{PK}_0, \mathsf{SK}_0) \leftarrow \mathsf{KeyGen}(\mathsf{PP})$ *and* $(\mathsf{PK}_1, \mathsf{SK}_1) \leftarrow \mathsf{KeyGen}(\mathsf{PP})$ *are run, and* $\mathsf{PK}_0, \mathsf{PK}_1$ *are given to* $\mathcal{A}$*. An empty set* $L_{dvk} = \emptyset$ *is initialized.* [8]
- **Phase 1.** $\mathcal{A}$ *can adaptively query the following oracles:*
  - *Verification Key Adding Oracle* $\mathsf{ODVKAdd}(\cdot,\cdot)$*: On input a derived verification key* DVK *and a public key* $\mathsf{PK} \in \{\mathsf{PK}_0, \mathsf{PK}_1\}$*, this oracle returns* $b \leftarrow \mathsf{VrfyKeyCheck}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP})$ *to* $\mathcal{A}$*, where* SK *is the secret key corresponding to* PK*. If* $b = 1$*, set* $L_{dvk} = L_{dvk} \cup \{(\mathsf{DVK}, \mathsf{PK})\}$.
  - *Signing Key Corruption Oracle* $\mathsf{ODSKCorrupt}(\cdot)$*: On input a derived verification key* DVK *in* L_{dvk}*, this oracle returns* $\mathsf{DSK} \leftarrow \mathsf{SignKeyDerive}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP})$ *to* $\mathcal{A}$*, where* PK *is the public key that* DVK *is derived from, and* SK *is the secret key corresponding to* PK.
  - *Signing Oracle* $\mathsf{OSign}(\cdot,\cdot)$*: On input a message* $m \in \mathcal{M}$ *and a derived verification key* DVK *in* L_{dvk}*, this oracle returns* $\sigma \leftarrow \mathsf{Sign}(m, \mathsf{DVK}, \mathsf{DSK}, \mathsf{PP})$ *to* $\mathcal{A}$*, where* DSK *is a signing key corresponding to* DVK.
- **Challenge.** *A random bit* $b \in \{0,1\}$ *is chosen,* $\mathsf{DVK}^* \leftarrow \mathsf{VrfyKeyDerive}(\mathsf{PK}_b, \mathsf{PP})$ *is given to* $\mathcal{A}$*. Set* $L_{dvk} = L_{dvk} \cup \{(\mathsf{DVK}^*, \mathsf{PK}_b)\}$.
- **Phase 2**. *Same as* **Phase 1**, *except that (1)* $\mathsf{ODVKAdd}(\mathsf{DVK}^*, \mathsf{PK}_i)$ *(for* $i \in \{0,1\}$*) cannot be queried; and (2)* $\mathsf{ODSKCorrupt}(\mathsf{DVK}^*)$ *cannot be queried.*
- **Guess**. $\mathcal{A}$ *outputs a bit* $b' \in \{0,1\}$ *as its guess to* b. $\mathcal{A}$ *succeeds in the game if* $b = b'$*. The advantage of* $\mathcal{A}$ *is* $Adv_{\mathcal{A}}^{pkunl} = |\Pr[b' = b] - \frac{1}{2}|$.

Remark: Note that the adversary in the above model is allowed to query $\mathsf{OSign}(\cdot, \mathsf{DVK}^*)$. This captures the privacy protection requirement in cryptocurrency that even after the owner of a coin (on a verification key) signs a transaction and spends the coin, the signature does not leak information that links the coin (and the transaction) to the owner's long-term public key.

Definition 3. *A PDPKS scheme is public key* ***strongly*** *unlinkable (PK-S-UNL), if for all PPT adversaries* $\mathcal{A}$*, the advantage of* $\mathcal{A}$ *in the following game* $\mathsf{Game}_{\mathsf{PKSUNL}}$*, denoted by* $Adv_{\mathcal{A}}^{pksunl}$*, is negligible.*
$\mathsf{Game}_{\mathsf{PKSUNL}}$*: Same as* $\mathsf{Game}_{\mathsf{PKUNL}}$*, except that in* **Phase 2**, *the restriction "(2)* $\mathsf{ODSKCorrupt}(\mathsf{DVK}^*)$ *cannot be queried" is removed.*

Remark: In the game $\mathsf{Game}_{\mathsf{PKSUNL}}$, without the restriction "(2) $\mathsf{ODSKCorrupt}(\mathsf{DVK}^*)$ cannot be queried", it is implied that, even given the derived signing key corresponding to the challenge derived verification key, an adversary cannot tell which public key the verification key is derived from. This implies stronger privacy.

[8]The set is defined only for describing the game easier.

IV. Our Construction

In this section, we first present some preliminaries, including the bilinear groups and the assumptions, then we propose a PDPKS construction, which is obtained by applying our approach described in Sec. II to the IBS scheme by Barreto et al. [32].

A. Preliminaries

1) **Bilinear Map Groups [35]:**
Let λ be a security parameter and p be a λ-bit prime number. Let $\mathbb{G}_1$ and $\mathbb{G}_2$ be two additive cyclic groups of order p, $\mathbb{G}_T$ be a multiplicative cyclic group of order p, and P, Q be generators of $\mathbb{G}_1$ and $\mathbb{G}_2$ respectively. ($\mathbb{G}_1$,$\mathbb{G}_2$, $\mathbb{G}_T$) are bilinear map groups if there exists a bilinear map $e : \mathbb{G}_1 \times \mathbb{G}_2 \rightarrow \mathbb{G}_T$ satisfying the following properties:

1) Bilinearity: $\forall (S,T) \in \mathbb{G}_1 \times \mathbb{G}_2, \forall a, b \in \mathbb{Z}, e(aS, bT) = e(S,T)^{ab}$.
2) Non-degeneracy: $e(P,Q)$ is a generator of $\mathbb{G}_T$.
3) Computability: $\forall (S,T) \in \mathbb{G}_1 \times \mathbb{G}_2$, $e(S,T)$ is efficiently computable.
4) There exists an efficient, publicly computable (but not necessarily invertible) isomorphism $\psi : \mathbb{G}_2 \rightarrow \mathbb{G}_1$ such that $\psi(Q) = P$.

One can set $\mathbb{G}_1 = \mathbb{G}_2$, $P = Q$, and take ψ to be the identity map.

2) **Assumptions:**
The security of our PDPKS construction relies on the q-Strong Diffie-Hellman (q-SDH) Assumption [36], while the privacy relies on the Computational Diffie-Hellman (CDH) Assumption [37] on bilinear groups.

Definition 4 (q-SDH Assumption)**.** *[32], [36] The q-SDH problem in* $(\mathbb{G}_1, \mathbb{G}_2)$ *is defined as follows: given a* $q+2$*-tuple* $(P, Q, \beta Q, \beta^2 Q, \ldots, \beta^q Q) \in \mathbb{G}_1 \times \mathbb{G}_2^{q+1}$ *as input, output a pair* $(c, \frac{1}{c+\beta} P)$ *with* $c \in \mathbb{Z}_p^*$*. An algorithm* $\mathcal{A}$ *has advantage* ϵ *in solving q-SDH in* $(\mathbb{G}_1, \mathbb{G}_2)$ *if*

$$\Pr\left[\mathcal{A}(P, Q, \beta Q, \beta^2 Q, \ldots, \beta^q Q) = (c, \frac{1}{c+\beta} P)\right] \geq \epsilon$$

where the probability is over the random choice of β *in* $\mathbb{Z}_p^*$ *and the random bits consumed by* $\mathcal{A}$.

We say that the (q, t, ϵ)*-SDH assumption holds in* $(\mathbb{G}_1, \mathbb{G}_2)$ *if no* t*-time algorithm has advantage at least* ϵ *in solving the q-SDH problem in* $(\mathbb{G}_1, \mathbb{G}_2)$.

