

RealX Token

Smart Contract Audit Report Prepared for Token X



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1. Executive Summary

As requested by Token X, an ICO portal in Thailand, which is granted the approval by the Securities and Exchange Commission (SEC), Thailand, Inspex team conducted an audit to verify the security posture of the RealX Token smart contracts between Nov 18, 2022 and Nov 21, 2022. The smart contract code covered in this assignment will be used by Token X on its platform in the future for the purpose of investment token offerings for its potential customers and issuers thereafter.

During the audit, Inspex team examined all smart contracts and the overall operation within the scope to understand the overview of RealX Token smart contracts. Static code analysis, dynamic analysis, and manual review were done in conjunction to identify smart contract vulnerabilities together with technical & business logic flaws that may be exposed to the potential risk of the platform and the ecosystem. Practical recommendations are provided according to each vulnerability found and should be followed to remediate the issue.

1.1. Audit Result

Based on the audit performed, nothing has come to our attention that would cause us to believe the smart contract code in the RealX Token project is not faithfully implemented in all material respects in accordance with Token X specification. During the audit, Inspex found 1 medium, 1 very low and 1 info-severity issues. With the project team's prompt response, 1 very low and 1 info-severity issues were resolved in the reassessment, while 1 medium-severity issue was mitigated by the team. Therefore, Inspex trusts that smart contracts have high-level protections in place to be safe from most attacks.



1.2. Disclaimer

This security audit is not produced to supplant any other type of assessment and does not guarantee the discovery of all security vulnerabilities within the scope of the assessment. However, we warrant that this audit is conducted with goodwill, professional approach, and competence. Since an assessment from one single party cannot be confirmed to cover all possible issues within the smart contract(s), Inspex suggests conducting multiple independent assessments to minimize the risks. Lastly, Inspex is independent of the client, and nothing contained in this audit report should be considered as investment advice.

2. Project Overview

2.1. Project Introduction

The InvestmentTokenM contract is an ERC20 token that provides minting and burning mechanisms. It also includes security-related privilege functions, such as pausing mechanisms. This token is only allowed to be used by whitelisted, a specific group of users based on a list in the AllowlistRegistry contract (whitelist mechanism). However, the smart contract can include digital asset exchanges in the whitelist, allowing the token to be traded by the users in the exchanges. In addition, the contract provides the emergency functions for the authorized party to handle incidents promptly complying with the regulator's guidelines.

Scope Information:

Project Name	RealX Token
Website	https://tokenx.finance/
Smart Contract Type	Ethereum Smart Contract
Chain	Token X (TKX)
Programming Language	Solidity
Category	Token

Audit Information:

Audit Method	Whitebox
Audit Date	Nov 18, 2022 - Nov 21, 2022
Reassessment Date	Nov 25, 2022

The audit method can be categorized into two types depending on the assessment targets provided:

1. **Whitebox:** The complete source code of the smart contracts are provided for the assessment.
2. **Blackbox:** Only the bytecodes of the smart contracts are provided for the assessment.

2.2. Scope

The following smart contracts were audited and reassessed by Inspex in detail:

Initial Audit: (Commit: 9975fb352e5faef873660bbd20812648961bad76)

Contract	Location (URL)
InvestmentTokenM	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/9975fb352e/contracts/InvestmentTokenM.sol
AllowlistRegistry	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/9975fb352e/contracts/AllowlistRegistry.sol
EmergencyWithdrawable	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/9975fb352e/extensions/EmergencyWithdrawable.sol
ERC20AllowListableProxy	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/9975fb352e/extensions/ERC20AllowListableProxy.sol

Reassessment: (Commit: c56ac368ef16725e8a9bf646b3efb67c920b9abc)

