



Vesting security report

Prepared by Pruvendo at 07/30/22

Executive summary

The current report validates the system of smart contracts called “Vesting” (located [here](#)) and confirms no bugs that can lead to losing or freezing of any funds, as well as to its improper distribution were discovered. The claim above is based on mathematical proving of things rather than on manual inspection that minimizes the chance of missing the potential threats.

Thus, the verifier recommends the Vesting system of smart contracts for moving into production.

Any questions or comments regarding the present report are to be requested by email info@pruvendo.com or by Telegram([SergeyEgorovSPb](#) or [andruiman](#)).

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Brief project description

The project is intended to set up a tool that distributes the predefined amount of EVERs¹ to the recipient splitting the amount into a set of monthly uniform tranches. Each tranche can be initiated by any of so called claimants (supervisors of the deal) thus allowing to stop or suspend the payments in case all the claimants are in consensus that the recipient is violating the rules or expectations defined by the deal.

Methodology

Being different from other audit approaches where the smart contracts are validated by manual inspection, Pruvendo uses the formal methods where verification is performed by mathematical methods (roughly speaking, a code correctness is proved as a theorem). Some basic details are described in [Appendix I](#) while further information can be provided by request.

Briefly, the verification process can be splitted into the following phases:

- Specification - before any verification it's needed to state what it's planned to verify². This part can be divided into the following sections:
 - Business-level specification (high-level description intended for the end-users of the smart contract system)
 - Property-level specification (description of all the properties of the system in a natural³ language)
 - Intermediate-level specification (description of all properties in a language understandable by software developers⁴)
 - Low-level specification (description of all properties with [Coq](#)⁵-specific predicates, intended for verifiers only). This activity is typically done when the next part - *Translation* - is completed
- Translation as conversion of the [Solidity](#) code into a set of functions with provable properties. The process has two stages:
 - Translation from Solidity into Coq-based DSL called *Ursus*⁶
 - Translation from the intermediate representation mentioned above into a set of functions
- Verification as supplying evidence of correctness of low-level specification towards the set of functions received above is conducted by [QuickChick](#) toolkit. This

¹ EVER is a native currency of [Everscale](#) blockchain

² Important to mention that the statement "The program works correctly" is meaningless because "correctness" fully depends on context. The correct statement is "The program works strictly according to the specification".

³ For example, English.

⁴ Specification of this intermediate language called FeLiz currently is available by request only. However, it follows [Java](#)-like notations understandable by most software developers.

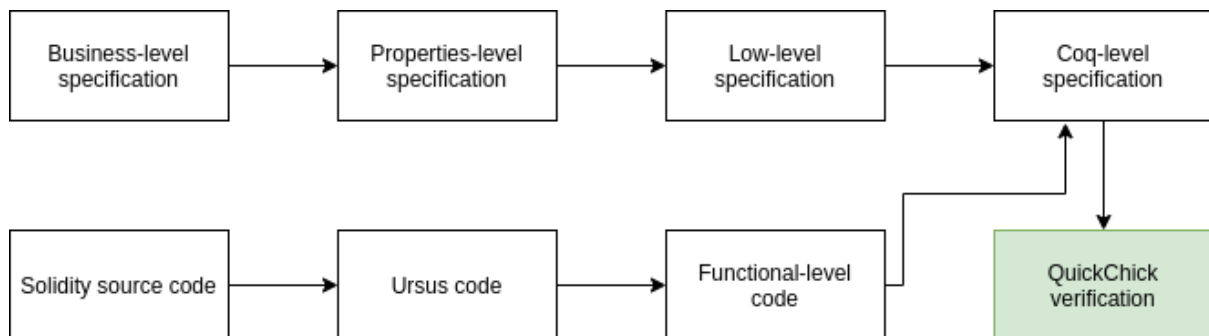
⁵ The framework used for verification. Some basic information about it is available in [Appendix I](#).

⁶ The specification is available by request.



approach supplies less confidence than [deductive software verification](#)⁷ but is considered as sufficient for the simple smart contract system being discussed.

The process can be described by the following diagram.



The verification process is described in the following sections.

