SMART CONTRACT SECURITY AUDIT REPORT

Morles Token V3
(MLC)

BEP-20 Upgradeable Token with Multi-Signature Security

Contract Address:
0x1283abdaedf2a556ef3fd98409b55efa725fb071

Audit Date	February 8, 2026
Blockchain	BNB Smart Chain (BSC)
Token Standard	BEP-20 (ERC-20 Compatible)
Contract Type	UUPS Upgradeable Proxy
Solidity Version	^0.8.31
Total Supply	500,000 MLC
Audit Version	1.0 - Comprehensive Analysis

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1. EXECUTIVE SUMMARY

The Morles Token V3 (MLC) is a sophisticated BEP-20 token implementation featuring advanced security mechanisms including multi-signature governance, upgradeable architecture, and comprehensive anti-manipulation controls. The contract has been designed with a focus on user protection and decentralized governance.

Key Features:
• Multi-Signature (3-of-3) governance for critical operations
• UUPS upgradeable proxy pattern with 72-hour timelock
• Asymmetric trading limits (unlimited buys, restricted sells)
• Blacklist functionality for fraud prevention
• Sell cooldown mechanism (24-hour default)
• Trading pause capability with multi-sig protection

Overall Security Rating: GOOD

The contract demonstrates solid security practices with well-implemented access controls and protective mechanisms. Several recommendations have been identified to further enhance security and transparency.

Category	Rating	Comments
Access Control	GOOD	Multi-sig implemented correctly
Reentrancy Protection	GOOD	Using OpenZeppelin standards
Integer Overflow	EXCELLENT	Solidity 0.8.31 built-in protection
Upgrade Mechanism	GOOD	Timelock protection present
Code Quality	EXCELLENT	Clean, well-documented code
Centralization Risk	MODERATE	Owner has significant control

2. CONTRACT OVERVIEW

2.1 Contract Architecture

The Morles Token V3 utilizes the UUPS (Universal Upgradeable Proxy Standard) pattern from OpenZeppelin, allowing for future upgrades while maintaining the same contract address. This is a widely-adopted and battle-tested approach for upgradeable contracts.

2.2 Key Components

Multi-Signature System:

- Three co-owners with equal voting power
- All three signatures required for critical operations
- Operations include: trading control, upgrades, emergency functions

Trading Controls:

- Unlimited purchase capability for all users
- Sell restrictions: maximum 75 MLC per transaction
- 24-hour cooldown period between sells
- Blacklist system for malicious actors

Upgrade System:

- 72-hour timelock delay for upgrades
- Multi-sig approval required for both proposal and execution
- Cancellation mechanism available

2.3 Token Economics

- Total Supply: 500,000 MLC (fixed at initialization)
- No mint function (supply cannot be increased)
- No burn function (supply cannot be decreased)
- Initial distribution to contract owner

3. AUDIT METHODOLOGY

This comprehensive security audit was conducted using a multi-layered approach combining automated tools and manual expert review:

Phase	Activity	Focus Areas
1. Static Analysis	Automated vulnerability scanning	Common vulnerability patterns (SWC Registry)
2. Manual Review	Line-by-line code inspection	Logic flaws, access control, edge cases
3. Architecture Analysis	Design pattern evaluation	Upgradeability, multi-sig implementation
4. OpenZeppelin Review	Dependency verification	Proper use of battle-tested libraries
5. Gas Optimization	Efficiency assessment	Storage patterns, loop optimization
6. Documentation Review	Code clarity check	Comments, NatSpec, event emissions

3.1 Tools and Frameworks Used

• Solidity Static Analyzers: Slither, Mythril
• Security Pattern Libraries: SWC Registry, DASP Top 10
• OpenZeppelin Contract Verification
• Manual Expert Review by certified blockchain security professionals

3.2 Standards Referenced

• EIP-20: ERC-20 Token Standard
• EIP-1822: Universal Upgradeable Proxy Standard (UUPS)
• OpenZeppelin Security Best Practices
• ConsenSys Smart Contract Best Practices

4. SECURITY ANALYSIS

4.1 Access Control Mechanisms

Strengths:
• Properly implemented multi-signature system using 3-of-3 consensus
• Clear separation between owner and co-owner privileges
• OpenZeppelin's OwnableUpgradeable used correctly
• Custom errors provide gas-efficient revert messages

Observations:
• Owner has unilateral control over several critical functions (blacklist, AMM pairs, limits)
• Co-owners can only modify their own group through multi-sig consensus
• No emergency pause mechanism outside of multi-sig trading controls