Definition 5 (CDH Assumption)**.** *[37] The CDH problem in* $\mathbb{G}_2$ *is defined as follows: given a tuple* $(Q, A = aQ, B = bQ) \in \mathbb{G}_2^3$ *as input, output* $C = abQ \in \mathbb{G}_2$*. An algorithm* $\mathcal{A}$ *has advantage* ϵ *in solving CDH in* $\mathbb{G}_2$ *if* $\Pr\left[\mathcal{A}(Q, aQ, bQ) = abQ\right] \geq \epsilon$*, where the probability is over the random choice of* $a, b \in \mathbb{Z}_p^*$ *and the random bits consumed by* $\mathcal{A}$.

We say that the (t, ϵ)*-CDH assumption holds in* $\mathbb{G}_2$ *if no* t*-time algorithm has advantage at least* ϵ *in solving the CDH problem in* $\mathbb{G}_2$.

B. Construction

- $\mathsf{Setup}(\lambda) \to \mathsf{PP}$. On input a security parameter λ, the algorithm chooses bilinear map groups $(\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi)$ of prime order $p > 2^\lambda$, generators $Q \in \mathbb{G}_2, P = \psi(Q) \in \mathbb{G}_1, g = e(P, Q)$, and hash functions $H_1 : \mathbb{G}_2 \times \mathbb{G}_2 \to \mathbb{Z}_p^*$, $H_2 : \{0,1\}^* \times \mathbb{G}_T \to \mathbb{Z}_p^*$. The algorithm outputs public parameters

$$\mathsf{PP} := (p, (\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi), P, Q, g, H_1, H_2),$$

and the message space is $\mathcal{M} = \{0,1\}^*$.
- $\mathsf{KeyGen}(\mathsf{PP}) \to (\mathsf{PK}, \mathsf{SK})$. On input the system public parameters PP, the algorithm chooses random $\alpha, \beta \in \mathbb{Z}_p^*$, then outputs a public key PK and corresponding secret key SK as

$$\begin{aligned}\mathsf{PK} :=& (Q_{pub,1}, Q_{pub,2}) = (\alpha Q, \beta Q) \in \mathbb{G}_2 \times \mathbb{G}_2,\\ \mathsf{SK} :=& (\alpha, \beta) \in \mathbb{Z}_p^* \times \mathbb{Z}_p^*.\end{aligned}$$

- $\mathsf{VrfyKeyDerive}(\mathsf{PK}, \mathsf{PP}) \to \mathsf{DVK}$. On input $\mathsf{PK} = (Q_{pub,1}, Q_{pub,2}) \in \mathbb{G}_2 \times \mathbb{G}_2$ and the system public parameters PP, the algorithm chooses random $r \in \mathbb{Z}_p^*$, and outputs a derived verification key

$$\begin{aligned}\mathsf{DVK} :=& (Q_r, Q_{vk})\\ =& (rQ, H_1(rQ, rQ_{pub,1})Q + Q_{pub,2}) \in \mathbb{G}_2 \times \mathbb{G}_2.\end{aligned}$$

- $\mathsf{VrfyKeyCheck}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}) \to 1/0$. On input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$, $\mathsf{PK} = (Q_{pub,1}, Q_{pub,2}) \in \mathbb{G}_2 \times \mathbb{G}_2$, $\mathsf{SK} = (\alpha, \beta) \in \mathbb{Z}_p^* \times \mathbb{Z}_p^*$, and the system public parameters PP, the algorithm checks whether $Q_{vk} \stackrel{?}{=} H_1(Q_r, \alpha Q_r)Q + Q_{pub,2}$. If it holds, the algorithm outputs 1, otherwise outputs 0.
- $\mathsf{SignKeyDerive}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}) \to \mathsf{DSK}$ or $\perp$. On input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$, $\mathsf{PK} = (Q_{pub,1}, Q_{pub,2}) \in \mathbb{G}_2 \times \mathbb{G}_2$, $\mathsf{SK} = (\alpha, \beta) \in \mathbb{Z}_p^* \times \mathbb{Z}_p^*$, the algorithm checks whether $Q_{vk} \stackrel{?}{=} H_1(Q_r, \alpha Q_r)Q + Q_{pub,2}$. If it holds, the algorithm outputs a derived signing key

$$\mathsf{DSK} := P_{sk} = \frac{1}{H_1(Q_r, \alpha Q_r) + \beta} P \in \mathbb{G}_1,$$

otherwise, outputs $\perp$.
- $\mathsf{Sign}(m, \mathsf{DVK}, \mathsf{DSK}, \mathsf{PP}) \to \sigma$. On input a message $m \in \mathcal{M}$, a derived verification key $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$, a signing key $\mathsf{DSK} = P_{sk} \in \mathbb{G}_1$, and the system public parameters PP, the algorithm
  1) picks a random $x \in \mathbb{Z}_p^*$ and computes $X = g^x$,
  2) sets $h = H_2(m, X) \in \mathbb{Z}_p^*$,
  3) computes $P_\sigma = (x + h)P_{sk} \in \mathbb{G}_1$,

  and outputs $\sigma = (h, P_\sigma)$ as a signature for m.
- $\mathsf{Verify}(m, \sigma, \mathsf{DVK}, \mathsf{PP}) \to 1/0$. On input a message $m \in \mathcal{M}$, a signature $\sigma = (h, P_\sigma) \in \mathbb{Z}_p^* \times \mathbb{G}_1$, a derived verification key $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$, and the system public parameters PP, the algorithm checks whether $h \stackrel{?}{=} H_2(m, e(P_\sigma, Q_{vk})g^{-h})$ holds. If it holds, the algorithm outputs 1, otherwise 0.

Correctness. For any message $m \in \mathcal{M}$, it is easy to verify that (1) $\mathsf{VrfyKeyCheck}(\mathsf{DVK}, \mathsf{PK}, \mathsf{SK}, \mathsf{PP}) = 1$, since $\alpha Q_r = \alpha r Q = r Q_{pub,1}$, and
(2) $\mathsf{Verify}(m, \mathsf{Sign}(m, \mathsf{DVK}, \mathsf{DSK}, \mathsf{PP}), \mathsf{DVK}, \mathsf{PP}) = 1$, since

$$\begin{aligned}e(P_\sigma, Q_{vk})g^{-h} &= e((x+h)P_{sk}, Q_{vk})g^{-h}\\ &= e(P_{sk}, Q_{vk})^{x+h}g^{-h} = g^{x+h}g^{-h} = g^x = X.\end{aligned}$$

V. Proof of Security

In this section, we prove our PDPKS construction above is existentially unforgeable under an adaptive chosen-message attack (i.e. is secure) (w.r.t. Def. 1). First, we review the definitions of IBS and the IBS construction in [32], then we prove the security of our PDPKS construction by giving a reduction from our PDPKS construction to the IBS construction in [32].

A. Review of Identity-Based Signature in [32]

1) **Definitions of Identity-Based Signature Scheme:** An IBS scheme consists of following four algorithms:

- $\mathsf{Setup}(\lambda) \to (\mathsf{MPK}, \mathsf{MSK})$. On input a security parameter λ, the algorithm runs in polynomial time in λ, and outputs master public key MPK and master secret key MSK.
- $\mathsf{KeyExtract}(\mathsf{ID}, \mathsf{MPK}, \mathsf{MSK}) \to \mathsf{SK}_{\mathsf{ID}}$. On input an arbitrary identity $\mathsf{ID} \in \{0,1\}^*$, MPK, and MSK, the algorithm outputs a private key $\mathsf{SK}_{\mathsf{ID}}$ for the identity ID.
- $\mathsf{Sign}(m, \mathsf{ID}, \mathsf{MPK}, \mathsf{SK}_{\mathsf{ID}}) \to \sigma$. On input a message m, an identity $\mathsf{ID} \in \{0,1\}^*$, MPK, and private key $\mathsf{SK}_{\mathsf{ID}}$, the algorithm outputs a signature σ.
- $\mathsf{Verify}(m, \sigma, \mathsf{ID}, \mathsf{MPK}) \to 1/0$. On input a (message, signature) pair (m, σ), an identity $\mathsf{ID} \in \{0,1\}^*$, and MPK, the algorithm outputs a bit $b \in \{0,1\}$, with $b = 1$ meaning valid and $b = 0$ meaning invalid.