Specification

Business-level description

The set of Vesting contracts makes a decentralized system for accepting a fund from one source and its later distribution to the final destination. Redistribution happens with a delay and is validated by a predefined set of so called claimants. The contracts are implemented as a distributed smart contract model.

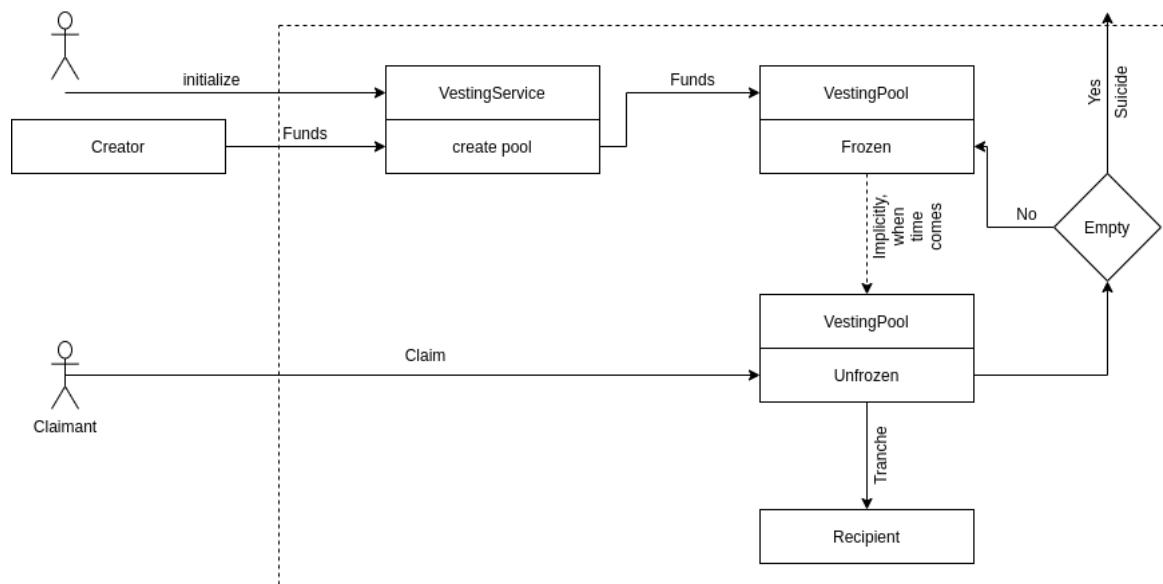
Informally organization of the system can be informally explained as follows. There is a creator of the pool. The creator assigns a time moment somewhere in future, when the pool should become available. It acts only once at the beginning. The creator also acts as a donor to the pool, who allocats tokens into the pool, along with a list of claimants, who can initiate the next vesting portion. The claimants are identified by their addresses only. This is also a recipient of the fund. Later the pool responds to requests from claimants, which induces a transfer each period of an equal amount to the recipient.

The pool is supported by the contract *VestingService*, which deploys the inner *VestingPool* contract. The *VestingPool* contract has the following features: it has a blocking period, and later, on a monthly basis, it is able to redistribute funds to the recipient after a request from one of the claimants. When all the funds are distributed the *VestingPool* is suicided returned all the technical funds back to the fund creator.

The monthly portions of unlocked funds are equal to each other.

⁷ If needed, the complete deductive verification can be conducted upon a separate request.

Operations of the fund are presented at the illustration below.



System properties

Property code	Property description	Low-level property representation
GVS.1	New pool can be created by contract only	\forall params : params.sender.address = 0 \rightarrow eval(createPool(params)) = err(100)
GVS.2	Anybody non-empty can be included into the client public key list	\forall params1, params2, claimers1, claimers2 : eval(createPool(params1)) = ok(void) \rightarrow params1.claimers = claimers \rightarrow params1 = params2[claimers = claimers1] \rightarrow params2.claimers = claimers2 \rightarrow (\exists claimer : claimer In claimers2) \rightarrow (\forall claimer In claimers2 : claimer \neq 0) \rightarrow claimer2.size \leq MAX_CLAIMERS \rightarrow eval(createPool(params2)) = ok(void)
GVS.3	At least one client must exists	\forall params: params.claimers.size = 0 \rightarrow eval(createPool(params)) = err(ERR_NO_CLAIMERS)
GVS.4	No more than MAX_CLAIMERS can exist	\forall params: params.claimers.size > MAX_CLAIMERS \rightarrow eval(createPool(params)) = err(ERR_TOO_MANY_CLAIMERS)
GVS.5	Anybody can be a recipient but one with	\forall params1, params2, r1, r2 :

