

REEF Protocol Smart Contract Security Audit

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Document Revision History	3
Contacts	3
1 Executive Summary	4
1.1 Introduction	4
1.2 Test Approach and Methodology	5
1.3 SCOPE	5
2 Assessment Summary And Findings Overview	6
3 Findings & Technical Details	7
3.1 Missing Reentrancy Protection - Low	8
Description	8
Recommendation	8
3.2 Use Of Block.Timestamp - Low	8
Description	8
Recommendation	9
3.3 Ignore Return Values - Informational	9
Description	9
Recommendation	10-12
3.4 Tautology Expressions - Informational	12
Description	12
Recommendation	13
3.5 Static Analysis - Low	13
Description	13
Results	14-17
3.6 Erc Conformal Checker - Informational	17
Description	17
Recommendation	17

DOCUMENT REVISION HISTORY

VERSION	MODIFICATION	DATE	AUTHOR
0.1	Document Creation	11/27/2020	Nishit Majithia
0.2	Document Edits	11/30/2020	Nishit Majithia
1.0	Final Version	12/07/2020	Nishit Majithia
1.1	Remediations	12/10/2020	Nishit Majithia

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1.1 INTRODUCTION

The Reef Finance team engaged Halborn to conduct a security assessment on their smart contracts that implement the protocol on the Ethereum blockchain. Reef is a decentralized, non-custodial protocol; assets are controlled by the users themselves and not stored on the platform. Reef empowers the users to keep storage of their own private keys and cryptocurrency assets, while working in the background akin to a DeFi Operating System, optimizing yield for the users without compromising security. The security assessment was scoped to the smart contract ReefBalancer, ReefBasket, ReefLiquidityBond, ReefMooniswapV1, ReefToken, ReefUniswap and ReefVaultsBasket. An audit of the security risk and implications regarding the changes introduced by the development team at Reef Protocol prior to its production release shortly following the assessments deadline.

Overall, the smart contract code is extremely well documented, follows a high-quality software development standard, contains many utilities and automation scripts to support continuous deployment / testing / integration, and does NOT contain any obvious exploitation vectors that Halborn was able to leverage within the timeframe of testing allotted.

Though the outcome of this security audit is satisfactory; due to time and resource constraints, only testing and verification of essential properties were performed to achieve objectives and deliverables set in the scope. It is important to remark the use of the best practices for secure smart contract development. Halborn recommends performing further testing to validate extended safety and correctness in context to the whole set of contracts. External threats, such as economic attacks, oracle attacks, and inter-contract functions and calls should be

TEST APPROACH & METHODOLOGY

Halborn performed a combination of manual and automated security testing to balance efficiency, timeliness, practicality, and accuracy in regard to the scope of the smart contract audit. While manual testing is recommended to uncover flaws in logic, process, and implementation; automated testing techniques help enhance coverage of smart contracts and can quickly identify items that do not follow security best practices. The following phases and associated tools were used throughout the term of the audit:Research into architecture, purpose, and use of Governance Token.

- Research into architecture and purpose
- Smart Contract manual code read and walkthrough •
- Graphing out functionality and contract logic/connectivity/functions (solgraph)
- Manual Assessment of use and safety for the critical solidity variables and functions in scope to identify any arithmetic related vulnerability classes.
- Scanning of solidity files for vulnerabilities, security hotspots, or bugs. (MythX)
- Static Analysis of security for scoped contract, and imported functions. (Slither)
- Testnet deployment (Truffle, Ganache, Infura)
- Smart Contract Fuzzing and dynamic state exploitation (Echidna) Symbolic Execution / EVM bytecode security assessment (limited time)

1.2 SCOPE

IN-SCOPE:

- ReefBalancer.sol
- ReefBasket.sol
- ReefLiquidityBond.sol
- ReefMooniswapV1.sol
- ReefToken.sol
- ReefUniswap.sol
- ReefVaultsBasket.sol

Commit ID: 45579c600e9bd49b4d0a0c495f158535c98ee691

OUT-OF-SCOPE:

- ReefFarming.sol
- ReefStaking.sol
- External contracts, External Oracles, other smart contracts in the repository or imported by Reef protocol contracts, economic attacks

2. ASSESSMENT SUMMARY & FINDINGS OVERVIEW

CRITICAL	HIGH	MEDIUM	LOW
0	0	0	2

SECURITY ANALYSIS	RISK LEVEL	REMEDIATION DATE
MISSING REENTRANCY PROTECTION	Low	12/08/2020
USE OF BLOCK.TIMESTAMP	Informational	
IGNORE RETURN VALUES	Informational	12/08/2020
TAUTOLOGY EXPRESSIONS	Informational	12/08/2020
STATIC ANALYSIS	Low	-
ERC CONFORMAL CHECKER	Informational	<u>-</u>

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FINDINGS & TECH DETAILS

- LOW

Description

To protect against cross-function reentrancy attacks, it may be necessary to use a mutex. By using this lock, an attacker can no longer exploit the "withdraw" function with a recursive call.