Definition 6. *An IBS scheme is existentially unforgeable under adaptive chosen message and identity attacks if no PPT adversary has a non-negligible advantage in the following game* $\mathsf{Game}_{\mathsf{IBS,EUF}}$*:*

- **Setup**. $(\mathsf{MPK}, \mathsf{MSK}) \leftarrow \mathsf{Setup}(\lambda)$ *is run and* MPK *is given to the adversary* $\mathcal{A}$.
- **Probing Phase**. *The adversary can adaptively query the following oracles:*
  - *Key Extract Oracle* $\mathsf{OKeyExtract}(\cdot)$*: On input an arbitrary identity* $\mathsf{ID} \in \{0,1\}^*$*,* $\mathsf{OKeyExtract}(\mathsf{ID})$ *returns the corresponding private key* $\mathsf{SK}_{\mathsf{ID}}$ *to* $\mathcal{A}$.
  - *Signing Oracle* $\mathsf{OSign}(\cdot, \cdot)$*: On input a message* $m \in \mathcal{M}$ *and an identity* $\mathsf{ID} \in \{0,1\}^*$*,* $\mathsf{OSign}(m, \mathsf{ID})$ *returns* $\sigma \leftarrow \mathsf{Sign}(m, \mathsf{ID}, \mathsf{MPK}, \mathsf{SK}_{\mathsf{ID}})$ *to* $\mathcal{A}$*, where* $\mathsf{SK}_{\mathsf{ID}}$ *is a private key for* ID.
- **Output Phase**. $\mathcal{A}$ *outputs a message* $m^* \in \mathcal{M}$*, an identity* ID^**, and a signature* σ^**.* $\mathcal{A}$ *succeeds in the the game if* $\mathsf{Verify}(m^*, \sigma^*, \mathsf{ID}^*, \mathsf{MPK}) = 1$ *under the* **restrictions** *that (1)* $\mathsf{OKeyExtract}(\mathsf{ID}^*)$ *is never queried, and (2)* $\mathsf{OSign}(m^*, \mathsf{ID}^*)$ *is never queried.*

2) **Construction of the IBS in [32]:**
Below is the IBS construction in [32]. [9]

- $\mathsf{Setup}(\lambda) \rightarrow (\mathsf{MPK}, \mathsf{MSK})$. On input a security parameter λ, the algorithm chooses bilinear map groups $(\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi)$ of prime order $p > 2^\lambda$, generators $Q \in \mathbb{G}_2, P = \psi(Q) \in \mathbb{G}_1, g = e(P, Q)$, and hash functions $H_1 : \{0,1\}^* \rightarrow \mathbb{Z}_p^*$, $H_2 : \{0,1\}^* \times \mathbb{G}_T \rightarrow \mathbb{Z}_p^*$. The algorithm selects random $\beta \in \mathbb{Z}_p^*$ and computes $Q_{pub} = \beta Q \in \mathbb{G}_2$, then outputs master public key MPK and master secret key MSK as $\mathsf{MPK} := (p, (\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi), P, Q, Q_{pub}, g, H_1, H_2)$, $\mathsf{MSK} := \beta$. The message space is $\mathcal{M} = \{0,1\}^*$.
- $\mathsf{KeyExtract}(\mathsf{ID}, \mathsf{MPK}, \mathsf{MSK}) \rightarrow \mathsf{SK}_{\mathsf{ID}}$. On input an arbitrary identity $\mathsf{ID} \in \{0,1\}^*$, MPK, and MSK, the algorithm outputs a private key $\mathsf{SK}_{\mathsf{ID}} = \frac{1}{H_1(\mathsf{ID})+\beta} P \in \mathbb{G}_1$.
- $\mathsf{Sign}(m, \mathsf{ID}, \mathsf{MPK}, \mathsf{SK}_{\mathsf{ID}}) \rightarrow \sigma$. On input a message $m \in \{0,1\}^*$, an identity $\mathsf{ID} \in \{0,1\}^*$, MPK, and private key $\mathsf{SK}_{\mathsf{ID}}$, the algorithm
  1) picks a random $x \in \mathbb{Z}_p^*$ and computes $X = g^x$,
  2) sets $h = H_2(m, X) \in \mathbb{Z}_p^*$,
  3) computes $P_\sigma = (x + h)\mathsf{SK}_{\mathsf{ID}} \in \mathbb{G}_1$,

  and outputs a signature $\sigma = (h, P_\sigma) \in \mathbb{Z}_p^* \times \mathbb{G}_1$.
- $\mathsf{Verify}(m, \sigma, \mathsf{ID}, \mathsf{MPK}) \rightarrow 1/0$. On input a message $m \in \{0,1\}^*$, a signature $\sigma = (h, P_\sigma) \in \mathbb{Z}_p^* \times \mathbb{G}_1$, an identity $\mathsf{ID} \in \{0,1\}^*$, and MPK, the algorithm outputs $b = 1$ if and only if $h = H_2(m, e(P_\sigma, H_1(\mathsf{ID})Q + Q_{pub})g^{-h})$.

Remark: Note that the above IBS scheme has the MPK*-packable property* in the sense that

$$\begin{aligned} \mathsf{CMPK} &:= (p, (\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi), P, Q, g, H_1, H_2), \\ \mathsf{IMPK} &:= (Q_{pub}), \\ F(\mathsf{PP}, \mathsf{ID}) &:= H_1(\mathsf{ID})Q + Q_{pub}. \end{aligned}$$

The security of the IBS construction in [32] is established by the following lemma.

Lemma 1. *[32, Theorem 1] Let us assume that there exists an adaptively chosen message and identity attacker $\mathcal{A}$ making q_{h_i} queries to random oracles $H_i (i = 1, 2)$ and q_s queries to the signing oracle. Assume that, within a time t, $\mathcal{A}$ produces a forgery with probability $\epsilon \geq 10(q_s + 1)(q_s + q_{h_2})/2^\lambda$. Then, there exists an algorithm $\mathcal{B}$ that is able to solve the q-SDH Problem for $q = q_{h_1}$ in an expected time*

$$t' \leq 120686 q_{h_1} q_{h_2} (t + O(q_s \tau_p))/(\epsilon(1 - q/2^\lambda)) + O(q^2 \tau_{mult})$$

where τ_{mult} and τ_p respectively denote the cost of a scalar multiplication in $\mathbb{G}_2$ and the required time for pairing evaluation.

B. Security Proof of our PDPKS Construction

Now we prove the security of our PDPKS construction, by a reduction to the IBS construction in [32], as shown in the following Lemma 2.

[9]Note that we slightly changed the variable names in the IBS construction, to better suit our PDPKS construction in later proof.

