# SMART CONTRACT AUDIT REPORT

for

# Ceros Contracts in Helio

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# Contents

# 1 Introduction

Given the opportunity to review the design document and related source code of the Ceros contracts in Helio, we outline in the report our systematic approach to evaluate potential security issues in the smart contract implementation, expose possible semantic inconsistencies between smart contract code and design document, and provide additional suggestions or recommendations for improvement. Our results show that the given version of smart contracts can be further improved due to the presence of several issues related to either security or performance. This document outlines our audit results.

## 1.1 About Helio

Helio Protocol functions as the new open-source liquidity protocol for earning yield on collateralised BNB/ETH/Stablecoins and borrowing a decentralised stablecoin, HAY, also known as a Destablecoin. The audited Ceros contracts allow for wraps BNB into ceABNBc via CerosRouter by finding the best way to obtain aBNBc. The basic information of the audited protocol is as follows:

Table 1.1: Basic Information of The Ceros

| Item | Description |
|---|---|
| Name | Helio |
| Website | https://helio.money/ |
| Type | EVM Smart Contract |
| Platform | Solidity |
| Audit Method | Whitebox |
| Latest Audit Report | September 11, 2023 |

In the following, we show the Git repository of reviewed files and the commit hash value used in this audit. Note this audit covers the contracts under the contracts/ceros/ directory.

- https://github.com/helio-money/helio-smart-contracts.git (e1fc9c5)

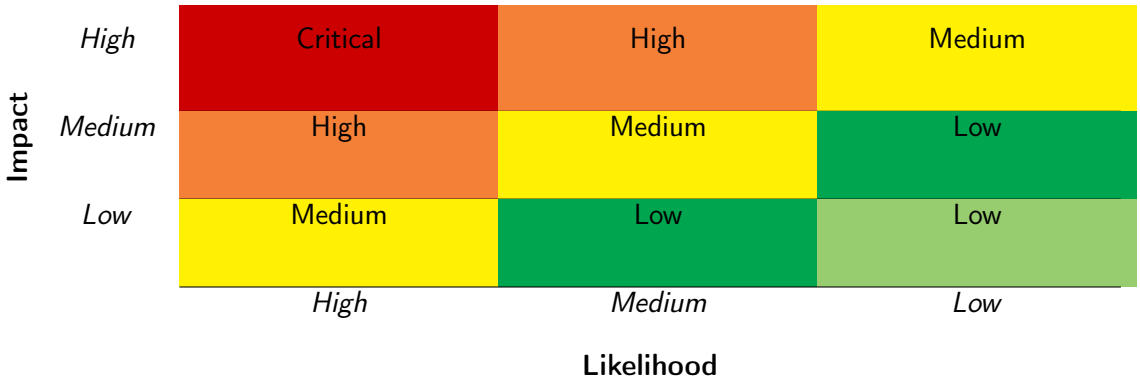
And here is the commit ID after fixes for the issues found in the audit have been checked in:

- https://github.com/helio-money/helio-smart-contracts.git (76bbcae)

## 1.2 About PeckShield

PeckShield Inc. [10] is a leading blockchain security company with the goal of elevating the security, privacy, and usability of current blockchain ecosystems by offering top-notch, industry-leading services and products (including the service of smart contract auditing). We are reachable at Telegram (https://t.me/peckshield), Twitter (http://twitter.com/peckshield), or Email (contact@peckshield.com).

Table 1.2: Vulnerability Severity Classification




## 1.3 Methodology

To standardize the evaluation, we define the following terminology based on OWASP Risk Rating Methodology [9]:

- Likelihood represents how likely a particular vulnerability is to be uncovered and exploited in the wild;
- Impact measures the technical loss and business damage of a successful attack;
- Severity demonstrates the overall criticality of the risk.

Likelihood and impact are categorized into three ratings: *H*, *M* and *L*, i.e., *high*, *medium* and *low* respectively. Severity is determined by likelihood and impact and can be classified into four categories accordingly, i.e., *Critical*, *High*, *Medium*, *Low* shown in Table 1.2.