OpenZeppelin has it's own mutex implementation called

ReentrancyGuard which provides a modifier to any function called "nonReentrant" that guards the function with a mutex against the Reentrancy attacks.

In ReefLiquidityBond.sol contract, functions like withdraw() and getReward() are missing nonReentrant guard. Though, these methods are implemented following checks-effects-interactions pattern only. But in longer term it is better to use "nonReentrant" guard to avoid unfortunate event in future due to code changes.

Code Location

ReefLiquidityBond.sol

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/ReefLiqui dityBond.sol#L145)

ReefLiquidityBond.sol

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/ReefLiqu dityBond.sol#L157)

3.2 USE OF BLOCK.TIMESTAMP - INFORMATIONAL

Description:

Block timestamps have historically been used for a variety of applications, such as entropy for random numbers, locking funds for periods of time and various state-changing conditional statements that are time-dependent. Miner's have the ability to

adjust timestamps slightly which can prove to be quite dangerous if block timestamps are used incorrectly in smart contracts. block.timestamp or its alias now can be manipulated by miners if they have some incentive to do so.

Recommendation:

Avoid relying on block.timestamp

Code Location:

Many instances in ReefLiquidityBond.sol(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R
eefLiquidityBond.sol) contract on line number - 85, 86, 87, 102,
131, 132, 139, 140, 147, 158, 168, 169, 172

3.3 IGNORE RETURN VALUES - TNFORMATIONAL

Description:

The return value of an external call is not stored in a local or state variable. In contracts ReefBasket.sol, ReefBalancer.sol, ReefMooniswapV1.sol and ReefVaultsBasket.sol there are few instances where external methods are being called and return value(bool or uint) are being ignored.

Recommendation:

Add return value check to avoid unexpected crash of the contract. Return value check will help in handling the exceptions better way.

Code Locatioin:

ReefBasket.sol: Ignoring *boolean* return value (https://github.com/reef-defi/reef-protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/ReefBasket.sol#L636)

```
.mul(_percent)
634
635
636
IERC20(availableBaskets[_basketIndex].balancerPools[b].poolAddress)
637
.approve(address(ReefBalancer), disinvestAmount);
638
639
// TODO: figure out slippage
640
uint256 balancerTokens = ReefBalancer.disinvestFromBalancerPool(
```

ReefBasket.sol: Ignoring uint return value

(https://github.com/reef-defi/reef-protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/ReefBasket.sol#L719)

```
717
718 v

719
719
720
721
721
722
722
723
724
725
725
726 v

726 v

727

738 v

74 // Check if we restake into the ETH/protocolToken pool

(shouldRestake) {

ReefUniswap._investIntoUniswapPool(

address(0),

wethTokenAddress,

protocolTokenAddress,

msg.sender,

profit.mul(yieldRatio).div(100)

} else {
```

ReefBalancer.sol: Ignoring boolean return value

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R
eefBalancer.sol#L250)

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R
eefBalancer.sol#L408)

```
406
407 v internal returns (uint256 tokenBought) {
408
409
409
410
410
412
412
418
418
418
419
419
410
419
410
410
411
410
```

ReefMooniswapV1.sol: Ignoring boolean return values

(https://github.com/reef-defi/reefprotocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R eefMooniswapV1.sol#L45)

(https://github.com/reef-defi/reefprotocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R
eefMooniswapV1.sol#L65)

```
44
                 fairSupply = pool.deposit{value: halfAmount}(
                     minAmounts
            } else {
54 •
                 (uint256 token0Bought, uint256 token1Bought) = ReefUniswap.exchangeTokensV2(
                     _FromTokenContractAddress.
                     address(ercTokens[0]),
                     address(ercTokens[1]),
                     _amount
                 amounts[0] = token0Bought;
                 amounts[1] = token1Bought;
                 ercTokens[0].approve(
                     token@Bouaht
```