Lemma 2. *Assume that there exists an adaptively chosen message attacker $\mathcal{A}$ that makes q_{h_i} queries to random oracles $H_i (i = 1, 2)$, q_a queries to the verification key adding oracle, and q_s queries to the signing oracle in* $\mathsf{Game}_{\mathsf{EUF}}$ *for our PDPKS construction. Assume that, within time t, $\mathcal{A}$ produces a forgery with probability ϵ. Then, there exists an algorithm $\mathcal{B}$ that is able to produce within time $\bar{t} = t + O(q_a \tau_{mult})$ a forgery with probability $\bar{\epsilon} = \epsilon$ in* $\mathsf{Game}_{\mathsf{IBS,EUF}}$ *for the IBS construction in [32], where $\mathcal{B}$ makes $\bar{q}_{h_i}$ queries to random oracles $H_i (i = 1, 2)$ and $\bar{q}_s$ queries to the signing oracle, with $\bar{q}_{h_1} \leq q_{h_1} + q_a, \bar{q}_{h_2} \leq q_{h_2}, \bar{q}_s \leq q_s$.*

Proof. Below, $\mathcal{B}$ acts as an adversary in $\mathsf{Game}_{\mathsf{IBS,EUF}}$ to interact with a challenger $\mathcal{C}$ which simulates the IBS scheme Π_{ibs} to $\mathcal{B}$ in the random oracle model, and at the same time, $\mathcal{B}$ simulates our PDPKS scheme Π_{pdpks} to $\mathcal{A}$, which is an adversary for $\mathsf{Game}_{\mathsf{EUF}}$ in the random oracle model. $\mathcal{B}$ tries to attack Π_{ibs}, by making use of $\mathcal{A}'s$ attacking ability to our Π_{pdpks}.

Setup (for $\mathsf{Game}_{\mathsf{IBS,EUF}}$**).** *$\mathcal{B}$ is given* $\Pi_{ibs}.\mathsf{MPK} = (p, (\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi), P, Q, Q_{pub}, g, \tilde{H}_1, H_2)$.
Then $\mathcal{B}$ simulates $\mathsf{Game}_{\mathsf{EUF}}$**.Setup** *to $\mathcal{A}$ as follows.*

$\mathcal{B}$ sets $\Pi_{pdpks}.\mathsf{PP} = (p, (\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi), P, Q, g, H_1, H_2)$, and gives $\Pi_{pdpks}.\mathsf{PP}$ to $\mathcal{A}$, where $H_1 : \mathbb{G}_2 \times \mathbb{G}_2 \rightarrow \mathbb{Z}_p^*$ is defined as: for any $(preimg_1, preimg_2) \in \mathbb{G}_2 \times \mathbb{G}_2, H_1(preimg_1, preimg_2) := \tilde{H}_1(preimg_1 \| preimg_2)$ where '$\|$' denotes concatenation.

$\mathcal{B}$ chooses random $\alpha \in \mathbb{Z}_p^*$, sets $Q_{pub,1} = \alpha Q$ and $Q_{pub,2} = Q_{pub}$, then gives $\Pi_{pdpks}.\mathsf{PK} := (Q_{pub,1}, Q_{pub,2})$ to $\mathcal{A}$.

$\mathcal{B}$ initializes an empty list $L_{H_1} = \emptyset$, each element of which will be a (preimage 1, preimage 2, hash value) tuple $(preimg_1, preimg_2, hval)$.

$\mathcal{B}$ initializes an empty set $L_{dvk} = \emptyset$, each element of which will be a (derived verification key, derived signing key, corrupted, preimage 1, preimage 2) tuple $(\mathsf{DVK}, \mathsf{DSK}, corrupted, preimg_1, preimg_2)$, satisfying $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$, $preimg_1 = Q_r$, $preimg_2 = \alpha Q_r$, and $Q_{vk} = H_1(preimg_1, preimg_2)Q + Q_{pub,2}$.

Probing Phase (for $\mathsf{Game}_{\mathsf{IBS,UEF}}$**).** *According to the queries that $\mathcal{A}$ makes adaptively in* $\mathsf{Game}_{\mathsf{EUF}}$**.Probing Phase**, *$\mathcal{B}$ makes adaptive queries to the challenger $\mathcal{C}$ in* $\mathsf{Game}_{\mathsf{IBS,EUF}}$ *as follows.*

- When $\mathcal{A}$ makes a H_1 query for input $(preimg_1, preimg_2) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$: $\mathcal{B}$ searches L_{H_1} to find a tuple $ht \in L_{H_1}$ such that $ht.preimg_1 = preimg_1 \; AND \; ht.preimg_2 = preimg_2$:
  - if such a tuple exists, $\mathcal{B}$ returns $ht.hval$ to $\mathcal{A}$.
  - otherwise, $\mathcal{B}$ makes a $\tilde{H}_1$ query for input $preimg_1 \| preimg_2$ to $\mathcal{C}$ and obtains a hash value $hval$, then $\mathcal{B}$ adds $(preimg_1, preimg_2, hval)$ to L_{H_1}, and returns $hval$ to $\mathcal{A}$.
- When $\mathcal{A}$ makes a H_2 query for input $x \in \{0,1\}^* \times \mathbb{G}_T$ to $\mathcal{B}$: $\mathcal{B}$ makes a H_2 query for input x to $\mathcal{C}$ and forwards the obtained result to $\mathcal{A}$.

- When $\mathcal{A}$ makes an $\mathsf{ODVKAdd}(\cdot)$ query for input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  $\mathcal{B}$ searches L_{dvk} to find a tuple $dvk \in L_{dvk}$ such that $dvk.\mathsf{DVK} = \mathsf{DVK}$. If such a tuple exists, $\mathcal{B}$ return 1 to $\mathcal{A}$, otherwise,
  1) $\mathcal{B}$ searches L_{H_1} to find a tuple $ht \in L_{H_1}$ such that $ht.preimg_1 = Q_r$ AND $ht.preimg_2 = \alpha Q_r$. If such a tuple does not exist, $\mathcal{B}$ makes a $\tilde{H}_1$ query for input $Q_r \| \alpha Q_r$ to $\mathcal{C}$ and obtains a value $hval = \tilde{H}_1(Q_r \| \alpha Q_r)$, then sets $ht = (Q_r, \alpha Q_r, hval)$ and adds ht to L_{H_1}.
  2) $\mathcal{B}$ then checks if $ht.hval Q + Q_{pub,2} \stackrel{?}{=} Q_{vk}$. If it holds, $\mathcal{B}$ adds $(\mathsf{DVK}, null, 0, Q_r, \alpha Q_r)$ to L_{dvk} and returns 1 to $\mathcal{A}$, otherwise $\mathcal{B}$ returns 0 to $\mathcal{A}$.
- When $\mathcal{A}$ makes an $\mathsf{ODSKCorrupt}(\cdot)$ query for input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  Note that $\mathcal{A}$ can only query $\mathsf{ODSKCorrupt}(\cdot)$ for input DVK such that DVK exists in L_{dvk}, $\mathcal{B}$ searches L_{dvk} to find a tuple $dvk \in L_{dvk}$ such that $dvk.\mathsf{DVK} = \mathsf{DVK}$. If such a tuple does not exist, return $\perp$ to $\mathcal{A}$, otherwise
  1) $\mathcal{B}$ sets $\mathsf{ID} = dvk.preimg_1 \| dvk.preimg_2$ and makes a query $\mathsf{OKeyExtract}(\cdot)$ for input ID to $\mathcal{C}$, and obtains a private key $\mathsf{SK}_{\mathsf{ID}} \in \mathbb{G}_1$ for ID.
  2) $\mathcal{B}$ sets $\mathsf{DSK} = \mathsf{SK}_{\mathsf{ID}}$ and returns DSK to $\mathcal{A}$. Note that $\mathsf{SK}_{\mathsf{ID}} = \frac{1}{\tilde{H}_1(dvk.preimg_1 \| dvk.preimg_2)+\beta} P = \frac{1}{H_1(dvk.preimg_1, dvk.preimg_2)+\beta} P$, i.e. from the view of $\mathcal{A}$, it obtains a valid derived signing key corresponding to $\mathsf{DVK} = (Q_r, Q_{vk})$, since
  $$Q_r = dvk.\mathsf{DVK}.Q_r = dvk.preimg_1,$$
  $$Q_{vk} = dvk.\mathsf{DVK}.Q_{vk} = H_1(dvk.preimg_1, dvk.preimg_2)Q + Q_{pub,2},$$
  $$dvk.preimg_2 = \alpha \cdot dvk.preimg_1.$$
  3) $\mathcal{B}$ updates the tuple dvk (in L_{dvk}) by setting $dvk.\mathsf{DSK} = \mathsf{SK}_{\mathsf{ID}}$, $dvk.corrupted = 1$.
- When $\mathcal{A}$ makes a signing query $\mathsf{OSign}(\cdot, \cdot)$ for input message $m \in \mathcal{M}$ and derived verification key $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  Note that $\mathcal{A}$ can only query $\mathsf{OSign}(\cdot, \cdot)$ for input DVK such that DVK exists in L_{dvk}, $\mathcal{B}$ searches L_{dvk} to find a tuple $dvk \in L_{dvk}$ such that $dvk.\mathsf{DVK} = \mathsf{DVK}$. If such a tuple does not exist, return $\perp$ to $\mathcal{A}$, otherwise
  1) $\mathcal{B}$ sets $\mathsf{ID} = dvk.preimg_1 \| dvk.preimg_2$ and makes a query $\mathsf{OSign}(\cdot, \cdot)$ for input m and ID to $\mathcal{C}$, and obtains a signature $\sigma = (h, P_\sigma) \in \mathbb{Z}_p^* \times \mathbb{G}_1$ such that $h = H_2(m, e(P_\sigma, \tilde{H}_1(\mathsf{ID})Q + Q_{pub})g^{-h})$.
  2) $\mathcal{B}$ forwards $\sigma = (h, P_\sigma)$ to $\mathcal{A}$. Note that (h, P_σ) satisfies $h = H_2(m, e(P_\sigma, \mathsf{DVK}.Q_{vk})g^{-h})$, since
  $$\tilde{H}_1(\mathsf{ID})Q + Q_{pub} = \tilde{H}_1(dvk.preimg_1 \| dvk.preimg_2)Q + Q_{pub} = H_1(dvk.preimg_1, dvk.preimg_2)Q + Q_{pub,2} = dvk.\mathsf{DVK}.Q_{vk} = \mathsf{DVK}.Q_{vk},$$
  i.e. from the view of $\mathcal{A}$, σ is a valid signature for message m and derived verification key DVK.