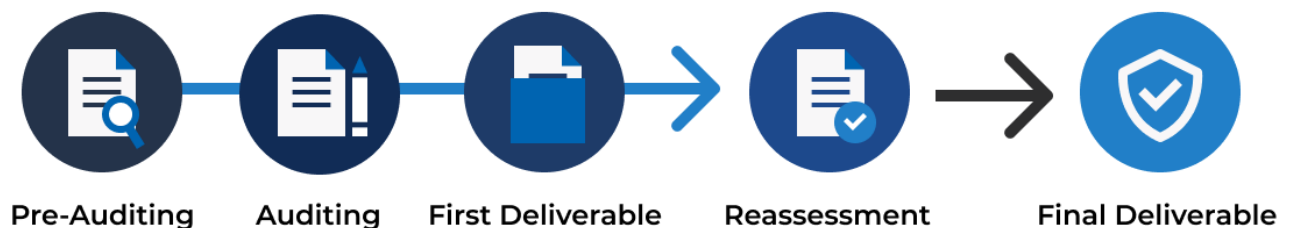
Contract	Location (URL)
InvestmentTokenM	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/c56ac368ef/contracts/InvestmentTokenM.sol
AllowlistRegistry	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/c56ac368ef/contracts/AllowlistRegistry.sol
EmergencyWithdrawable	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/c56ac368ef/extensions/EmergencyWithdrawable.sol
ERC20AllowListableProxy	https://github.com/tokenx-finance/park-luxury-prestige-smart-contracts/blob/c56ac368ef/extensions/ERC20AllowListableProxy.sol

The assessment scope covers only the in-scope smart contracts and the smart contracts that they inherit from.

3. Methodology

Inspex conducts the following procedure to enhance the security level of our clients' smart contracts:

1. **Pre-Auditing:** Getting to understand the overall operations of the related smart contracts, checking for readiness, and preparing for the auditing
2. **Auditing:** Inspecting the smart contracts using automated analysis tools and manual analysis by a team of professionals
3. **First Deliverable and Consulting:** Delivering a preliminary report on the findings with suggestions on how to remediate those issues and providing consultation
4. **Reassessment:** Verifying the status of the issues and whether there are any other complications in the fixes applied
5. **Final Deliverable:** Providing a full report with the detailed status of each issue



3.1. Test Categories

Inspex smart contract auditing methodology consists of both automated testing with scanning tools and manual testing by experienced testers. We have categorized the tests into 3 categories as follows:

1. **General Smart Contract Vulnerability (General)** - Smart contracts are analyzed automatically using static code analysis tools for general smart contract coding bugs, which are then verified manually to remove all false positives generated.
2. **Advanced Smart Contract Vulnerability (Advanced)** - The workflow, logic, and the actual behavior of the smart contracts are manually analyzed in-depth to determine any flaws that can cause technical or business damage to the smart contracts or the users of the smart contracts.
3. **Smart Contract Best Practice (Best Practice)** - The code of smart contracts is then analyzed from the development perspective, providing suggestions to improve the overall code quality using standardized best practices.

3.2. Audit Items

The testing items checked are based on our Smart Contract Security Testing Guide (SCSTG) v1.0 (https://github.com/InspexCo/SCSTG/releases/download/v1.0/SCSTG_v1.0.pdf) which covers most prevalent risks in smart contracts. The latest version of the document can also be found at <https://inspex.gitbook.io/testing-guide/>.

The following audit items were checked during the auditing activity:

Testing Category	Testing Items
1. Architecture and Design	1.1. Proper measures should be used to control the modifications of smart contract logic 1.2. The latest stable compiler version should be used 1.3. The circuit breaker mechanism should not prevent users from withdrawing their funds 1.4. The smart contract source code should be publicly available 1.5. State variables should not be unfairly controlled by privileged accounts 1.6. Least privilege principle should be used for the rights of each role
2. Access Control	2.1. Contract self-destruct should not be done by unauthorized actors 2.2. Contract ownership should not be modifiable by unauthorized actors 2.3. Access control should be defined and enforced for each actor roles 2.4. Authentication measures must be able to correctly identify the user 2.5. Smart contract initialization should be done only once by an authorized party 2.6. tx.origin should not be used for authorization
3. Error Handling and Logging	3.1. Function return values should be checked to handle different results 3.2. Privileged functions or modifications of critical states should be logged 3.3. Modifier should not skip function execution without reverting
4. Business Logic	4.1. The business logic implementation should correspond to the business design 4.2. Measures should be implemented to prevent undesired effects from the ordering of transactions 4.3. msg.value should not be used in loop iteration
5. Blockchain Data	5.1. Result from random value generation should not be predictable 5.2. Spot price should not be used as a data source for price oracles 5.3. Timestamp should not be used to execute critical functions 5.4. Plain sensitive data should not be stored on-chain 5.5. Modification of array state should not be done by value 5.6. State variable should not be used without being initialized

