

F Y E O

Security Code Review XDFI

XDFI

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Version 1.0

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Security Level

Public

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Executive Summary

Overview

XDFI engaged FYEO Inc. to perform a Security Code Review.

The assessment was conducted remotely by the FYEO Security Team. Testing took place on October 14 - October 18, 2024, and focused on the following objectives:

- To provide the customer with an assessment of their overall security posture and any risks that were discovered within the environment during the engagement.
- To provide a professional opinion on the maturity, adequacy, and efficiency of the security measures that are in place.
- To identify potential issues and include improvement recommendations based on the results of our tests.

This report summarizes the engagement, tests performed, and findings. It also contains detailed descriptions of the discovered vulnerabilities, steps the FYEO Security Team took to identify and validate each issue, as well as any applicable recommendations for remediation.

Key Findings

The following issues have been identified during the testing period. These should be prioritized for remediation to reduce the risk they pose:

- FYEO-XDFI-01 – Invalid amount credited for tokens with fees
- FYEO-XDFI-02 – OrderId may not be unique enough
- FYEO-XDFI-03 – Price feed ignores time
- FYEO-XDFI-04 – Token transfer assumes success
- FYEO-XDFI-05 – Code clarity
- FYEO-XDFI-06 – Missing zero checks

Based on our review process, we conclude that the reviewed code implements the documented functionality.

Scope and Rules of Engagement

The FYEO Review Team performed a Security Code Review XDFI. The following table documents the targets in scope for the engagement. No additional systems or resources were in scope for this assessment.

The source code was supplied through a private repository at <https://github.com/sindric-dev/xdfi-contracts> with the commit hash 015cb6e5c093609ed4309d62dba1331c6460538b. Remediations were submitted with the commit hash fd876172348534d024cb576a6f5e337c620fd2b7.

Files included in the code review	
xdfi/src/	
├── ftso	
│ ├── SFTSOv2.sol	
│ └── testSFTSOv2.sol	
├── interfaces	
│ ├── IExchange.sol	
│ ├── IFunds.sol	
│ ├── IKYCStatus.sol	
│ ├── IKYCToken.sol	
│ ├── IReferral.sol	
│ ├── ISFTSOv2.sol	
│ ├── IStakedFlr.sol	
│ ├── ITransferToken.sol	
│ └── IXDFIGT.sol	
├── libraries	
│ └── ExchangeUtils.sol	
└── sFlr	
├── SindricSFLR.sol	
└── testSindricSFLR.sol	
├── AccessKYC.sol	
├── Admin.sol	
├── ExchangeCustom.sol	
├── Funds.sol	
├── KYCStatus.sol	
├── KYCToken.sol	
├── Referral.sol	
├── SampleTokenERC20.sol	
├── XDFIExchangeFactory.sol	
├── XDFIGovernanceToken.sol	
└── XDFIRouter.sol	

Table 1: Scope

Technical Analyses and Findings

During the Security Code Review XDFI, we discovered:

- 4 findings with HIGH severity rating.
- 2 findings with INFORMATIONAL severity rating.

The following chart displays the findings by severity.