4.2 Upgrade Mechanism Security

Strengths:
• 72-hour timelock provides transparency and user protection
• Dual multi-sig requirement (proposal and execution) adds security layer
• Cancellation mechanism allows reverting malicious upgrades
• UUPS pattern prevents proxy upgrade attacks

Observations:
• No event emission during _authorizeUpgrade internal function
• Upgrade execution could benefit from additional validation checks

4.3 Transfer Logic and Limits

Strengths:
• Asymmetric limits protect against dump attacks while allowing free buying
• Cooldown mechanism prevents rapid selling
• Blacklist provides protection against malicious actors
• Exclusion list allows CEX/DEX operations without restrictions

Observations:
• No maximum wallet limit could allow whale accumulation
• Sell cooldown applies per address (can be bypassed using multiple wallets)
• No honeypot protection indicators built into contract

4.4 Reentrancy Protection

Status: SECURE
• Uses OpenZeppelin's battle-tested ERC20Upgradeable implementation
• No external calls in transfer logic except inherited functions
• Emergency functions use standard transfer patterns
• No custom receive/fallback functions that could introduce vulnerabilities

4.5 Integer Overflow/Underflow

Status: SECURE

- Solidity 0.8.31 provides built-in overflow/underflow protection
- No unchecked blocks used inappropriately
- Safe arithmetic operations throughout the contract

5. FINDINGS SUMMARY

The audit identified several observations and recommendations categorized by severity. No critical vulnerabilities were found, indicating a well-designed contract structure.

Severity	Count	Description
CRITICAL	0	Vulnerabilities that can lead to fund loss
HIGH	0	Significant security concerns requiring immediate attention
MEDIUM	2	Issues that should be addressed before mainnet
LOW	3	Best practice improvements
INFORMATIONAL	4	Code quality and optimization suggestions

Risk Assessment: The Morles Token V3 contract demonstrates strong security practices with no critical or high-severity vulnerabilities identified. The medium-severity findings relate to centralization concerns and should be considered for long-term decentralization planning.

6. DETAILED FINDINGS

6.1 MEDIUM SEVERITY FINDINGS

[M-01] Centralization Risk - Owner Privileges

Severity: MEDIUM
Location: Lines 176-209 (Owner-only functions)

Description:
The contract owner has unilateral control over critical functions including blacklisting addresses, modifying AMM pairs, and adjusting sell limits without multi-sig consensus. While this allows for responsive management, it introduces centralization risk.

Functions Affected:
• setBlacklist (line 182)
• batchBlacklist (line 187)
• setAutomatedMarketMakerPair (line 176)
• updateMaxSellAmount (line 196)
• updateSellCooldown (line 201)

Impact:
A compromised or malicious owner could blacklist legitimate users, manipulate trading limits, or identify and block AMM pairs, potentially disrupting normal operations.

Recommendation:
Consider implementing multi-sig requirements for the most sensitive owner functions, particularly blacklist operations. Alternatively, implement a timelock delay for owner actions to provide transparency and allow users to react.

Status: Acknowledged - Design decision for operational flexibility

[M-02] Lack of Emergency Pause for Owner Functions

Severity: MEDIUM
Location: General architecture

Description:
While the contract includes trading pause functionality (lines 213-233) protected by multi-sig, there is no general emergency pause mechanism that would halt all contract operations in case of a discovered vulnerability.

Impact:
In the event of a discovered vulnerability or ongoing attack, the multi-sig requirement and timelock could delay response time. While multi-sig provides security, it may hinder emergency response.

Recommendation:
Consider implementing OpenZeppelin's Pausable contract or a custom emergency pause that can be

activated by owner with multi-sig confirmation within a shorter timeframe. This could halt transfers while allowing administrative functions to address the issue.

Status: Recommended for future versions

6.2 LOW SEVERITY FINDINGS

[L-01] Missing Input Validation on Amount Parameters

Severity: LOW
Location: Lines 196, 201

Description:
The updateMaxSellAmount and updateSellCooldown functions accept uint256 parameters without validating reasonable bounds. Extremely high or zero values could disrupt intended functionality.

Code:
```
function updateMaxSellAmount(uint256 newAmount) external onlyOwner {
maxSellAmount = newAmount; // No validation
}
```

Recommendation:
Add require statements to enforce reasonable limits:
• Minimum sell amount should be greater than 0
• Maximum sell amount should not exceed total supply
• Cooldown should not exceed reasonable timeframes (e.g., 7 days)

Status: Recommended fix

[L-02] Sell Cooldown Can Be Bypassed with Multiple Wallets

Severity: LOW
Location: Lines 303-306

Description:
The sell cooldown is enforced per address, meaning a user can bypass this restriction by distributing tokens across multiple wallets and selling from each within the cooldown period.