	null address or from non-null shard	<pre>eval(createPool(params1)) = ok(void) → r1 = params1.receipient → params1 = params2 [receipient = r2] → params2.receipient = r2 → r2.address ≠ 0 → r2.wid = 0 → eval(createPool(params2)) = ok(void)</pre>
		<pre>∀ params : (params.recipient.address = 0 ∨ params.recipient.wid ≠ 0) → eval(createPool(params)) = err(ERR_INVALID_RECIPIENT)</pre>
GVS.6	The value of pool creation must cover the vesting amount as well as following fee : for pool creation, for each claim, for storage	<pre>∀ params : params.value < params.amount + CONSTRUCTOR_FEE + STORAGE_FEE + CREATE_FEE + params.vestingMonths * CLAIM_FEE → eval(createPool(params)) = err(ERR_LOW_FEE)</pre>
GVS.7	If all the input is correct a new VestingPool is created	<pre>∀ params, exit : params.recipient.address ≠ 0 → params.recipient.wid = 0 → params.claimers.size > 0 → params.claimers.size ≤ MAX_CLAIMERS → (∀ claimer : claimer In params.claimers → claimer ≠ 0) → params.sender. = params.this.creator.address → params.value ≥ params.amount + CONSTRUCTOR_FEE + FEE_CREATE + STORAGE_FEE + params.vestingMonths *</pre>

		<pre>CLAIM_FEE → exit = exec(createPool(params)) → (eval(createPool(params)) = ok(Void) ∧ exit.out.messages.size = 1 ∧ (let pool = exit.out.messages.head.receiver in pool.message = VestingPool.constructor ∧ pool.params.value ≥ params.amount + STORAGE_FEE + CONSTRUCTOR_FEE + params.vestingMonths * CLAIM_FEE) ∧ pool.params.amount = params.amount ∧ pool.params.cliffMonths = params.cliffMonths ∧ pool.params.vestingMonths = params.vestingMonths ∧ pool.params.recipient = params.recipient ∧ pool.params.claimers = params.claimers)</pre>
GVS.8	Any pools created by the same the same Vesting service must have unique different addresses	<pre>∀ params1, params2, vestingService : params1 ≠ params2 → params1.this = params2.this → params1.messages.trunk = params2.messages.trunk → createPool(params1) In params1.messages.trunk → createPool(params2) In params2.messages.trunk → eval(createPool(params1)) = ok(Void)→</pre>

		<pre>eval(createPool(params2)) = ok(Void) → exec(createPool(params1)).out.message s.head.receiver ≠ exec(createPool(params2)).out.message s.head.receiver</pre>
GVS.9	A list of clients can not be updated after the pool is created	$\forall f, \text{params} : f \in \text{VestingPoolFunctions} \rightarrow \text{params.this} \in \text{VestingPool} \rightarrow \text{params.this.m_claimers} = \text{exec}(f(\text{params})).\text{this.m_claimers}$
GVS.10	A receiver of funds can not be updated after the pool is created.	$\forall f, \text{params} : f \in \text{VestingPoolFunctions} \rightarrow \text{params.this} \in \text{VestingPool} \rightarrow \text{params.this.m_receptient} = \text{exec}(f(\text{params})).\text{this.recipient}$
GVS.11	Vesting pool parameters must be initialized by the constructor	$\forall \text{params} : \text{params.value} \geq \text{params.amount} + \text{STORAGE_FEE} + \text{CONSTRUCTOR_FEE} + \text{params.vestingMonths} * \text{CLAIM_FEE} \rightarrow \text{params.sender} = \text{senderFromAddress}(\text{params}) \rightarrow (\text{let exit} = \text{exec}(\text{constructor}).\text{params} \text{ in } \text{exit.m_createdAt} = \text{params.now} \wedge \text{exit.m_vestingMonths} = \text{params.vestingMonths} \wedge \text{exit.m_recipient} = \text{params.recipient} \wedge \text{exit.m_claimers} = \text{claimers} \wedge \text{exit.m_cliffEnd} = \text{params.now} + \text{params.cliffMonths} * 30 * 86400 \wedge \text{exit.m_vestingEnd} = \text{params.now} +$