To evaluate the risk, we go through a list of check items and each would be labeled with a severity category. For one check item, if our tool or analysis does not identify any issue, the contract is considered safe regarding the check item. For any discovered issue, we might further deploy contracts on our private testnet and run tests to confirm the findings. If necessary, we would

Table 1.3: The Full List of Check Items

| Category | Check Item |
|---|---|
| **Basic Coding Bugs** | Constructor Mismatch |
| | Ownership Takeover |
| | Redundant Fallback Function |
| | Overflows & Underflows |
| | Reentrancy |
| | Money-Giving Bug |
| | Blackhole |
| | Unauthorized Self-Destruct |
| | Revert DoS |
| | Unchecked External Call |
| | Gasless Send |
| | Send Instead Of Transfer |
| | Costly Loop |
| | (Unsafe) Use Of Untrusted Libraries |
| | (Unsafe) Use Of Predictable Variables |
| | Transaction Ordering Dependence |
| | Deprecated Uses |
| **Semantic Consistency Checks** | Semantic Consistency Checks |
| **Advanced DeFi Scrutiny** | Business Logics Review |
| | Functionality Checks |
| | Authentication Management |
| | Access Control & Authorization |
| | Oracle Security |
| | Digital Asset Escrow |
| | Kill-Switch Mechanism |
| | Operation Trails & Event Generation |
| | ERC20 Idiosyncrasies Handling |
| | Frontend-Contract Integration |
| | Deployment Consistency |
| | Holistic Risk Management |
| **Additional Recommendations** | Avoiding Use of Variadic Byte Array |
| | Using Fixed Compiler Version |
| | Making Visibility Level Explicit |
| | Making Type Inference Explicit |
| | Adhering To Function Declaration Strictly |
| | Following Other Best Practices |

additionally build a PoC to demonstrate the possibility of exploitation. The concrete list of check items is shown in Table 1.3.

In particular, we perform the audit according to the following procedure:

- Basic Coding Bugs: We first statically analyze given smart contracts with our proprietary static code analyzer for known coding bugs, and then manually verify (reject or confirm) all the issues found by our tool.
- Semantic Consistency Checks: We then manually check the logic of implemented smart contracts and compare with the description in the white paper.
- Advanced DeFi Scrutiny: We further review business logics, examine system operations, and place DeFi-related aspects under scrutiny to uncover possible pitfalls and/or bugs.
- Additional Recommendations: We also provide additional suggestions regarding the coding and development of smart contracts from the perspective of proven programming practices.

To better describe each issue we identified, we categorize the findings with Common Weakness Enumeration (CWE-699) [8], which is a community-developed list of software weakness types to better delineate and organize weaknesses around concepts frequently encountered in software development. Though some categories used in CWE-699 may not be relevant in smart contracts, we use the CWE categories in Table 1.4 to classify our findings.

## 1.4 Disclaimer

Note that this security audit is not designed to replace functional tests required before any software release, and does not give any warranties on finding all possible security issues of the given smart contract(s) or blockchain software, i.e., the evaluation result does not guarantee the nonexistence of any further findings of security issues. As one audit-based assessment cannot be considered comprehensive, we always recommend proceeding with several independent audits and a public bug bounty program to ensure the security of smart contract(s). Last but not least, this security audit should not be used as investment advice.

Table 1.4: Common Weakness Enumeration (CWE) Classifications Used in This Audit

| Category | Summary |
|---|---|
| **Configuration** | Weaknesses in this category are typically introduced during the configuration of the software. |
| **Data Processing Issues** | Weaknesses in this category are typically found in functionality that processes data. |
| **Numeric Errors** | Weaknesses in this category are related to improper calculation or conversion of numbers. |
| **Security Features** | Weaknesses in this category are concerned with topics like authentication, access control, confidentiality, cryptography, and privilege management. (Software security is not security software.) |
| **Time and State** | Weaknesses in this category are related to the improper management of time and state in an environment that supports simultaneous or near-simultaneous computation by multiple systems, processes, or threads. |
| **Error Conditions, Return Values, Status Codes** | Weaknesses in this category include weaknesses that occur if a function does not generate the correct return/status code, or if the application does not handle all possible return/status codes that could be generated by a function. |
| **Resource Management** | Weaknesses in this category are related to improper management of system resources. |
| **Behavioral Issues** | Weaknesses in this category are related to unexpected behaviors from code that an application uses. |
| **Business Logics** | Weaknesses in this category identify some of the underlying problems that commonly allow attackers to manipulate the business logic of an application. Errors in business logic can be devastating to an entire application. |
| **Initialization and Cleanup** | Weaknesses in this category occur in behaviors that are used for initialization and breakdown. |
| **Arguments and Parameters** | Weaknesses in this category are related to improper use of arguments or parameters within function calls. |
| **Expression Issues** | Weaknesses in this category are related to incorrectly written expressions within code. |
| **Coding Practices** | Weaknesses in this category are related to coding practices that are deemed unsafe and increase the chances that an exploitable vulnerability will be present in the application. They may not directly introduce a vulnerability, but indicate the product has not been carefully developed or maintained. |