Testing Category	Testing Items
6. External Components	<ul style="list-style-type: none">6.1. Unknown external components should not be invoked6.2. Funds should not be approved or transferred to unknown accounts6.3. Reentrant calling should not negatively affect the contract states6.4. Vulnerable or outdated components should not be used in the smart contract6.5. Deprecated components that have no longer been supported should not be used in the smart contract6.6. Delegatecall should not be used on untrusted contracts
7. Arithmetic	<ul style="list-style-type: none">7.1. Values should be checked before performing arithmetic operations to prevent overflows and underflows7.2. Explicit conversion of types should be checked to prevent unexpected results7.3. Integer division should not be done before multiplication to prevent loss of precision
8. Denial of Services	<ul style="list-style-type: none">8.1. State changing functions that loop over unbounded data structures should not be used8.2. Unexpected revert should not make the whole smart contract unusable8.3. Strict equalities should not cause the function to be unusable
9. Best Practices	<ul style="list-style-type: none">9.1. State and function visibility should be explicitly labeled9.2. Token implementation should comply with the standard specification9.3. Floating pragma version should not be used9.4. Builtin symbols should not be shadowed9.5. Functions that are never called internally should not have public visibility9.6. Assert statement should not be used for validating common conditions

3.3. Risk Rating

OWASP Risk Rating Methodology (https://owasp.org/www-community/OWASP_Risk_Rating_Methodology) is used to determine the severity of each issue with the following criteria:

- **Likelihood:** a measure of how likely this vulnerability is to be uncovered and exploited by an attacker
- **Impact:** a measure of the damage caused by a successful attack

Both likelihood and impact can be categorized into three levels: **Low**, **Medium**, and **High**.

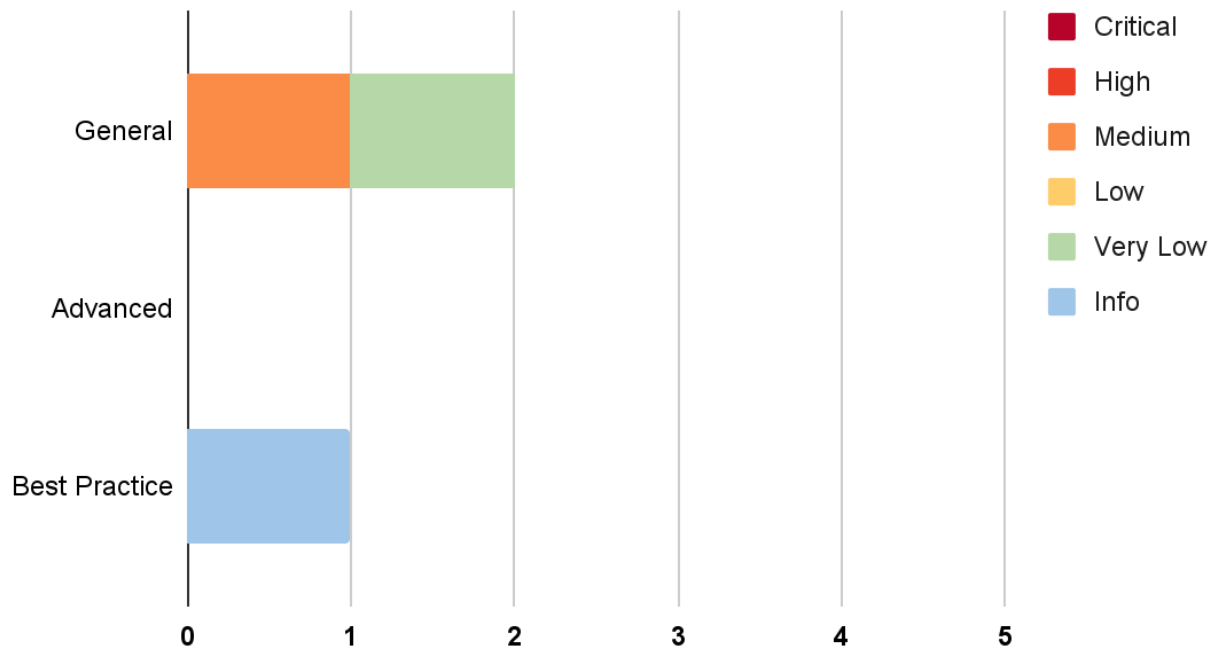
Severity is the overall risk of the issue. It can be categorized into five levels: **Very Low**, **Low**, **Medium**, **High**, and **Critical**. It is calculated from the combination of likelihood and impact factors using the matrix below. The severity of findings with no likelihood or impact would be categorized as **Info**.