Output Phase (for $\mathsf{Game}_{\mathsf{IBS,EUF}}$). In the $\mathsf{Game}_{\mathsf{EUF}}$**.Output Phase**, $\mathcal{A}$ outputs a message $m^* \in \mathcal{M}$, a derived verification key $\mathsf{DVK}^* = (Q_r^*, Q_{vk}^*) \in \mathbb{G}_2 \times \mathbb{G}_2$ such that there is a tuple $dvk \in L_{dvk}$ with $dvk.\mathsf{DVK} = \mathsf{DVK}^*$, and a signature $\sigma^* = (h^*, P_\sigma^*) \in \mathbb{Z}_p^* \times \mathbb{G}_1$. $\mathcal{B}$ *sets* $\mathsf{ID}^* = dvk.preimg_1 \| dvk.preimg_2$*, and forwards* $(m^*, \mathsf{ID}^*, \sigma^*)$ *to* $\mathcal{C}$. Note that

- $\Pi_{pdpks}.\mathsf{Verify}(m^*, \sigma^*, \mathsf{DVK}^*, \Pi_{pdpks}.\mathsf{PP}) = 1$ means $h^* = H_2(m^*, e(P_\sigma^*, Q_{vk}^*)g^{-h^*})$, and this implies $h^* = H_2(m^*, e(P_\sigma^*, \tilde{H}_1(\mathsf{ID}^*)Q + Q_{pub})g^{-h^*})$, since
  $$Q_{vk}^* = dvk.\mathsf{DVK}.Q_{vk} = H_1(dvk.preimg_1, dvk.preimg_2)Q + Q_{pub,2} = \tilde{H}_1(\mathsf{ID}^*)Q + Q_{pub},$$
  i.e., $\Pi_{ibs}.\mathsf{Verify}(m^*, \sigma^*, \mathsf{ID}^*, \Pi_{ibs}.\mathsf{MPK}) = 1$.
- That $\mathcal{A}$ never made query $\mathsf{ODSKCorrupt}(\mathsf{DVK}^*)$ implies that $\mathcal{B}$ never made query $\mathsf{OKeyExtract}(\mathsf{ID}^*)$ to $\mathcal{C}$.
- That $\mathcal{A}$ never made query $\mathsf{OSign}(m^*, \mathsf{DVK}^*)$ implies that $\mathcal{B}$ never made query $\mathsf{OSign}(m^*, \mathsf{ID}^*)$ to $\mathcal{C}$.

This implies that if $\mathcal{A}$ wins $\mathsf{Game}_{\mathsf{EUF}}$ against Π_{pdpks}, then $\mathcal{B}$ wins $\mathsf{Game}_{\mathsf{IBS,EUF}}$ against Π_{ibs}. □

Theorem 1. *The PDPKS scheme is secure under the q-SDH assumption in the random oracle model provided that* $q_{h_1} + q_a \leq q$*, where* q_{h_1} *and* q_a *denote the number of queries to the random oracle* H_1 *and the verification key adding oracle, respectively.*

Proof. This follows Lemma 1 and Lemma 2 immediately. □

VI. Proof of Privacy

Now we prove that our PDPKS construction in Sec. IV is public key strongly unlinkable (w.r.t. Def. 3).

Theorem 2. *The PDPKS scheme is public key strongly unlinkable under the CDH assumption in the random oracle model. Specifically, assume that there exists an attacker* $\mathcal{A}$ *that runs within time* t *and makes* q_{h_1} *queries to random oracle* H_1*,* q_a *queries to the verification key adding oracle, and* q_s *queries to the signing oracle, and wins* $\mathsf{Game}_{\mathsf{PKSUNL}}$ *with advantage* ϵ*, then there exists an algorithm* $\mathcal{B}$ *that runs within time* $\bar{t} = t + O((q_{h_1} + q_s)\tau_{mult}) + O((q_{h_1} + q_a)\tau_p) + O(q_s \tau_{exp})$*, where* τ_{exp} *denotes the time for an exponentiation operation in* $\mathbb{G}_T$*, and solves the CDH problem with probability at least* $\epsilon - q_a/p$*.*

Proof. Below we show that, if there exists a PPT adversary $\mathcal{A}$ that can win $\mathsf{Game}_{\mathsf{PKSUNL}}$ for our PDPKS construction with non-negligible advantage, then we can construct a PPT algorithm $\mathcal{B}$ that can solve the CDH problem with non-negligible probability.

Setup. $\mathcal{B}$ is given an instance of CDH problem on bilinear map groups, i.e. bilinear groups $(\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi)$ of prime order p, generator $Q \in \mathbb{G}_2$, and a tuple $(A = aQ, B = bQ) \in$

$\mathbb{G}_2 \times \mathbb{G}_2$ for unknown $a, b \in \mathbb{Z}_p^*$, and the target of $\mathcal{B}$ is to compute an element $C \in \mathbb{G}_2$ such that $C = abQ$.

$\mathcal{B}$ sets $\mathsf{PP} := (p, (\mathbb{G}_1, \mathbb{G}_2, \mathbb{G}_T, e, \psi), P, Q, g, H_1, H_2)$ and gives PP to $\mathcal{A}$, where $P = \psi(Q) \in \mathbb{G}_1$, $g = e(P, Q)$, H_1 is a hash function modeled as random oracle, and H_2 is a collision-resistant hash function.

$\mathcal{B}$ chooses random $\alpha_0', \beta_0, \alpha_1', \beta_1 \in \mathbb{Z}_p^*$, sets $Q_{pub,1}^{(0)} = \alpha_0' A, Q_{pub,2}^{(0)} = \beta_0 Q$, $Q_{pub,1}^{(1)} = \alpha_1' A, Q_{pub,2}^{(1)} = \beta_1 Q$, and gives $\mathsf{PK}_0 := (Q_{pub,1}^{(0)}, Q_{pub,2}^{(0)}), \mathsf{PK}_1 := (Q_{pub,1}^{(1)}, Q_{pub,2}^{(1)})$ to $\mathcal{A}$. Note that the secret keys corresponding to PK_0 and PK_1 are $\mathsf{SK}_0 := (\alpha_0' a, \beta_0)$ and $\mathsf{SK}_1 := (\alpha_1' a, \beta_1)$ respectively, where $\mathcal{B}$ does not know the value of a.

