CANTINA

Morpho - oracle-vault-loan-asset
Security Review

Cantina Managed review by:

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Contents

1   Introduction

1.1   About Cantina

Cantina is a security services marketplace that connects top security researchers and solutions with clients. Learn more at cantina.xyz

1.2   Disclaimer

Cantina Managed provides a detailed evaluation of the security posture of the code at a particular moment based on the information available at the time of the review. While Cantina Managed endeavors to identify and disclose all potential security issues, it cannot guarantee that every vulnerability will be detected or that the code will be entirely secure against all possible attacks. The assessment is conducted based on the specific commit and version of the code provided. Any subsequent modifications to the code may introduce new vulnerabilities that were absent during the initial review. Therefore, any changes made to the code require a new security review to ensure that the code remains secure. Please be advised that the Cantina Managed security review is not a replacement for continuous security measures such as penetration testing, vulnerability scanning, and regular code reviews.

1.3   Risk assessment

Severity	Description
Critical	*Must* fix as soon as possible (if already deployed).
High	Leads to a loss of a significant portion (>10%) of assets in the protocol, or significant harm to a majority of users.
Medium	Global losses <10% or losses to only a subset of users, but still unacceptable.
Low	Losses will be annoying but bearable. Applies to things like griefing attacks that can be easily repaired or even gas inefficiencies.
Gas Optimization	Suggestions around gas saving practices.
Informational	Suggestions around best practices or readability.

1.3.1   Severity Classification

The severity of security issues found during the security review is categorized based on the above table. Critical findings have a high likelihood of being exploited and must be addressed immediately. High findings are almost certain to occur, easy to perform, or not easy but highly incentivized thus must be fixed as soon as possible.

Medium findings are conditionally possible or incentivized but are still relatively likely to occur and should be addressed. Low findings a rare combination of circumstances to exploit, or offer little to no incentive to exploit but are recommended to be addressed.

Lastly, some findings might represent objective improvements that should be addressed but do not impact the project's overall security (Gas and Informational findings).

2   Security Review Summary

Morpho is a lending pool optimizer. It improves the capital efficiency of positions on existing lending pools by seamlessly matching users peer-to-peer.

Morpho's rates stay between the supply rate and the borrow rate of the pool, reducing the interests paid by the borrowers while increasing the interests earned by the suppliers. It means that you are getting boosted peer-to-peer rates or, in the worst case scenario, the APY of the pool. Morpho also preserves the same experience, liquidity and parameters (collateral factors, oracles, ...) as the underlying pool.

From Feb 19th to Feb 23rd the Cantina team conducted a review of morpho-blue-oracles on commit hash af1a0d30. The team identified a total of **2** issues in the following risk categories:

- Critical Risk: 0
- High Risk: 0
- Medium Risk: 0
- Low Risk: 0
- Gas Optimizations: 0
- Informational: 2

3 Findings

3.1 Informational

3.1.1 Add a specific test that uses vaults for both `BASE_VAULT` and `QUOTE_VAULT` in `MorphoChainlinkOracleV2Test`

Severity: Informational

Context: MorphoChainlinkOracleV2Test.sol

Description: The `MorphoChainlinkOracleV2Test` test contract covers the test cases when a Vault is passed as an input parameter for the `BASE_VAULT` **or** `QUOTE_VAULT` internal variables. Currently, it does not exist a test case that covers the scenario when vaults are used for both `BASE_VAULT` **and** `QUOTE_VAULT`.

Recommendation: Morpho should implement and test this specific test case.

Morpho: Addressed in PR 85.

Cantina Managed: The recommended test case has been implemented in PR 85.

3.1.2 NatSpec documentation issues: missed parameters, typos or suggested updates

Severity: Informational

Context: MorphoChainlinkOracleV2.sol#L128, IMorphoChainlinkOracleV2.sol#L25, IMorphoChain-linkOracleV2Factory.sol#L28, IMorphoChainlinkOracleV2Factory.sol#L43, MorphoChainlinkOra-cleV2Test.sol#L103, MorphoChainlinkOracleV2Test.sol#L114

Description: Various NatSpec documentation issues were found, that include missing parameters, typos or that allow for general suggestions for improval:

- MorphoChainlinkOracleV2.sol#L128: "Chainlink" should be replaced with "Chainlink-compliant".
- IMorphoChainlinkOracleV2.sol#L25: These feeds are "chainlink-interface-compatible" but they could be feeds that are not from Chainlink itself. Consider to better clarify it.
- IMorphoChainlinkOracleV2Factory.sol#L28: The NatSpec comment should be re-written to use the "vault" term as plural.
- IMorphoChainlinkOracleV2Factory.sol#L43: This factory does not create MM vaults but a `MorphoChainlinkOracle`. Replace "MetaMorpho vault" with "Morpho Chainlink oracle".
- MorphoChainlinkOracleV2Test.sol#L103 + MorphoChainlinkOracleV2Test.sol#L114: Be consistent across all the tests (if there's not a specific reason to do otherwise). For the vast majority of instances you have used `1e18` but here and in `testSDaiUsdcOracle` you are using `10 ** 18`.

Recommendation: Morpho should consider fixing all the listed points to provide a better NatSpec documentation.

Morpho: Addressed in PR 84.

Cantina Managed: The recommendations have been implemented in PR 84.