Likelihood Impact	Likelihood		
	Low	Medium	High
Low	Very Low	Low	Medium
Medium	Low	Medium	High
High	Medium	High	Critical

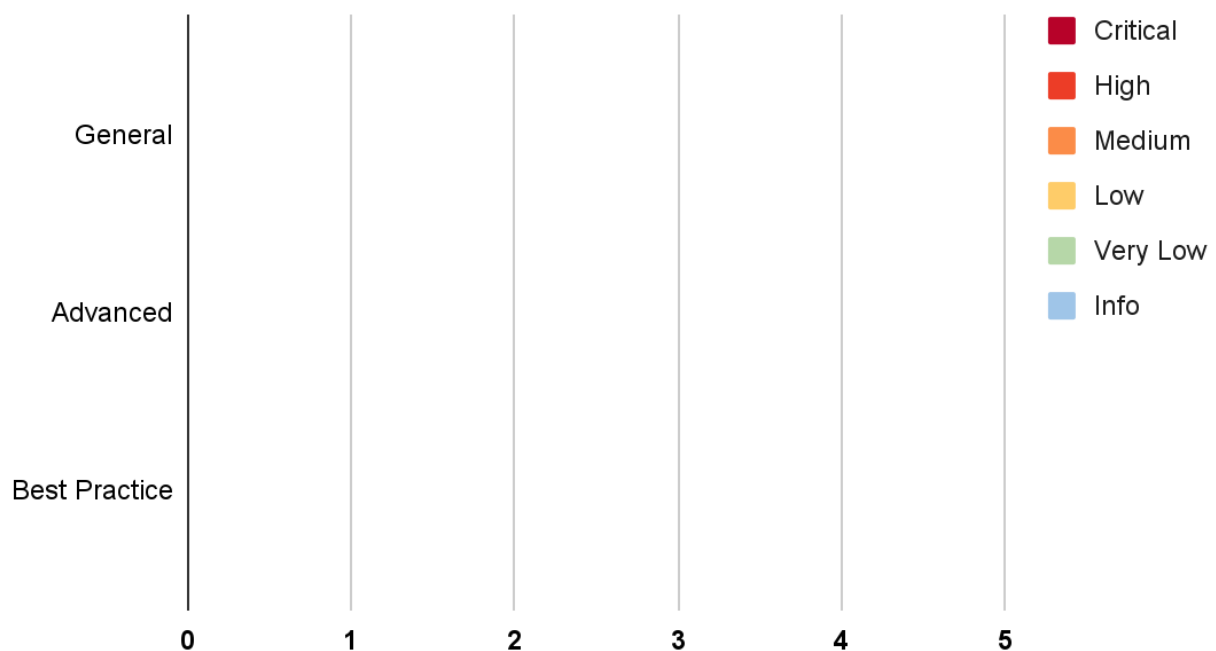
4. Summary of Findings

The following charts show the number of the issues found during the assessment and the issues acknowledged in the reassessment, categorized into three categories: **General**, **Advanced**, and **Best Practice**.

Assessment:



Reassessment:



The statuses of the issues are defined as follows:

Status	Description
Resolved	The issue has been resolved and has no further complications.
Resolved *	The issue has been resolved with mitigations and clarifications. For the clarification or mitigation detail, please refer to Chapter 5.
Acknowledged	The issue's risk has been acknowledged and accepted.
No Security Impact	The best practice recommendation has been acknowledged.