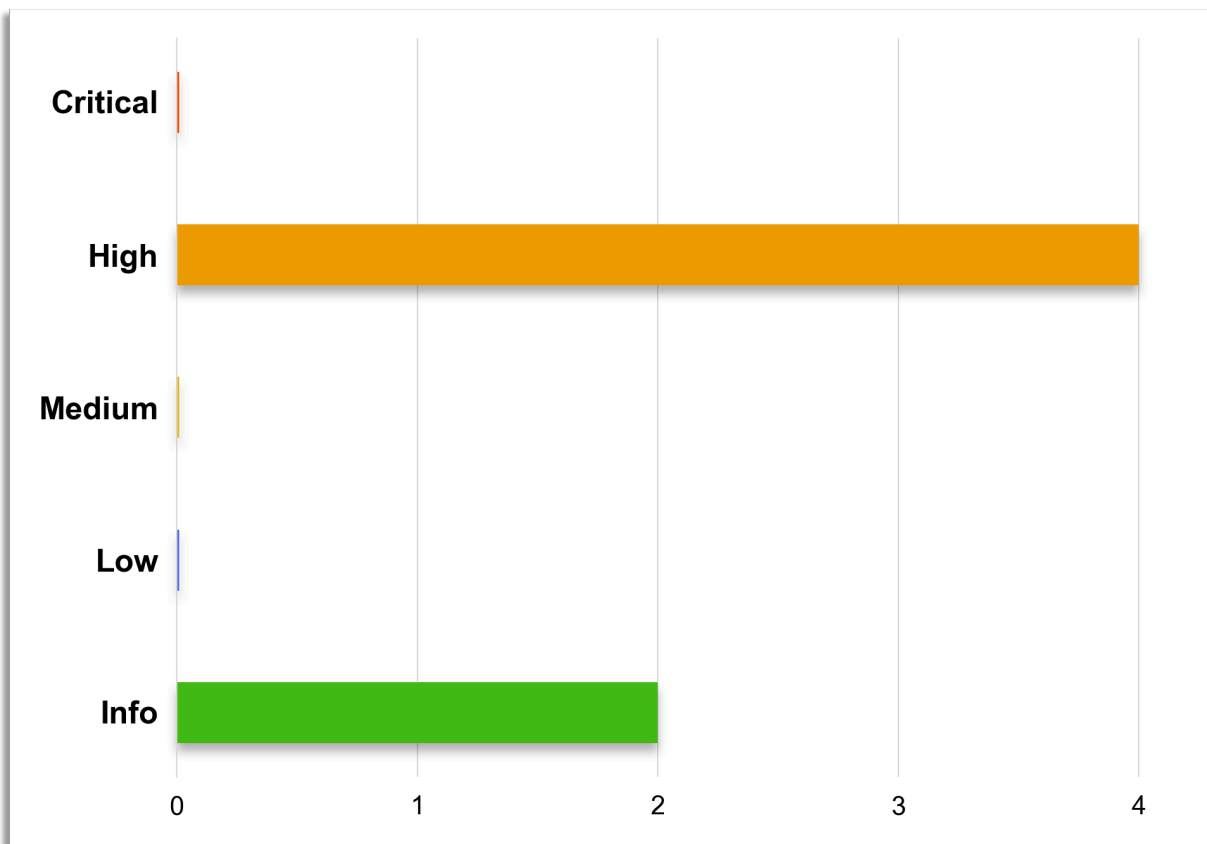


Figure 1: Findings by Severity

Findings

The *Findings* section provides detailed information on each of the findings, including methods of discovery, explanation of severity determination, recommendations, and applicable references.

The following table provides an overview of the findings.

Finding #	Severity	Description
FYEO-XDFI-01	High	Invalid amount credited for tokens with fees
FYEO-XDFI-02	High	OrderId may not be unique enough
FYEO-XDFI-03	High	Price feed ignores time
FYEO-XDFI-04	High	Token transfer assumes success
FYEO-XDFI-05	Informational	Code clarity
FYEO-XDFI-06	Informational	Missing zero checks

Table 2: Findings Overview

Technical Analysis

The source code has been manually validated to the extent that the state of the repository allowed. The validation includes confirming that the code correctly implements the intended functionality.

Conclusion

Based on our review process, we conclude that the code implements the documented functionality to the extent of the reviewed code.

Technical Findings

General Observations

The XDFI smart contracts forms the base for a decentralized trading protocol on the Flare Network, allowing users to trade futures contracts in a non-custodial and trustless environment. Users deposit FLR tokens into the contract, which escrows matched Long and Short positions and disburses funds based on Flare Time Series Oracle (FTSO) price data at settlement. Compliance is ensured through a KYC process, where users receive a non-transferable KYC Token required for trading. The contract also features an automated price-matching engine to connect users with counterparties, supporting both market and limit orders for futures trading.

Invalid amount credited for tokens with fees

Finding ID: FYEO-XDFI-01

Severity: **High**

Status: **Remediated**

Description

Some tokens have a transfer fee. This results in the amount of tokens received after the transfer being less than the amount transferred.

Proof of Issue

File name: src/Funds.sol

Line number: 333

```
s_currencyBalance[user][currencyName] += amount;  
bool success = ITransferToken(currencyContract).transferFrom(user, address(this),  
amount);
```

Severity and Impact Summary

Should a token with fees be allowed, the user will be credited with more tokens than the contract will actually receive.

Recommendation

Check the contract's balance for the given token before and after the call to determine the amount actually received.

OrderId may not be unique enough

Finding ID: FYEO-XDFI-02

Severity: **High**

Status: **Remediated**

Description

The OrderId is not sufficiently unique as it is checked in combination with `account` and `currencyType`. Some data is however stored per `account + orderId`.

Proof of Issue

File name: src/ExchangeCustom.sol

Line number: 220

```
price =  
s_currencyOrderConversionRate[exitOrderStructOne.orderOwner][exitOrderStructOne.masterOr  
derId];
```

When submitting an order, the ID is checked to be unique per account and currency.

```
if(s_balanceOnHold[account][currencyType][orderId] > 0){  
    revert DuplicateOrderId__CannotSubmitOrder();  
}
```

When canceling an order, one can then potentially choose the currency to use and some other exchange Rate with it.

```
price = s_currencyOrderConversionRate[orderOwner][orderId];  
s_balanceOnHold[orderOwner][currencyName][orderId] -= (price*orderQuantity);
```

Severity and Impact Summary

If the orderId is reused, the conversion rate will be overwritten.