Impact:
While this reduces the effectiveness of the anti-dump mechanism, it still provides some friction and makes large coordinated sells more complex and costly (gas fees).

Recommendation:
This is a known limitation of per-address cooldowns. Consider implementing an on-chain notification system or monitoring service to detect suspicious patterns of multi-wallet sells.

Status: Informational - Inherent limitation

[L-03] No Maximum Wallet Limit

Severity: LOW
Location: _update function (line 288-313)

Description:

The contract implements unlimited buying with no maximum wallet size restriction, which could allow single entities to accumulate significant portions of the supply.

Impact:
While this promotes free market dynamics and removes artificial barriers, it could lead to supply concentration and potential price manipulation by whales.

Recommendation:
This appears to be an intentional design choice. If whale protection is desired in the future, consider implementing a maximum wallet percentage (e.g., 2-5% of supply) with exemptions for liquidity pools and CEX wallets.

Status: Design decision - No action required

6.3 INFORMATIONAL FINDINGS

[I-01] Gas Optimization - Loop in Modifier

Severity: INFORMATIONAL
Location: Lines 117-127 (onlyCoOwner modifier)

Description:
The onlyCoOwner modifier contains a loop that iterates through the coOwners array on every call. While the array is small (3 elements), this could be optimized.

Current Implementation:

```
modifier onlyCoOwner() {
bool isCoOwner = false;
for (uint8 i = 0; i < 3; i++) { // Loop on every call
if (msg.sender == coOwners[i]) {
isCoOwner = true;
break;
}
}
...
}
```

Recommendation:
Consider adding a mapping(address => bool) isCoOwnerAddress for O(1) lookup instead of O(n) loop. Update this mapping when co-owners are modified.

Gas Impact: Minor (~100-200 gas per call)
Status: Optional optimization

[I-02] Event Emissions Could Be Enhanced

Severity: INFORMATIONAL
Location: Various functions

Description:
While the contract emits events for most state changes, some additional events could improve off-chain monitoring and transparency.

Missing Events:
• No event for failed multi-sig approvals (when count < required)
• No event in _authorizeUpgrade function
• Batch operations could emit summary events

Recommendation:
Add granular events for better auditability and off-chain indexing. Example:

```
event PartialApproval(bytes32 operationHash, address approver, uint8 count, uint8 required);
```

Status: Enhancement for transparency

[I-03] NatSpec Documentation Completeness

Severity: INFORMATIONAL
Location: Throughout contract

Description:
While the contract includes helpful inline comments, it lacks comprehensive NatSpec documentation for all public and external functions. NatSpec comments improve code maintainability and generate user-facing documentation.

Recommendation:
Add @notice, @param, @return, and @dev tags to all external and public functions. Example:

```
/// @notice Updates the maximum amount allowed per sell transaction
/// @param newAmount The new maximum sell amount in wei
/// @dev Only callable by contract owner
function updateMaxSellAmount(uint256 newAmount) external onlyOwner { ... }
```

Status: Documentation enhancement

[I-04] Consider Implementing EIP-2612 (Permit)

Severity: INFORMATIONAL
Location: General architecture

Description:
The contract does not implement EIP-2612 permit functionality, which allows gasless approvals via signatures. This is becoming a standard feature in modern ERC-20 tokens.

Benefit:
Users can approve token spending without paying gas fees, improving UX for DEX interactions and dApp integrations.

Recommendation:
Consider adding ERC20PermitUpgradeable from OpenZeppelin in a future upgrade. This would require adding EIP-712 domain separator and permit function.

Status: Feature enhancement for future versions

7. BEST PRACTICES REVIEW

7.1 Positive Security Practices Observed

✓ Use of OpenZeppelin Contracts
The contract leverages battle-tested OpenZeppelin libraries for core functionality, significantly reducing the risk of common vulnerabilities. This is industry best practice and highly recommended.

✓ Custom Errors for Gas Efficiency
The contract uses custom errors (introduced in Solidity 0.8.4) instead of require strings, saving gas and providing better error handling. All errors are well-named and descriptive.

✓ Checks-Effects-Interactions Pattern
State changes are made before external calls in emergency functions (lines 331-341), following the checks-effects-interactions pattern to prevent reentrancy.

✓ Immutable Architecture Elements
The multi-sig requirement (REQUIRED_SIGNATURES) and timelock duration (UPGRADE_TIMELOCK) are defined as constants, preventing unauthorized modification.

✓ Comprehensive Event Logging
The contract emits detailed events for state changes, enabling effective monitoring and creating a transparent audit trail.

✓ Appropriate Access Control
Clear distinction between owner and co-owner privileges with appropriate modifiers. Multi-sig requirements for critical operations add significant security.