The information and status of each issue can be found in the following table:

ID	Title	Category	Severity	Status
IDX-001	Centralized Control of State Variable	General	Medium	Resolved *
IDX-002	Outdated Compiler Version	General	Very Low	Resolved
IDX-003	Improper Function Visibility	Best Practice	Info	Resolved

* The mitigations or clarifications by Token X can be found in Chapter 5.

5. Detailed Findings Information

5.1. Centralized Control of State Variable

ID	IDX-001
Target	InvestmentTokenM AllowlistRegistry
Category	General Smart Contract Vulnerability
CWE	CWE-284: Improper Access Control
Risk	Severity: Medium Impact: High The controlling authorities can change the critical state variables to gain additional profit. Thus, it is unfair to the other users. Likelihood: Low There is nothing to restrict the changes from being done; however, this action can only be done by the authorized party which is a multisig wallet.
Status	Resolved * The centralized functions are required to comply with the regulator's guidelines for protecting users' funds, also known as clawback mechanism. As a result, the Token X team has mitigated this issue by delegating control to a multi-sig wallet for those privileged functions to ensure that all the critical actions are properly reviewed according to the regulation. Those functions will be controlled by multi-sig parties, including the issuer of the token and Token X, requiring both parties to agree on executing those functions.

5.1.1. Description

Critical state variables can be updated at any time by the controlling authorities. Changes in these variables can cause impacts to the users, so the users should accept or be notified before these changes are effective.

However, there is currently no constraint to prevent the authorities from modifying these variables without notifying the users. For example, the platform owner can call the `setAllowlistRegistry()` function to change the `registry` address and then the existing whitelisted users will become non-whitelisted users, resulting in the users being unable to execute the `InvestmentTokenM` contract's functionalities.

The functions that can be used to update critical state variables are as follows:

File	Contract	Function	Modifier
InvestmentTokenM.sol (L:51)	InvestmentTokenM	setAllowlistRegistry()	onlyOwner

InvestmentTokenM.sol (L:63)	InvestmentTokenM	mint()	onlyOwner
InvestmentTokenM.sol (L:218)	InvestmentTokenM	adminTransfer()	onlyOwner
InvestmentTokenM.sol (L:231)	InvestmentTokenM	adminBurn()	onlyOwner
InvestmentTokenM.sol (L:244)	InvestmentTokenM	pause()	onlyOwner
InvestmentTokenM.sol (L:257)	InvestmentTokenM	unpause()	onlyOwner
AllowlistRegistry.sol (L:40)	AllowlistRegistry	addAllowlist()	onlyOwner
AllowlistRegistry.sol (L:53)	AllowlistRegistry	removeAllowlist()	onlyOwner

5.1.2. Remediation

In the ideal case, the critical state variables should not be modifiable to keep the integrity of the smart contract. However, if modifications are needed, Inspex suggests implementing a community-run smart contract governance to control the use of these functions.

If removing the functions or implementing the smart contract governance is not possible, Inspex suggests mitigating the risk of this issue by using a timelock mechanism to delay the changes for a reasonable amount of time, at least 24 hours. However, if the timelock is used as a mitigation, the **onlyOwner** modifier should be changed to another operation role such as **onlyOperator** to prevent the timelock effect from applying to other functions with the **onlyOwner** modifier, for example the **renounceMintable()** function.

In addition, a multi-sig wallet, a wallet that requires a majority of votes from the controlling parties to be passed before allowing the execution of a transaction, can be used as a mitigation to ensure that all privilege actions are well prepared.

5.2. Outdated Compiler Version

ID	IDX-002
Target	InvestmentTokenM AllowlistRegistry
Category	General Smart Contract Vulnerability
CWE	CWE-1104: Use of Unmaintained Third Party Components
Risk	Severity: Very Low Impact: Low From the list of known Solidity bugs, direct impact cannot be caused from those bugs themselves. Likelihood: Low From the list of known Solidity bugs, it is very unlikely that those bugs would affect these smart contracts.
Status	Resolved The TokenX team has fixed the issue by changing the solidity compiler version in the contracts to the latest version on commit c56ac368ef16725e8a9bf646b3efb67c920b9abc.