Recommendation

Make sure the orderId is only valid once.

Price feed ignores time

Finding ID: FYEO-XDFI-03

Severity: **High**

Status: **Remediated**

Description

The setAssetPriceAtExpiry function ignores the age of the price returned by the oracle.

Proof of Issue

File name: src/ExchangeCustom.sol

Line number: 371

```
(uint256 _assetPriceAtExpiry, ) =  
ISFTSOv2(s_FTSOContract).getFtsoV2CurrentFeedValueInWei(s_SupportedAssetType);
```

Severity and Impact Summary

The price could be stale.

Recommendation

Make sure to include some limits on how outdated a price can be. This should be limited according to requirements in both the setAssetPriceAtExpiry and setAssetPriceAfterExpiry functions.

Token transfer assumes success

Finding ID: FYEO-XDFI-04

Severity: **High**

Status: **Remediated**

Description

The transfer function may return false to indicate the transfer did not succeed. The return value is ignored however.

Proof of Issue

File name: src/Funds.sol

Line number: 334, 379

```
bool success = ITransferToken(currencyContract).transferFrom(user, address(this),  
amount);  
  
...  
  
bool success = ITransferToken(currencyContract).transfer(user, _withdrawalAmount);
```

Severity and Impact Summary

The tokens may not have been transferred but they are credited to the user anyway.

Recommendation

Make sure to use the safeTransferFrom function or to check whether the transfer succeeded or not.

Code clarity

Finding ID: FYEO-XDFI-05

Severity: **Informational**

Status: **Remediated**

Description

Notes on miscellaneous findings.

Proof of Issue

File name: src/Funds.sol

Line number: 349

```
if(_withdrawalAmount > balance || balance < 0){  
    revert NotEnoughBalance__CannotWithdraw();  
}
```

This can not be less than 0 as it is an unsigned number. The test was probably meant to check for == 0.

File name: src/ExchangeCustom.sol

Line number: 608

```
if(matchedOrderStructOne.orderStatus != OrderStatus.Open){  
    revert OrderAlreadyMatched__CannotMatchOrder();  
}  
if(matchedOrderStructOne.orderStatus == OrderStatus.Matched){  
    revert OrderAlreadyMatched__CannotMatchOrder();  
}
```

The second statement could never be true.

File name: src/XDFIRouter.sol

Line number: 838

```
function _beforeSetReferrer(  
    address referee,  
    address referrer  
) public pure {  
  
    if(referee == address(0) || referrer == address(0)){  
        revert ZeroAddress__CheckReferrerAndReferee();  
    }  
}
```

This check is missing a self referral test `a == b`.

File name: src/Funds.sol

Line number: 372

```
if(accountCurrencyBalance < amount){  
    revert NotEnoughCurrencyBalance__CannotAdjustCurrencyBalance();  
}
```

This check is against `amount` rather than `_withdrawalAmount`. This will always be 0. Which can never be true. Instead, make sure that `_withdrawalAmount` is `> 0` and that the `accountCurrencyBalance` is at least `_withdrawalAmount`.

Severity and Impact Summary

Not a security concern, mostly code clarity / optimization.

Recommendation

Keep the code-base concise to increase its maintainability.

Missing zero checks

Finding ID: FYEO-XDFI-06

Severity: **Informational**

Status: **Remediated**

Description

There are a number of missing zero checks throughout the code base.

Proof of Issue

```
constructor(address kycTokenContract) {
    i_KYCTokenContractAddress = kycTokenContract;
}

s_supportedCurrencyAddress[currencyName] = currencyAddress;

s_RouterContract = _router; // 3 places

i_KYCStatusContractAddress = _kycStatusContract;
i_KYCStatusContractAddress = kycStatusContract;

s_SFTSOContract = _SFTSOContract;
s_SFLRContract = _SFLRContract;
s_FundsImplementation = _FundsImplementation;
s_ExchangeImplementation = _exchangeImplementation;
s_XDFiGTContract = _XDFiGTContract;
s_RouterContract = _routerContract;
s_PlatformOwner = _platformOwner;

s_PlatformOwner = _newPlatformOwner;

i_FundsContract = _fundsContract;
i_ReferralContract = _referralContract;
i_TreasuryAddress = _treasuryAddress;
```

Severity and Impact Summary

These might indicate default values and should be checked against to avoid mistakes.

Recommendation

Make sure to properly check against zero addresses in all relevant places.