✓ Initialization Protection
Proper use of initializer modifier and _disableInitializers in constructor prevents double initialization attacks on the proxy.

7.2 Areas Meeting Security Standards

• No use of tx.origin (prevents phishing attacks)
• No delegatecall outside of upgrade mechanism
• No inline assembly (reduces complexity and risk)
• No unchecked blocks with unvalidated arithmetic
• Proper visibility specifiers on all functions
• No unused variables or dead code
• Consistent naming conventions throughout

7.3 OpenZeppelin Integration Analysis

Correctly Implemented:
• ERC20Upgradeable - Core token functionality
• OwnableUpgradeable - Ownership management
• UUPSUpgradeable - Upgrade mechanism

• Initializable - Proxy initialization

All OpenZeppelin contracts are properly initialized in the initialize function, and the upgrade authorization is correctly restricted to the owner.

8. RECOMMENDATIONS

Based on the comprehensive security audit, the following recommendations are provided to enhance the Morles Token V3 contract:

8.1 Critical Recommendations (Implement Before Mainnet)

None identified. The contract is suitable for mainnet deployment in its current state from a security perspective.

8.2 High Priority Recommendations

1. Add Input Validation to Configuration Functions
Implement bounds checking on updateMaxSellAmount and updateSellCooldown to prevent accidental or malicious configuration of extreme values.

2. Consider Multi-Sig for Sensitive Owner Functions
Evaluate whether functions like setBlacklist and batchBlacklist should require multi-sig approval to reduce centralization risk and increase user trust.

8.3 Medium Priority Recommendations

3. Implement Emergency Pause Mechanism
Add a pausable pattern with reduced timelock for emergency situations. This should still require multi-sig but could have a shorter delay (e.g., 24 hours instead of 72 hours).

4. Optimize Gas Usage in onlyCoOwner Modifier
Replace the loop with a mapping for O(1) lookup complexity. While the current implementation is functional, optimization improves efficiency.

5. Enhance Event Emissions
Add events for partial multi-sig approvals and failed operations to improve transparency and off-chain monitoring capabilities.

8.4 Low Priority Recommendations

6. Complete NatSpec Documentation
Add comprehensive NatSpec comments to all public/external functions for better code documentation and auto-generated user guides.

7. Consider EIP-2612 Permit Integration
In a future upgrade, consider adding permit functionality for gasless approvals, improving user experience with DEX integrations.

8. Implement Rate Limiting for Batch Operations
Add a maximum limit to the batchBlacklist function to prevent extremely large transactions that could exceed block gas limits.

8.5 Long-Term Considerations

9. Decentralization Roadmap

Consider publishing a roadmap for gradual decentralization, potentially including:

- Transition plan for reducing owner privileges over time
- Community governance mechanisms
- Multi-sig expansion or transition to DAO

10. Regular Security Reviews

Schedule periodic security audits, especially before any upgrades. Maintain engagement with the security community and bug bounty programs.

9. CONCLUSION

The Morles Token V3 (MLC) smart contract demonstrates a strong commitment to security and best practices. The development team has implemented sophisticated protection mechanisms including multi-signature governance, upgradeable architecture with timelock protection, and comprehensive transfer controls.

Security Assessment: GOOD

Key Strengths:
• No critical or high-severity vulnerabilities identified
• Proper use of industry-standard OpenZeppelin contracts
• Well-implemented multi-signature system for critical operations
• Thoughtful design of asymmetric trading limits
• Comprehensive event logging and error handling
• Clean, readable code with good structure

Areas for Improvement:
• Centralization risk from owner privileges (medium concern)
• Missing input validation on some configuration functions
• Gas optimization opportunities in access control
• Documentation could be more comprehensive

Deployment Readiness:
The contract is suitable for mainnet deployment from a security perspective. The medium-severity findings relate to architectural decisions and centralization concerns rather than exploitable vulnerabilities. Implementing the recommended improvements would further enhance security and user trust.

Final Recommendation:
The Morles Token V3 can be deployed to mainnet. We recommend implementing at least the high-priority recommendations before launch, and addressing medium-priority items in the first upgrade cycle. The team should maintain active monitoring and be prepared to respond to any unexpected behavior.

Audit Disclaimer:
This audit does not guarantee the absence of vulnerabilities and should not be the sole basis for investment decisions. Smart contract security is an ongoing process, and users should always conduct their own research and risk assessment. The audit team is not responsible for any losses incurred from using this contract.

Security Audit Team
Blockchain Security Specialists

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For questions regarding this audit report, please contact the security team.
This report is valid as of the audit date and reflects the contract code at that time.