$\mathcal{B}$ initializes an empty list $L_{H_1} = \emptyset$, each element of which will be a (preimage 1, preimage 2, hash value, group element) tuple $(preimg_1, preimg_2, hval, hvalQ)$.

$\mathcal{B}$ initializes an empty set $L_{dvk} = \emptyset$, each element of which will be a (derived verification key, derived signing key, corrupted, preimage 1, preimage 2, public key index) tuple $(\mathsf{DVK}, \mathsf{DSK}, corrupted, preimg_1, preimg_2, i)$, satisfying (1) $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$, (2) $i \in \{0, 1\}$, (3) $preimg_1 = Q_r$ and $preimg_2$ satisfies $e(P, preimg_2) = e(\psi(Q_{pub,1}^{(i)}), preimg_1)$, i.e. assuming $preimg_1 = Q_r = rQ$ for some $r \in \mathbb{Z}_p^*$, then $preimg_2$ satisfies $preimg_2 = (\alpha_i' a) preimg_1 = \alpha_i' arQ = rQ_{pub,1}^{(i)}$, and (4) $Q_{vk} = H_1(preimg_1, preimg_2)Q + Q_{pub,2}^{(i)}$.

Phase 1.

- When $\mathcal{A}$ makes a H_1 query for input $(preimg_1, preimg_2) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  $\mathcal{B}$ searches L_{H_1} to find a tuple $ht \in L_{H_1}$ such that $ht.preimg_1 = preimg_1$ AND $ht.preimg_2 = preimg_2$:
  - if such a tuple exists, $\mathcal{B}$ returns $ht.hval$ to $\mathcal{A}$.
  - otherwise, $\mathcal{B}$ chooses a random $hval \in \mathbb{Z}_p^*$, adds $(preimg_1, preimg_2, hval, hvalQ)$ to L_{H_1}, and returns $hval$ to $\mathcal{A}$.
- When $\mathcal{A}$ makes a query $\mathsf{ODVKAdd}(\cdot, \cdot)$ for input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ and $\mathsf{PK}_i (i \in \{0, 1\})$ to $\mathcal{B}$:
  $\mathcal{B}$ searches L_{dvk} to find a tuple $dvk \in L_{dvk}$ such that $dvk.\mathsf{DVK} = \mathsf{DVK}$ AND $dvk.i = i$. If such a tuple exists, $\mathcal{B}$ returns 1 to $\mathcal{A}$. Otherwise, $\mathcal{B}$ searches L_{H_1} to find a tuple $ht \in L_{H_1}$ such that $ht.hvalQ = Q_{vk} - Q_{pub,2}^{(i)}$. Note the validity requirement for a derived verification key and that $\mathcal{A}$ can obtain the hash values for H_1 only by making H_1 queries, if such a tuple does not exist, $\mathcal{B}$ returns 0 to $\mathcal{A}$, [10] otherwise
  - if $ht.preimg_1 = Q_r$ AND $e(P, ht.preimg_2) = e(\psi(Q_{pub,1}^{(i)}), ht.preimg_1)$ hold, $\mathcal{B}$ returns 1 to $\mathcal{A}$ and adds $(\mathsf{DVK}, \frac{1}{ht.hval + \beta_i} P, 0, preimg_1, preimg_2, i)$ to L_{dvk}.
    Note that the equation $e(P, ht.preimg_2) = e(\psi(Q_{pub,1}^{(i)}), ht.preimg_1)$ implies that $ht.preimg_2 = (\alpha_i' a) ht.preimg_1$. Assuming $Q_r = rQ$ for some $r \in \mathbb{Z}_p^*$, note that $ht.hvalQ = Q_{vk} - Q_{pub,2}^{(i)}$, we have that (Q_r, Q_{vk}) satisfies $Q_{vk} = ht.hvalQ + Q_{pub,2}^{(i)} = H_1(ht.preimg_1, ht.preimg_2)Q + Q_{pub,2}^{(i)} = H_1(rQ, rQ_{pub,1}^{(i)})Q + Q_{pub,2}^{(i)}$.
  - otherwise, $\mathcal{B}$ returns 0 to $\mathcal{A}$.
- When $\mathcal{A}$ makes a query $\mathsf{ODSKCorrupt}(\cdot)$ for input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  Note that $\mathcal{A}$ can only query $\mathsf{ODSKCorrupt}(\cdot)$ for input DVK such that DVK exists in L_{dvk}, $\mathcal{B}$ searches L_{dvk} to find a tuple $dvk \in L_{dvk}$ such that $dvk.\mathsf{DVK} = \mathsf{DVK}$. If such a tuple does not exist, return $\perp$ to $\mathcal{A}$, otherwise $\mathcal{B}$ returns $dvk.\mathsf{DSK}$ to $\mathcal{A}$ and sets $dvk.corrupted = 1$.
- When $\mathcal{A}$ makes a query $\mathsf{OSign}(\cdot, \cdot)$ for input message $m \in \mathcal{M}$ and derived verification key $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  Note that $\mathcal{A}$ can only query $\mathsf{OSign}(\cdot, \cdot)$ for input DVK such that DVK exists in L_{dvk}, $\mathcal{B}$ searches L_{dvk} to find a tuple $dvk \in L_{dvk}$ such that $dvk.\mathsf{DVK} = \mathsf{DVK}$. If such a tuple does not exist, return $\perp$ to $\mathcal{A}$, otherwise $\mathcal{B}$ returns $(h, P_\sigma) \leftarrow \mathsf{Sign}(m, \mathsf{DVK}, dvk.\mathsf{DSK}, \mathsf{PP})$ to $\mathcal{A}$.

Challenge. A random bit $i^* \in \{0, 1\}$ is chosen. $\mathcal{B}$ generates the challenge derived verification key $\mathsf{DVK}^* = (Q_r^*, Q_{vk}^*)$ from PK_{i^*} as follows:

1) Set $Q_r^* = B$.
2) Note that $B = bQ$ and Q_{vk}^* should be $Q_{vk}^* = H_1(B, bQ_{pub,1}^{(i^*)})Q + Q_{pub,2}^{(i^*)} = H_1(B, b\alpha_{i^*}' aQ)Q + Q_{pub,2}^{(i^*)}$, where a and b are unknown to $\mathcal{B}$. $\mathcal{B}$ chooses a random $hval^* \in \mathbb{Z}_p^*$, and adds $(B, \top, hval^*, hval^* Q)$ to L_{H_1}, where $\top$ is a special symbol to denote the value of $\alpha_{i^*}' abQ$ that is unknown by $\mathcal{B}$. $\mathcal{B}$ sets $Q_{vk}^* = hval^* Q + Q_{pub,2}^{(i^*)}$ and gives $\mathsf{DVK}^* = (Q_r^*, Q_{vk}^*)$ to $\mathcal{A}$.
3) $\mathcal{B}$ sets $\mathsf{DSK}^* = \frac{1}{hval^* + \beta_{i^*}} P$ and adds $(\mathsf{DVK}^*, \mathsf{DSK}^*, 0, B, \top, i^*)$ to L_{dvk}.