Our Process

Methodology

FYEO Inc. uses the following high-level methodology when approaching engagements. They are broken up into the following phases.



Figure 2: Methodology Flow

Kickoff

The project is kicked off as the sales process has concluded. We typically set up a kickoff meeting where project stakeholders are gathered to discuss the project as well as the responsibilities of participants. During this meeting we verify the scope of the engagement and discuss the project activities. It's an opportunity for both sides to ask questions and get to know each other. By the end of the kickoff there is an understanding of the following:

- Designated points of contact
- Communication methods and frequency
- Shared documentation
- Code and/or any other artifacts necessary for project success
- Follow-up meeting schedule, such as a technical walkthrough
- Understanding of timeline and duration

Ramp-up

Ramp-up consists of the activities necessary to gain proficiency on the project. This can include the steps needed for familiarity with the codebase or technological innovation utilized. This may include, but is not limited to:

- Reviewing previous work in the area including academic papers
- Reviewing programming language constructs for specific languages
- Researching common flaws and recent technological advancements

Review

The review phase is where most of the work on the engagement is completed. This is the phase where we analyze the project for flaws and issues that impact the security posture. Depending on the project this may include an analysis of the architecture, a review of the code, and a specification matching to match the architecture to the implemented code.

In this code audit, we performed the following tasks:

1. Security analysis and architecture review of the original protocol
2. Review of the code written for the project
3. Compliance of the code with the provided technical documentation

The review for this project was performed using manual methods and utilizing the experience of the reviewer. No dynamic testing was performed, only the use of custom-built scripts and tools were used to assist the reviewer during the testing. We discuss our methodology in more detail in the following sections.

Code Safety

We analyzed the provided code, checking for issues related to the following categories:

- General code safety and susceptibility to known issues
- Poor coding practices and unsafe behavior
- Leakage of secrets or other sensitive data through memory mismanagement
- Susceptibility to misuse and system errors
- Error management and logging

This list is general and not comprehensive, meant only to give an understanding of the issues we are looking for.

Technical Specification Matching

We analyzed the provided documentation and checked that the code matches the specification. We checked for things such as:

- Proper implementation of the documented protocol phases
- Proper error handling
- Adherence to the protocol logical description

Reporting

FYEO Inc. delivers a draft report that contains an executive summary, technical details, and observations about the project.

The executive summary contains an overview of the engagement including the number of findings as well as a statement about our general risk assessment of the project. We may conclude that the overall risk is low but depending on what was assessed we may conclude that more scrutiny of the project is needed.

We report security issues identified, as well as informational findings for improvement, categorized by the following labels:

- Critical
- High
- Medium
- Low
- Informational

The technical details are aimed more at developers, describing the issues, the severity ranking and recommendations for mitigation.

As we perform the audit, we may identify issues that aren't security related, but are general best practices and steps that can be taken to lower the attack surface of the project. We will call those out as we encounter them and as time permits.

As an optional step, we can agree on the creation of a public report that can be shared and distributed with a larger audience.

Verify

After the preliminary findings have been delivered, this could be in the form of the approved communication channel or delivery of the draft report, we will verify any fixes within a window of time specified in the project. After the fixes have been verified, we will change the status of the finding in the report from open to remediated.

The output of this phase will be a final report with any mitigated findings noted.

Additional Note

It is important to note that, although we did our best in our analysis, no code audit or assessment is a guarantee of the absence of flaws. Our effort was constrained by resource and time limits along with the scope of the agreement.

While assessing the severity of the findings, we considered the impact, ease of exploitability, and the probability of attack. This is a solid baseline for severity determination.

The Classification of vulnerabilities

Security vulnerabilities and areas for improvement are weighted into one of several categories using, but is not limited to, the criteria listed below:

Critical – vulnerability will lead to a loss of protected assets

- This is a vulnerability that would lead to immediate loss of protected assets
- The complexity to exploit is low
- The probability of exploit is high

High - vulnerability has potential to lead to a loss of protected assets

- All discrepancies found where there is a security claim made in the documentation that cannot be found in the code
- All mismatches from the stated and actual functionality
- Unprotected key material
- Weak encryption of keys
- Badly generated key materials
- Txn signatures not verified
- Spending of funds through logic errors
- Calculation errors overflows and underflows

Medium - vulnerability hampers the uptime of the system or can lead to other problems

- Insecure calls to third party libraries
- Use of untested or nonstandard or non-peer-reviewed crypto functions
- Program crashes, leaves core dumps or writes sensitive data to log files

Low – vulnerability has a security impact but does not directly affect the protected assets

- Overly complex functions
- Unchecked return values from 3rd party libraries that could alter the execution flow

Informational

- General recommendations