		<pre>(params.cliffMonths + params.vestingMonths) * 30 * 86400 ^ exit.m_totalAmount = params.amount ^ exit.m_remainingAmount = params.amount)</pre>
GVS.12	Funds are locked in the pool and become available only the the lock period expires.	<pre>∀ f, params, params2 : f ∈ VestingPoolFunctions → params.this ∈ VestingPool → params.now < params.this.m_cliffEnd → params2 = exec(f(params)).params → (params.this.balance >= params.this.amount ^ params.this.amount = params.this.remainingAmount)</pre>
GVS.13	Correct usage of the pool is a transfer from only the first claim during a time period. Any later claim within the same time period is rejected.	<pre>∀ params1, params2 : params1.this.address = params2.this.address → params1.messages.trunk = params2.messages.trunk → claim(params1) In params1.messages.trunk → claim(params2) In params1.messages.trunk → params1.now < params2.now → (params1.now - params1.this.m_vestingFrom) / VESTING_PERIOD = (params1.now - params1.this.m_vestingFrom) / VESTING_PERIOD → eval(claim(params2))</pre>

		<code>= err(100)</code>
GVS.14	Only claimnants can claim	\forall params : params.sender NotIn params.this.m_claimers $\rightarrow \exists$ code : eval(claim(params)) = err(code)
GVS.15	Any attempts to claim during the cliff period must lead to exception	\forall params : params.now < params.this.m_cliffEnd $\rightarrow \exists$ code : eval(claim(params)) = err(code)
GVS.16	Any attempt to claim after the end of vesting must lead to sending the rest of the amount to the recipient and the change back to the creator. Also the pool must suicide itself.	\forall params : params.now \geq params.this.m_vestingEnd \rightarrow params.sender In params.this.m_claimers \rightarrow (eval(claim(params)) = ok(Void)) \wedge (let exit = exec(claim(params)) in exit.params.m_remainingAmount = 0 \wedge exit.out.messages.size = 2 \wedge exit.out.messages[0].receiver = params.this.m_recipient \wedge exit.out.messages[1].receiver = params.this.m_creator \wedge exit.out.messages[0].method = transfer \wedge exit.out.messages[1].method = transfer \wedge exit.out.messages[0].value = params.m_remainingAmount \wedge exit.out.messages[1].value = exit.this.balance - params.m_remainingAmount \wedge exit.this.suicide)

GVS.17	The remaining amount is decreased after each successful claim by the transfer amount to the recipient	\forall params : eval(claim(params)) = ok(Void) \rightarrow (let exit = exec(claim(params)).out.messages in exit.size > 0 \wedge exit[0].method = transfer \wedge exit[0].receiver = params.m_recipient \wedge exit[0].value = params.m_remainingValue - exec(claim(params)).this.m_remainingValue)
GVS.18	When the cliff period is expired and before the vesting end (that effectively means that vesting period is more than zero) the amount to vest is calculated by the following formula: $\min(\text{remainingValue}, \max(0, \frac{\text{now} - \text{cliffEnd}}{2592000} \text{amount}))$	\forall params : eval(claim(params)) = ok(Void) \rightarrow params.this.m_remainingValue - exec(claim(params)).params.this.m_remainingValue = min (params.m_remainingValue, max(0, div((params.now - params.this.m_cliffEnd) / 2592000) / params.this.m_vestingMonths * params.this.m_amount))



Coq-level specification

With low-level properties defined in the previous section the next level was to translate them into native *QuickChick* statements. This activity has been after completion of translation and the results are available by request.

Translation and Verification

Translation

At the first stage the Solidity source code was transformed into Ursus representation. The resulting Ursus files are available by request. This activity was made by the proprietary fully-automated translator from *Solidity* to *Ursus* developed by Pruvendo.

Then the conversion from *Ursus* into functional-level code was performed by the semi-automated⁸ *Generator* tool also developed by Pruvendo. The results are available by request.