# 2 | Findings

## 2.1 Summary

Here is a summary of our findings after analyzing the implementation of the Ceros contracts in Helio. During the first phase of our audit, we study the smart contract source code and run our in-house static code analyzer through the codebase. The purpose here is to statically identify known coding bugs, and then manually verify (reject or confirm) issues reported by our tool. We further manually review business logics, examine system operations, and place DeFi-related aspects under scrutiny to uncover possible pitfalls and/or bugs.

| Severity | # of Findings | |
|---|---|---|
| Critical | 0 | |
| High | 1 | ■ |
| Medium | 3 | ■■■ |
| Low | 1 | ■ |
| Informational | 0 | |
| Total | 5 | |

We have so far identified a list of potential issues. For each uncovered issue, we have therefore developed test cases for reasoning, reproduction, and/or verification. After further analysis and internal discussion, we determined a few issues of varying severities that need to be brought up and paid more attention to, which are categorized in the above table. More information can be found in the next subsection, and the detailed discussions of each of them are in Section 3.

## 2.2 Key Findings

Overall, these smart contracts are well-designed and engineered, though the implementation can be improved by resolving the identified issues (shown in Table 2.1), including 1 high-severity vulnerability, 3 medium-severity vulnerabilities, and 1 informational suggestion.

Table 2.1: Key Ceros Audit Findings

| ID | Severity | Title | Category | Status |
|---|---|---|---|---|
| PVE-001 | Medium | Revisited claimInABNBc() Logic in HelioProvider | Business Logic | Confirmed |
| PVE-002 | Medium | Timely Approval Management Upon Parameters Update | Coding Practices | Resolved |
| PVE-003 | High | Incorrect Liquidation Logic in CerosETHRouter | Business Logic | Resolved |
| PVE-004 | Low | Unused State/Code Removal | Coding Practices | Resolved |
| PVE-005 | Medium | Trust Issue of Admin Keys | Security Features | Mitigated |

Besides recommending specific countermeasures to mitigate these issues, we also emphasize that it is always important to develop necessary risk-control mechanisms and make contingency plans, which may need to be exercised before the mainnet deployment. The risk-control mechanisms need to kick in at the very moment when the contracts are being deployed in mainnet. Please refer to Section 3 for details.

# 3 Detailed Results

## 3.1 Revisited claimInABNBc() Logic in HelioProvider

- ID: PVE-001
- Severity: Medium
- Likelihood: Medium
- Impact: Medium
- Target: `HelioProvider`
- Category: Business Logic [7]
- CWE subcategory: CWE-841 [4]

### Description

The `Helio` protocol has a `HelioProvider` contract that greatly facilitates users to wrap `BNB` into `ceABNBc`. While examining the related reclaim logic, we notice the current implementation needs to be revisited.

To elaborate, we show below the related `claimInABNBc()` function. It has a rather straightforward logic in delegating the call to the `CerosRouter`. However, the `CerosRouter` contract assumes the caller owns the `ceToken` (or `aBNBc`). In other words, it assumes the calling `CerosRouter` has the `aBNBc` tokens. With that, there is a need to revise it to have an extra parameter so that we can pass the `HelioProvider::claimInABNBc()`'s caller. Only with the right caller information, we can then compute and claim the caller's rewards.

```
105     function claimInABNBc(address recipient)
106     external
107     override
108     nonReentrant
109     onlyOperator
110     returns (uint256 yields)
111     {
112         yields = _ceRouter.claim(recipient);
113         emit Claim(recipient, yields);
114         return yields;
115     }
```

Listing 3.1: `HelioProvider::claimInABNBc()`

```
152     function claim(address recipient)
153     external
154     override
155     nonReentrant
156     returns (uint256 yields)
157     {
158         yields = _vault.claimYieldsFor(msg.sender, recipient);
159         emit Claim(recipient, address(_certToken), yields);
160         return yields;
161     }
```

Listing 3.2: CerosRouter::claim()

**Recommendation** Revise the above reward-claiming logic by passing the actual caller, not the current CerosRouter.

**Status** The issue has been confirmed.

## 3.2 Timely Approval Management Upon Parameters Update

- ID: PVE-002
- Severity: Medium
- Likelihood: Medium
- Impact: Medium
- Target: Multiple Contracts
- Category: Coding Practices [6]
- CWE subcategory: CWE-1126 [1]