ReefMooniswapV1.sol: Ignoring uint return values

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R eefMooniswapV1.sol#L86)

(https://github.com/reef-defi/reefprotocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R eefMooniswapV1.sol#L91)

```
if (token@Balance > 0) {
                     ReefUniswap.swapFromV2(address(ercTokens[0]),
                3
90 •
                 if (token1Balance > 0) {
                     ReefUniswap.swapFromV2(address(ercTokens[1]),
```

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R

eefMooniswapV1.sol#L121) 118

```
119 •
              for (uint i = 0; i < tokenReturns.length; i++) {</pre>
120 •
                   if (!ercTokens[i].isETH()) {
                       ReefUniswap.swapFromV2(address(ercTokens[i]),
                                                _ToTokenContractAddress,
123
                                                tokenReturns[i]);
124
              }
125
```

ReefVaultsBasket.sol: Ignoring uint return value

(https://github.com/reef-defi/reef-

protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/R eefVaultsBasket.sol#L406)

3.4 TAUTOLOGY EXPRESSIONS - INFORMATIONAL

Description:

In contracts ReefBasket.sol and ReefVaultsBasket.sol, tautology expression has been detected. These expressions are of no use since it will always returns true while using in any condition

Recommendation:

Correct these expressions

Code Location:

ReefBasket.sol: (https://github.com/reef-defi/reef-protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/ReefBasket.sol#L753)

Since _newpercentage variable is declared as type of uint16, it will always >=0

```
function setProtocolTokenDisinvestPercentage(uint16 _newPercentage)

public

onlyOwner

frequire(

__newPercentage >= 0 && _newPercentage < 100,

__newPercentage must be between 0 and 100."

;

protocolTokenDisinvestPercentage = _newPercentage;

}
```

ReefVaultsBasket.sol: (https://github.com/reef-defi/reef-protocol/blob/45579c600e9bd49b4d0a0c495f158535c98ee691/contracts/ReefVaultsBasket.sol#L699)

Since _newpercentage variable is declared as type of uint16, it

will always >=0

```
function setProtocolTokenDisinvestPercentage(uint16 _newPercentage)

public

onlyOwner

ferequire(
    __newPercentage >= 0 && _newPercentage < 100,
    __newPercentage must be between 0 and 100."

protocolTokenDisinvestPercentage = _newPercentage;

protocolTokenDisinvestPercentage = _newPercentage;
```

3.5 STATIC ANALYSIS - LOW

Description:

Slither and MythX has been run on all the scoped contracts (ReefBalancer.sol, ReefBasket.sol, ReefMooniswapV1.sol, ReefLiquidityBond.sol, ReefToken.sol, ReefUniswap.sol and ReefVaultsBasket.sol)

```
INFO:Detectors:
ReefToken._writeCheckpoint(address,uint32,uint256,uint256) (contracts/ReefToken.sol#216-234) uses a dangerous strict equality:
- nCheckpoints > 0 && checkpoints[delegatee][nCheckpoints - 1].fromBlock - blockNumber (contracts/ReefToken.sol#226)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#dangerous-strict-equalities
```

```
All the AME contracts/operaged inconverses/stitudeness soletos 50

All the AME contracts/operaged inconverses/stitudeness soletos 50

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                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              Althouser Dit/MeerMoontswopVI.sol#24) is not in mixedCase.

Althouser Dit/MeerMoontswopVI.sol#24) is not in mixedCase.

The Althouser Dit/MeerMoontswopVI.sol#26) is not in mixedCase.

(Controcts/MeerMoinswop.sol#380) is not in mixedCase.

**LiferDit/MeerMoinswop.sol#380) is not in mixedCase.

**LiferDit/MeerMoinswop.sol#391) is not in mixedCase.

**LiferDit/MeerMoinswop.sol#391) is not in mixedCase.

*LiferDit/MeerMoinswop.sol#392) is not in mixedCase.

*LiferDit/MeerMoinswop.sol#392) is not in mixedCase.

**LiferDit/MeerMoinswop.sol#392) is not in mixedC
```

MythX:

Report for ReefLiquidityBond.sol

https://dashboard.mythx.io/#/console/analyses/7c4d3874-0a38-4123-afd5-808ef1bb511a

Line	SWC Title	Severity	Short Description
129	(SWC-000) Unknown	Medium	Function could be marked as external.
137	(SWC-000) Unknown	Medium	Function could be marked as external.