Verification

As a result of the previous stages the following results were obtained:

- The list of the required properties in a Coq-friendly representation
- The code to be verified against these properties (in a Coq-friendly manner as well)

Then, the two options were considered:

- Perform the manual full-scale mathematically strict (deductive) verification
- Perform the lighter version of the verification using [QuickChick](#)⁹ tool

It was decided that for this simple contract system that does not have a non-trivial logic the usage of the former approach is redundant (deductive verification is very expensive and time-consuming), so the QuickChick approach was chosen.

The corresponding environment has been created and the tool was successfully executed.

Outcome

The ultimate result of the verification is as follows : it was found the implementation, indeed, has all the declared properties, that means the overall outcome of the formal verification **IS POSITIVE**.

⁸ It's planned to make it fully automated in the near future.

⁹ Some basic information about QuickChick can be found in [Appendix I](#).



Appendix I. Behind the scene

This appendix provides some more information about the verification process. It may be rather difficult to read and require some advanced skills and knowledge to understand it. The authors, however, tried to be as simple as possible, avoiding hard stuff.

If you, by another hand, would like to know more, feel free to contact us using the means of communications provided on the top of the present document.

In mathematics, there are such software products as Proof Assistants, one of them is [Coq](#). These products are able to automatically check if a theorem was proved correctly or not (and also provide some assistance with proving). Surprisingly, according to [Curry-Howard correspondence](#), the software programs are isomorphic to the mathematical proofs, which gives an opportunity to use Proof Assistants for the proving of software.

However, the Curry-Howard correspondence considers a computer program as written in a typed declarative programming language with a property: it must halt at some time point. The Everscale smart contract developers use typed imperative programming languages - such as *Solidity* or C++, that are [Turing-complete](#) that means that, generally speaking, it's not possible to check if they halt at some moment or not.¹⁰

So the first goal of the verifiers was to translate the imperative Turing-complete code into the functional code that always terminates.

To achieve this goal the *Ursus* language has been invented. It's an imperative language with syntax very close to *Everscale Solidity*, but at the same time it's a DSL on top of declarative Coq-environment. Also a correct Ursus program always terminates, which means that some Solidity programs can not be translated into Ursus (or require some refactoring). Fortunately, it is an extremely rare case in the real world and usually implies a poor design of original smart contracts.

While an *Ursus* program can be already handled by Coq Proof Assistant, its imperative structure makes this activity extremely difficult so one more big step is required: convert imperative *Ursus* DSL code into a set of functions.

Each original function is converted into two:

- *eval* - that represents the return value of the function
- *exec* - that represents the state of the machine after the execution of the function

Both functions must use the current state of the machine as one of the input parameters.

¹⁰ Due to the [halting problem](#).



When this task is completed the verification becomes much easier. The program becomes a set of functions that can be used to define properties to be verified (this kind of definition was referenced as Coq-level specification throughout the present document). And nothing prevents us any more from proving these properties using the powerful Coq Proof Assistant capabilities.

Just one important notice. While the approach described above is fully valid and should be used in many cases, its serious drawback is high-cost of the proving as well as very high requirements for the qualification of executors.

While the systems of smart contracts with complicated business logic and/or implementation leave no other options, for simple systems a lighter approach with straightforward logic can be used. The idea is to use *QuickChick* randomized property-based Coq plugin that verifies the properties not by strict mathematical proving but by providing random input data checking.. It's worth mentioning that this approach, while inferior to deductive verification, is still much more powerful than traditional random testing, as predicates allow to automatically discover [classes of equivalence](#) while the classic approach fully relies on the operator's expertise.



Appendix II. Project structure

This information can be useful only in case the reader requested additional information from the verifier and wishes to deeply dive into the project.

The verification project is located at <https://github.com/Pruvendo/vesting-pool> and has the following structure.

File/Directory	Description
README.md	A copy of the executive summary of the present document
dune-project	Description file for the build system for OCaml ¹¹ - dune
/ref_2022_07_05_simple	The source code of the contracts were verified
/ref*	The historical versions of the contracts
/src	The verification source code
src/VestingPool/QuickChicks/*/Pr ops.v	Coq-level specification
src/VestingPool/*.v	Ursus code

¹¹ OCaml - generic purpose functional programming language on which Coq proof assistant is based.