### Description

DeFi protocols typically have a number of system-wide parameters that can be dynamically configured on demand. The Helio protocol is no exception. Specifically, if we examine the Ceros contracts, there are a number of protocol-wide risk parameters, such as certToken and _BETH. In the following, we show the corresponding routines that allow for related changes.

```
254     function changeCertToken(address token) external onlyOwner {
255         _BETH = IBETH(token);
256     }
```

Listing 3.3: CeETHVault::changeCertToken()

Notice that the changes of certain tokens or vaults involve associated approval management. For example, the above _BETH token update needs to properly revoke the certToken authorization from the old _BETH and add the new authorization on the new _BETH. These authorization changes are not properly updated in the current implementation.

```
254     function initialize(
255         string memory name,
```

```
256         address certToken,
257         address ceTokenAddress,
258         address wBETHAddress,
259         uint256 withdrawalFee,
260         address strategist
261     ) external initializer {
262         __Ownable_init();
263         __Pausable_init();
264         __ReentrancyGuard_init();
265         _name = name;
266         _certToken = ICertToken(certToken);
267         _ceToken = ICertToken(ceTokenAddress);
268         _BETH = IBETH(wBETHAddress);
269         _withdrawalFee = withdrawalFee;
270         _strategist = strategist;
271         IERC20(certToken).safeApprove(wBETHAddress, type(uint256).max);
272     }
```

Listing 3.4: CeETHVault:: initialize ()

These parameters define various aspects of the protocol operation and maintenance and need to exercise extra care when configuring or updating them. Our analysis shows the update logic on these parameters can be improved by applying more rigorous adjustment on the associated approvals. And the associated approval changes are essential for the normal protocol operations.

**Recommendation** Adjust related approval management when these system-wide parameters are updated. The same issue is also applicable to other routines, including `CeETHVault::changeCertToken()`, `CerosETHRouter::changeVault()`, and `HelioETHProvider::changeCertToken()`.

**Status** The issue has been fixed by the following commit: `5929d4f`.

## 3.3 Incorrect Liquidation Logic in CerosETHRouter

- ID: PVE-003
- Severity: High
- Likelihood: High
- Impact: High
- Target: `CerosETHRouter`
- Category: Business Logic [7]
- CWE subcategory: CWE-841 [4]

### Description

The `Helio` protocol has a `CerosETHRouter` contract that greatly facilitates users to interact with the related `CeETHVault`. While examining the related liquidation logic, we notice the current implementation is flawed.

To elaborate, we show below the related `liquidation()` function. It has a rather straightforward logic in computing the available `totalETHAmount` as well as the needed `BETH` amount for their respective withdrawal. However, it comes to our attention that the actual amount for the `ETH` withdrawal should be `totalETHAmount`, instead of the current `amount` (line 157).

```
145     function liquidation(address recipient, uint256 amount)
146     external
147     override
148     onlyProvider
149     nonReentrant
150     {
151         uint256 totalETHAmount = _vault.getTotalETHAmountInVault();
152         if (totalETHAmount >= amount) {
153             _vault.withdrawETHFor(msg.sender, recipient, amount);
154             return;
155         }
156         uint256 diff = amount - totalETHAmount;
157         _vault.withdrawETHFor(msg.sender, recipient, amount);
158         _vault.withdrawBETHFor(msg.sender, recipient, diff);
159     }
```

Listing 3.5: `CerosETHRouter::liquidation()`

**Recommendation** Revise the above `liquidation()` logic by passing the correct `totalETHAmount` and `BETH` amounts for withdrawal.

**Status** The issue has been fixed by the following commit: `5929d4f`.

## 3.4 Unused State/Code Removal

- ID: PVE-004
- Severity: Low
- Likelihood: Low
- Impact: Low
- Target: `Multiple Contracts`
- Category: Coding Practices [6]
- CWE subcategory: CWE-563 [3]

### Description

The `Helio` protocol makes good use of a number of reference contracts, such as `ERC20`, `SafeERC20`, `SafeMath`, and `OwnableUpgradeable`, to facilitate its code implementation and organization. For example, the `CeVaultV2` smart contract has so far imported at least three reference contracts. However, we observe the inclusion of certain unused code or the presence of unnecessary redundancies that can be safely removed.