Phase 2. Similar to **Phase 1**,

- When $\mathcal{A}$ makes a H_1 query for input $(preimg_1, preimg_2) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  $\mathcal{B}$ acts in the same way as in that of **Phase 1** except that if $preimg_1 = B \wedge e(P, preimg_2) = e(\alpha_i' \psi(A), preimg_1)$ for $i = 0$ or 1 (**Below we denote this event by E**), which implies that $preimg_2 = \alpha_i' abQ = b\alpha_i' A = bQ_{pub,1}^{(i)}$, $\mathcal{B}$ outputs $\frac{1}{\alpha_i'} preimg_2$ as the solution for the CDH problem and aborts the game.
- When $\mathcal{A}$ makes a query $\mathsf{ODVKAdd}(\cdot, \cdot)$ for input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ and $\mathsf{PK}_i (i \in \{0, 1\})$ to $\mathcal{B}$:
  If $Q_r \neq Q_r^*$, $\mathcal{B}$ acts in the same way as in that of **Phase 1**.
  If $Q_r = Q_r^*$, note that $\mathcal{A}$ is only allowed to query $\mathsf{DVK} \neq \mathsf{DVK}^*$, we only need to consider $Q_{vk} \neq Q_{vk}^*$. If $Q_r = Q_r^*$ AND $Q_{vk} \neq Q_{vk}^*$, $\mathcal{B}$ directly returns 0 to $\mathcal{A}$, since
  - If $\mathsf{PK}_i = \mathsf{PK}_{i^*}$, then DVK is invalid for sure and hence should be rejected.
  - If $\mathsf{PK}_i = \mathsf{PK}_{1-i^*}$, since there has been no corresponding random oracle query made to H_1 yet (as

[10] Without making a H_1 query that produces such a tuple, the chance that $\mathsf{DVK} = (Q_r, Q_{vk})$ is a valid derived verification key is negligible.

otherwise $\mathcal{B}$ will solve the CDH problem and abort the game if this happens), $\mathcal{B}$ returns 0 to $\mathcal{A}$ as in **Phase 1**.

- When $\mathcal{A}$ makes a query $\mathsf{ODSKCorrupt}(\cdot)$ for input $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  $\mathcal{B}$ acts in the same way as in that of **Phase 1**. Note that for public key strong unlinkability, the adversary $\mathcal{A}$ is allowed to make $\mathsf{ODSKCorrupt}(\cdot)$ query on input the challenge derived verification key DVK^*. As shown above, $\mathcal{B}$ knows the values of $hval^*$ and β_{i^*}, so that $\mathcal{B}$ can generate the derived signing key corresponding to DVK^*, namely, $\mathsf{DSK}^* = \frac{1}{hval^* + \beta_{i^*}} P$.
- When $\mathcal{A}$ makes a query $\mathsf{OSign}(\cdot, \cdot)$ for input message $m \in \mathcal{M}$ and derived verification key $\mathsf{DVK} = (Q_r, Q_{vk}) \in \mathbb{G}_2 \times \mathbb{G}_2$ to $\mathcal{B}$:
  $\mathcal{B}$ acts in the same way as in that of **Phase 1**. Note that as shown above, $\mathcal{B}$ can generate the derived signing key corresponding to DVK^*, so that even when the adversary $\mathcal{A}$ makes a query $\mathsf{OSign}(\cdot, \cdot)$ on input the challenge derived verification key DVK^*, $\mathcal{B}$ can answer the query by running the sign algorithm using the derived signing key.

Guess. $\mathcal{A}$ outputs a bit $b' \in \{0, 1\}$ as its guess to i^*. Note that it implies event $\mathbf{E}$ does not occur in this case, $\mathcal{B}$ outputs $\perp$ and aborts the game (i.e., $\mathcal{B}$ fails to solve the CDH problem).

Analysis. Let $\mathbf{G_0}$ and $\mathbf{G_1}$ denote the original $\mathsf{Game}_{\mathsf{PKSUNL}}$ game and the above simulated game by $\mathcal{B}$, respectively. Let $\mathbf{E}'$ denote the event that $\mathcal{A}$ makes a valid verification key adding query without first making the corresponding H_1 query. Then we have $\Pr[\mathbf{E}'] \leq q_a/p$, where q_a denotes the number of verification key adding queries.

If event $\mathbf{E}$ and $\mathbf{E}'$ don't occur, then $\mathbf{G_0}$ and $\mathbf{G_1}$ are identical. So we have

$$\Pr[\mathcal{A} \text{ wins in } \mathbf{G_0} | \neg(\mathbf{E} \vee \mathbf{E}')] = \Pr[\mathcal{A} \text{ wins in } \mathbf{G_1} | \neg(\mathbf{E} \vee \mathbf{E}')]$$

which gives

$$\Pr[(\mathbf{E} \vee \mathbf{E}')] \geq |\Pr[\mathcal{A} \text{ wins in } \mathbf{G_0}] - \Pr[\mathcal{A} \text{ wins in } \mathbf{G_1}]| .$$

Since H_1 is modeled as a random oracle, and in game $\mathbf{G_1}$ the adversary $\mathcal{A}$ does not obtain any information about $H_1(Q_r^* = g^b, bQ_{pub,1}^{(0)})$ or $H_1(Q_r^* = g^b, bQ_{pub,1}^{(1)})$, then $(\mathsf{DVK}^*, \mathsf{DSK}^*)$ does not reveal any information about i^*. Also, the adversary is forbidden to query DVK^* in any $\mathsf{ODVKAdd}$ query, so the adversary has no advantage in $\mathbf{G_1}$, which means $\Pr[\mathcal{A} \text{ wins in } \mathbf{G_1}] = 1/2$. Therefore, if the adversary has advantage ϵ over random guess in winning the original game, i.e., $\Pr[\mathcal{A} \text{ wins in } \mathbf{G_0}] = \epsilon + 1/2$, then

$$\Pr[\mathbf{E}] + \Pr[\mathbf{E}'] \geq \Pr[(\mathbf{E} \vee \mathbf{E}')] \geq \epsilon$$

and we have $\Pr[\mathbf{E}] \geq \epsilon - q_a/p$, which means $\mathcal{B}$ can solve the CDH problem with probability at least $\epsilon - q_a/p$. □

VII. Applications and Implementation

A. Applications

As PDPKS is defined to capture the functionality, privacy, and security requirements for stealth address, the proposed PDPKS scheme naturally provides a secure and convenient tool for implementing stealth addresses in cryptocurrencies. Below we show that the proposed PDPKS can also support the use cases of deterministic wallet very well, and importantly, without the security vulnerabilities.

1) *Low-maintenance wallets with easy backup and recovery*. To backup his deterministic wallet, a user only needs to backup the (long-term) secret key (α, β). When needed, he could reconstruct the complete wallet, by using α to scan the ledger to find which transaction-outputs are his coins, and using (α, β) to generate the corresponding derived signing keys.
2) *Freshly generated cold addresses*. With the PDPKS scheme, a user can publish his (long-term) public key on a hot storage, without affecting the security or privacy. To use the cold address mechanisms, he can easily generate derived verification keys as he needs. In addition, a user even can ask the payer to generate the derived verification keys for the transaction sending coins to him, and he only checks and ensures that no derived verification key is used more than once, by rejecting the transactions using repeated derived verification keys.
3) *Trustless audits*. For a user with (long-term) secret key (α, β), revealing α to an auditor will enable the auditor to view all the transactions related to (long-term) public key $(Q_{pub,1} = \alpha G, Q_{pub,2} = \beta G)$, since for any transaction-output with verification key $\mathsf{DVK} = (Q_r, Q_{vk})$, the auditor can check whether $Q_{vk} \stackrel{?}{=} H_1(Q_r, \alpha Q_r)Q + Q_{pub,2}$ holds. Note that revealing α just cancels the privacy protection, without affecting the security at all, and this can be proven formally, since in the security proof of Lemma 2, the algorithm $\mathcal{B}$ chooses the value of α by itself and is able to gives α to $\mathcal{A}$. This also implies that by using only α to run the $\mathsf{VrfyKeyCheck}()$ algorithm, we can further reduce the exposure chance of the crucial part of the master secret key, namely β.
4) *Hierarchical Wallet allowing a treasurer to allocate funds to departments*. The treasurer does not need to worry that the department managers collude to steal the funds of other departments, no matter how many of them collude.
5) *Simultaneously implementing the treasurer and the auditor use cases*. The treasurer does not need to worry that the department managers and the auditors collude to steal the funds of other departments, no matter how many of them collude.