5.2.1. Description

The solidity compiler versions declared in the smart contracts were outdated. These versions have publicly known inherent bugs (<https://docs.soliditylang.org/en/latest/bugs.html>) that may potentially be used to cause damage to the smart contracts or the users of the smart contracts.

InvestmentTokenM.sol

```
1 // SPDX-License-Identifier: GPL-2.0-or-later
2 // TokenX Contracts v1.0.0 (contracts/InvestmentTokenM.sol)
3 pragma solidity 0.8.14;
```

The following table contains all contracts in which the outdated compiler version is declared.

Contract	Version
InvestmentTokenM	0.8.14
AllowlistRegistry	0.8.14

5.2.2. Remediation

Inspex suggests upgrading the solidity compiler to the latest stable version

(<https://github.com/ethereum/solidity/releases>). At the time of audit, the latest stable versions of Solidity compiler in major 0.8 is 0.8.17.

InvestmentTokenM.sol

```
1 // SPDX-License-Identifier: GPL-2.0-or-later
2 // TokenX Contracts v1.0.0 (contracts/InvestmentTokenM.sol)
3 pragma solidity 0.8.17;
```


5.3. Improper Function Visibility

ID	IDX-003
Target	InvestmentTokenM
Category	Smart Contract Best Practice
CWE	CWE-710: Improper Adherence to Coding
Risk	Severity: Info Impact: None Likelihood: None
Status	Resolved The TokenX team has fixed the issue by changing the visibility of the functions to <code>external</code> on commit <code>c56ac368ef16725e8a9bf646b3efb67c920b9abc</code> .

5.3.1. Description

Functions with `public` visibility that are never called internally by the functions in the contract itself should have `external` visibility. This improves the readability of the contract, allowing clear distinction between functions that are externally used and functions that are also called internally.

For example, the following source code shows that the `renounceMintable()` and the `mint()` functions in the `InvestmentTokenM` contract are set to `public` and they are never called from any internal functions.

InvestmentTokenM.sol

```
63 function mint(uint256 amount) public virtual onlyOwner whenMintable {
64     _mint(msg.sender, amount);
65 }
66
67 /**
68  * @dev Leaves the contract without mint capabilities. It will not be possible
69  * to call
70  * `mint` functions anymore. Can only be called by the current owner and
71  * mintable is not renounced yet.
72  *
73  * NOTE: Renouncing mintable will leave the contract without mint capabilities,
74  * thereby removing any functionality that is only available when mintable.
75  *
76  * Requirements:
77  *
78  * - the caller must be owner.
```

```
79 * - `_mintable` must not be renounced.
80 */
81 function renounceMintable() public virtual onlyOwner whenMintable {
82     _renounceMintable();
83 }
```

5.3.2. Remediation

Inspex suggests changing all functions' visibility to external if they are not called from any internal function, as shown in the following example:

InvestmentTokenM.sol

```
63 function mint(uint256 amount) external virtual onlyOwner whenMintable {
64     _mint(msg.sender, amount);
65 }
66
67 /**
68  * @dev Leaves the contract without mint capabilities. It will not be possible
69  * to call
70  * `mint` functions anymore. Can only be called by the current owner and
71  * mintable is not renounced yet.
72  *
73  * Emits an {RenouncedMintable} event indicating the mintable renounced.
74  *
75  * NOTE: Renouncing mintable will leave the contract without mint capabilities,
76  * thereby removing any functionality that is only available when mintable.
77  *
78  * Requirements:
79  * - the caller must be owner.
80  * - `_mintable` must not be renounced.
81  */
82 function renounceMintable() external virtual onlyOwner whenMintable {
83     _renounceMintable();
84 }
```

6. Appendix

6.1. About Inspex



CYBERSECURITY PROFESSIONAL SERVICE

Inspex is formed by a team of cybersecurity experts highly experienced in various fields of cybersecurity. We provide blockchain and smart contract professional services at the highest quality to enhance the security of our clients and the overall blockchain ecosystem.

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