For example, if we examine closely the CeVaultV2 contract, there is a function that has been entirely commented out and this function can be safely removed. Similarly, the HelioProvider contract has a provideInABNBc() function that can also be safely removed.

```
198     // function updateStorage(
199     //     address ceTokenAddress,
200     //     address oldAccount,
201     //     address newAccount,
202     //     uint256 mintAmount
203     //     ) external onlyOwner {
204     //     _ceToken = ICertToken(ceTokenAddress);
205     //     _depositors[newAccount] += _depositors[oldAccount]; // aBNBc
206     //     _ceTokenBalances[newAccount] += _ceTokenBalances[oldAccount];
207     //     //  mint ceToken to recipient
208     //     ICertToken(_ceToken).mint(newAccount, mintAmount);
209     // }
```

Listing 3.6: CeVaultV2::updateStorage()

**Recommendation** Consider the removal of the redundant state (or code) with a simplified, consistent implementation.

**Status** The issue has been fixed by the following commit: 5929d4f.

## 3.5 Trust Issue of Admin Keys

- ID: PVE-005
- Severity: Medium
- Likelihood: Low
- Impact: High
- Target: Multiple Contracts
- Category: Security Features [5]
- CWE subcategory: CWE-287 [2]

### Description

In Helio, there is a privileged administrative account, i.e., owner. The administrative account plays a critical role in governing and regulating the protocol-wide operations. Our analysis shows that this privileged account needs to be scrutinized. In the following, we use the HelioETHProvider contract as an example and show the representative functions potentially affected by the privileges of the administrative account.

```
42     function initialize(
43         address protocolFeeDestination_,
44         uint256 protocolFeePercent_,
45         uint256 subjectFeePercent_
46     ) public onlyOwner {
47         _setFeeDestination(protocolFeeDestination_);
```

```
48          _setProtocolFeePercent(protocolFeePercent_);
49          _setSubjectFeePercent(subjectFeePercent_);
50      }
51
52      function setFeeDestination(address feeDestination) public onlyOwner {
53          _setFeeDestination(feeDestination);
54      }
55
56      function setProtocolFeePercent(uint256 feePercent) public onlyOwner {
57          _setProtocolFeePercent(feePercent);
58      }
```

Listing 3.7: Example Privileged Operations in `HelioETHProvider`

We understand the need of the privileged functions for contract maintenance, but at the same time the extra power to the administrative account may also be a counter-party risk to the protocol users. It would be worrisome if the privileged administrative account is a plain EOA account. Note that a multi-sig account could greatly alleviate this concern, though it is still far from perfect. Specifically, a better approach is to eliminate the administration key concern by transferring the role to a community-governed DAO.

**Recommendation** Promptly transfer the privileged account to the intended `DAO`-like governance contract. All changes to privileged operations may need to be mediated with necessary timelocks. Eventually, activate the normal on-chain community-based governance life-cycle and ensure the intended trustless nature and high-quality distributed governance.

**Status** This issue has been mitigated as the team confirms that all the privileged roles will be transferred to a `multi-sig` account.

# 4 Conclusion

In this audit, we have analyzed the design and implementation of the Ceros contracts in Helio, which functions as the new open-source liquidity protocol for earning yield on collateralised BNB/ETH /Stablecoins and borrowing a decentralised stablecoin, HAY. The audited Ceros contracts allow for wraps BNB into ceABNBc via CerosRouter by finding the best way to obtain aBNBc. The current code base is well structured and neatly organized. Those identified issues are promptly confirmed and addressed.

Meanwhile, we need to emphasize that Solidity-based smart contracts as a whole are still in an early, but exciting stage of development. To improve this report, we greatly appreciate any constructive feedbacks or suggestions, on our methodology, audit findings, or potential gaps in scope/coverage.

# References


[1] MITRE. CWE-1126: Declaration of Variable with Unnecessarily Wide Scope. https://cwe.mitre.org/data/definitions/1126.html.

[2] MITRE. CWE-287: Improper Authentication. https://cwe.mitre.org/data/definitions/287.html.

[3] MITRE. CWE-563: Assignment to Variable without Use. https://cwe.mitre.org/data/definitions/563.html.

[4] MITRE. CWE-841: Improper Enforcement of Behavioral Workflow. https://cwe.mitre.org/data/definitions/841.html.

[5] MITRE. CWE CATEGORY: 7PK - Security Features. https://cwe.mitre.org/data/definitions/254.html.

[6] MITRE. CWE CATEGORY: Bad Coding Practices. https://cwe.mitre.org/data/definitions/1006.html.

[7] MITRE. CWE CATEGORY: Business Logic Errors. https://cwe.mitre.org/data/definitions/840.html.

[8] MITRE. CWE VIEW: Development Concepts. https://cwe.mitre.org/data/definitions/699.html.

[9] OWASP. Risk Rating Methodology. https://www.owasp.org/index.php/OWASP_Risk_Rating_Methodology.

[10] PeckShield. PeckShield Inc. https://www.peckshield.com.