Report for contracts/ReefBasket.sol https://dashboard.mythx.io/#/console/analyses/bbcc2c25-9360-4b2d-84e4-cd1d389529c4

Line	SWC Title	Severity	Short Description
13	(SWC-103) Floating Pragma	Low	A floating pragma is set.
15	(SWC-123) Requirement Violation	Low	Requirement violation.
392	(SWC-131) Presence of unused variables	Low	Unused local variable "success".
788	788 (SWC-123) Requirement Violation		Requirement violation.
801	(SWC-134) Message call with hardcoded gas amount	Low	Call with hardcoded gas amount.

Report for contracts/ReefUniswap.sol

https://dashboard.mythx.io/#/console/analyses/bbcc2c25-9360-4b2d-84e4-cd1d389529c4

Line	SWC Title	Severity	Short Description
146	(SWC-131) Presence of unused variables	Low	Unused local variable "_wethToken".

Report for contracts/libraries/UniERC20.sol

https://dashboard.mythx.io/#/console/analyses/bbcc2c25-9360-4b2d-84e4-cd1d389529c4

Line	SWC Title	Severity	Short Description
26	(SWC-134) Message call with hardcoded gas amount	Low	Call with hardcoded gas amount.
39	(SWC-134) Message call with hardcoded gas amount	Low	Call with hardcoded gas amount.
52	(SWC-134) Message call with hardcoded gas amount	Low	Call with hardcoded gas amount.
56	(SWC-134) Message call with hardcoded gas amount	Low	Call with hardcoded gas amount.

	Report for ReeFToken.sol https://dashboard.mythx.lo/#/console/analyses/0163859c-9d62-4702-a39f-455cb4634323			
Line	SWC Title	Severity	Short Description	
2	(SWC-103) Floating Pragma	Low	A floating pragma is set.	
12	(SWC-000) Unknown	Medium	Function could be marked as external.	
95	(SWC-128) DoS With Block Gas Limit	Low	Potentially unbounded data structure passed to builtin.	
121	(SWC-116) Timestamp Dependence	Low	A control flow decision is made based on The block.timestamp environment variable.	
151	(SWC-120) Weak Sources of Randomness from Chain Attributes	Low	A control flow decision is made based on The block.number environment variable.	
151	(SWC-120) Weak Sources of Randomness from Chain Attributes	Low	Potential use of "block.number" as source of randommness.	
170	(SWC-128) DoS With Block Gas Limit	Low	Loop over unbounded data structure.	
224	(SWC-120) Weak Sources of Randomness from Chain Attributes	Low	Potential use of "block.number" as source of randommness.	

3.6 ERC CONFORMAL CHECKER - INFORMATIONAL

Description:

Another Slither tool can test ERC token functions. Thus slither-checkerc was performed over ReefToken:

```
# Check ReefToken
## Check functions
[/] totalSupply() is present
        [/] totalSupply() -> () (correct return value)
        [/] totalSupply() is view
[/] balanceOf(address) is present
        [/] balanceOf(address) -> () (correct return value)
[/] balanceOf(address) is view
[/] transfer(address,uint256) is present
        [/] transfer(address,uint256) -> () (correct return value)
        [/] Transfer(address,address,uint256) is emitted
[/] transferFrom(address,address,uint256) is present
        [/] transferFrom(address,address,uint256) -> () (correct return value)
        [/] Transfer(address,address,uint256) is emitted
[/] approve(address,uint256) is present
        [/] approve(address,uint256) -> () (correct return value)
        [/] Approval(address,address,uint256) is emitted
[/] allowance(address,address) is present
        [/] allowance(address,address) -> () (correct return value)
        [/] allowance(address,address) is view
[/] name() is present
        [/] name() -> () (correct return value)
        [/] name() is view
[/] symbol() is present
        [/] symbol() -> () (correct return value)
        [/] symbol() is view
[/] decimals() is present
        [/] decimals() -> () (correct return value)
        [/] decimals() is view
## Check events
[/] Transfer(address,address,uint256) is present
        [/] parameter 0 is indexed
        [/] parameter 1 is indexed
[/] Approval(address,address,uint256) is present
        [/] parameter 0 is indexed
        [/] parameter 1 is indexed
        [/] ReefToken has increaseAllowance(address,uint256)
```

Result: All tests are successfully passed.

THANK YOU FOR CHOOSING