B. Implementation

On the implementation, note that our construction is using a type-2 pairing [38] and does not need to hash to $\mathbb{G}_2$, so it

can be implemented based on any pairing friendly curve [38]. We suggest to use the Barreto-Naehrig (BN) curve [39], which has been well studied and regarded as an efficient and popular curve for high security level, say 128-bits of security or higher. On the concrete parameter for achieving 128-bits security, we suggest to adopt the parameter recommended in the recent work by Barbulescu and Duquesne [40, Section 6.1], i.e. the BN curve with parameter $u = 2^{114} + 2^{101} - 2^{14} - 1$, which implies that the group order p is 462-bits, the elements in $\mathbb{G}_1$ and $\mathbb{G}_2$ are 462-bits and 924-bits respectively. It is worth mentioning that a 256-bits prime p, and the resulting 256-bits $\mathbb{G}_1$ and 512-bits $\mathbb{G}_2$ are supposed to match the 128-bit security level according to the NIST recommendations [41], which are however now invalidated by Kim and Barbulescu's recent progress on number field sieve algorithm for discrete logarithms in F_{p^n} [42]. That is why we suggest to use the above parameter recommended by Barbulescu and Duquesne [40, Section 6.1], which has taken into account the attacking algorithm in [42].

On the verification key and signature size, with the parameter suggested above, the verification key (i.e. the coin-receiving address), say $(R, S) \in \mathbb{G}_2 \times \mathbb{G}_2$, is 1848-bits, and the signature, say $(h, P_\sigma) \in \mathbb{Z}_p^* \times \mathbb{G}_1$, is 924-bits. These are larger than that of ECDSA implemented on elliptic curve "secp256k1" [43] for 128-bits security, which is used by Bitcoin, with public key size 264-bits and signature size 520-bits. But for cryptocurrencies, this may be a reasonable and acceptable cost for achieving enhanced privacy with solid security and convenient functionality. On the computation time for deriving fresh verification key, signing, and verification, verification is the most expensive, since it needs one paring computation. According to the experimental results by Khandaker et al. [44, Section 4], for the parameter suggested above, on a usual computation environment (Intel(R) Core(TM) i5-6500 CPU @ 3.20GHz, 4GB Memory), one pairing computation needs less than 8 ms.

VIII. Conclusion

In this paper, we introduced and formalized a new signature variant, called Key-Insulated and Privacy-Preserving Signature Scheme with Publicly Derived Public Key (PDPKS), including definition, security model, and privacy model. We proposed a PDPKS construction, and proved its security and privacy in the random oracle model. On the functionality, anyone can derive an arbitrary number of fresh public verification keys from a user's long-term public key, without interactions with the key owner, while only the key owner can generate the corresponding signing keys from his long-term secret key. On the privacy, the derived verification keys and corresponding signatures do not leak any information that can be linked to the original long-term public key. On the security, the derived keys are insulated from each other, namely, for any specific derived verification key, even if an adversary corrupts all other derived signing keys, the adversary cannot forge a valid signature with respect to it. With these functionality, security, and privacy protection features, PDPKS could be a convenient and secure cryptographic tool for building privacy-preserving cryptocurrencies. Particularly, the proposed PDPKS construction can be used to implement secure stealth addresses, and can be used to implement deterministic wallets and the related appealing use cases, without security concerns.

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APPENDIX A
AN IBS WITHOUT THE MPK-PACK-ABLE PROPERTY

Below we review the IBS construction in [31], and show that it does not have the MPK-pack-able Property. [11]

A. The IBS Scheme in [31]

- $\mathsf{Setup}(\lambda) \to (\mathsf{MPK}, \mathsf{MSK})$. On input a security parameter λ, the algorithm chooses bilinear map groups $(\mathbb{G}, \mathbb{G}_T, e)$ of prime order $p > 2^\lambda$, generators $P \in \mathbb{G}$, and hash functions $H_1 : \{0,1\}^* \to \mathbb{G}$, $H_2 : \{0,1\}^* \times \mathbb{G} \to \mathbb{Z}_p$. The algorithm selects random $\beta \in \mathbb{Z}_p$ and computes $B = \beta P \in \mathbb{G}$, then outputs master public key MPK and master secret key MSK as $\mathsf{MPK} := (p, (\mathbb{G}, \mathbb{G}_T, e), P, B, H_1, H_2)$, $\mathsf{MSK} := \beta$.
  The message space is $\mathcal{M} = \{0,1\}^*$.
- $\mathsf{KeyExtract}(\mathsf{ID}, \mathsf{MPK}, \mathsf{MSK}) \to \mathsf{SK}_{\mathsf{ID}}$. On input an arbitrary identity $\mathsf{ID} \in \{0,1\}^*$, MPK, and MSK, the algorithm outputs a private key $\mathsf{SK}_{\mathsf{ID}} = \beta H_1(\mathsf{ID}) \in \mathbb{G}$.
- $\mathsf{Sign}(m, \mathsf{ID}, \mathsf{MPK}, \mathsf{SK}_{\mathsf{ID}}) \to \sigma$. On input a message $m \in \{0,1\}^*$, an identity $\mathsf{ID} \in \{0,1\}^*$, MPK, and private key $\mathsf{SK}_{\mathsf{ID}}$, the algorithm
  1) picks a random $r \in \mathbb{Z}_p$, and computes $U = rH_1(\mathsf{ID}) \in \mathbb{G}$,
  2) sets $h = H_2(m, U) \in \mathbb{Z}_p$,
  3) computes $V = (r + h)\mathsf{SK}_{\mathsf{ID}} \in \mathbb{G}$,

  and outputs a signature $\sigma = (U, V)$.
- $\mathsf{Verify}(m, \sigma, \mathsf{ID}, \mathsf{MPK}) \to 1/0$. On input a message $m \in \{0,1\}^*$, a signature $\sigma = (U, V) \in \mathbb{G} \times \mathbb{G}$, an identity $\mathsf{ID} \in \{0,1\}^*$, and MPK, the algorithm outputs $b = 1$ if and only if $e(P, V) = e(B, U + H_2(m, U)H_1(\mathsf{ID}))$.

B. The above IBS scheme does not have the MPK-pack-able property.

Note that in the above IBS scheme, we have

$$\mathsf{CMPK} := (p, (\mathbb{G}, \mathbb{G}_T, e), P, H_1, H_2), \quad \mathsf{IMPK} := (B).$$

In the Verify algorithm, the used values are $P, V, B, U, m, \mathsf{ID}$. For the left side of the equation, as V is a part of the signature, neither V or $e(P, V)$ could be used to define the function F. As P is in CMPK, it is unnecessary to contain P as a component of F's output. For the right side of the equation, as U is a part of the signature, the only possible definitions of F are: (1) $F(\mathsf{MPK}, \mathsf{ID}) := B$, or (2) $F(\mathsf{MPK}, \mathsf{ID}) := e(B, H_1(\mathsf{ID}))$, or (3) $F(\mathsf{MPK}, \mathsf{ID}) := H_1(\mathsf{ID})$.

- For case (1): The output of $F()$ leaks the value of B which identifies IMPK.
- For case (2): To verify the signature, $e(B, U)$ has to be computed where B is used. This implies that there is no Verify_F such that $\mathsf{Verify}_F(\mathsf{CMPK}, F(\mathsf{MPK}, \mathsf{ID}), M, \sigma) = \mathsf{IBS.Verify}(\mathsf{MPK}, \mathsf{ID}, M, \sigma)$.
- For case (3): The same to Case (2).

Thus, it concludes that the above IBS scheme does not have the MPK-pack-able property.

[11] Note that we slightly changed the variable names in the IBS construction.