## dydx Process Quality Review

Score 92%

This is a dydx Process Quality Audit started on 20 May 2020 and completed on 18 Jume 2020. This was one of the three written while developing the process. That is why it took a month. It was performed using the Process Audit process (version 0.2) then was updated to V0.4 on 27 July 2020 and then 0.6 in 29 December 20202. The process is documented here. The audit was performed by ShinkaRex of Caliburn Consulting. Check out our Telegram.

The final score of the audit is 92%, a great score. The breakdown of the scoring is in Scoring Appendix.

### **Summary of the Process**

Very simply, the review looks for the following declarations from the developer's site. With these declarations, it is reasonable to trust the smart contracts.

- Here are my smart contracts on the blockchain
- · Here is the documentation that explains what my smart contracts do
- Here are the tests I ran to verify my smart contract
- Here are the audit(s) performed on my code by third party experts

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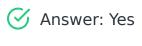
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## **Code and Team**

This section looks at the code deployed on the Mainnet that gets audited and its corresponding software repository. The document explaining these questions is here. This audit will answer the questions;

- 1. Is the deployed code address(s) readily available? (Y/N)
- 2. Is the code actively being used? (%)
- 3. Are the Contract(s) Verified/Verifiable? (Y/N)a
- 4. Does the code match a tagged version in the code hosting platform? (%)
- 5. Is the software repository healthy? (%)

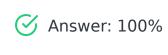
## Are the executing code addresses readily available? (Y/N)



They are available at Address https://docs.dydx.exchange/#solo-contract-addresses as indicated in the Appendix: Deployed Code. This Audit only covers the SoloMargin contract (address 0x1E0447b19BB6EcFdAe1e4AE1694b0C3659614e4e

created Apr 16, 2019 at 12:24 which is proxy'd to 0x56E7d4520ABFECf10b38368b00723d9BD3c21ee1 created on Apr-16-2019 12:23:36 AM +UTC (in other words, almost immediately after the first).

### Is the code actively being used? (%)



Activity is well in excess of 10 transactions a day, as indicated in the Appendix.

### **Percentage Score Guidance**

100%	More than 10 transactions a day
70%	More than 10 transactions a week
40%	More than 10 transactions a month
10%	Less than 10 transactions a month
0%	No activity

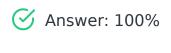
### Is there a public software repository? (Y/N)



GitHub: https://github.com/dydxprotocol

Is there a public software repository with the code at a minimum, but normally test and scripts also (Y/N). Even if the repo was created just to hold the files and has just 1 transaction, it gets a Yes. For teams with private repos, this answer is No.

Is there a development history visible? (%)



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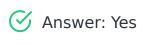
With 498 commits this is a healthy repo.

This checks if the software repository demonstrates a strong steady history. This is normally demonstrated by commits, branches and releases in a software repository. A healthy history demonstrates a history of more than a month (at a minimum).

#### Guidance:

100% Any one of 100+ commits, 10+branches
70% Any one of 70+ commits, 7+branches
50% Any one of 50+ commits, 5+branches
30% Any one of 30+ commits, 3+branches
0% Less than 2 branches or less than 10 commits

## Is the team public (not anonymous)? (Y/N)



Teams members on the Company webpage.

Location: https://dydx.exchange/company/

For a yes in this question the real names of some team members must be public on the website or other documentation. If the team is anonymous and then this question is a No.

### **Documentation**

This section looks at the software documentation. The document explaining these questions is here.

Required questions are;

1. Is there a whitepaper? (Y/N)

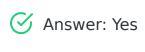
- 2. Are the basic application requirements documented? (Y/N)
- 3. Do the requirements fully (100%) cover the deployed contracts? (%)
- 4. Are there sufficiently detailed comments for all functions within the deployed contract code (%)
- 5. Is it possible to trace software requirements to the implementation in code (%)

### Is there a whitepaper? (Y/N)



Location: https://whitepaper.dydx.exchange/

### Are the basic software functions documented? (Y/N)



Location: https://docs.dydx.exchange/#/protocol

How to improve this score

# Does the software function documentation fully (100%) cover the deployed contracts? (%)



While the basic functions of the code are explained on the website and GitHub, there is no association between these explanations and the code. So it is difficult to determine all the relevant code has requirements.

### How to improve this score

This score can improve by adding content to the requirements document such that it comprehensively covers the requirements. For guidance, refer to the SecurEth System Description Document. Using tools that aid traceability detection will help.

## Are there sufficiently detailed comments for all functions within the deployed contract code (%)



Answer: 43%

Most structures (for instance in Actions.sol) have definitions. But most function definitions have virtually no commenting. The overall level of commenting is quite low and subsequent code maintenance could be challenging Code examples are in the Appendix: Example Code. As per the Appendix: Software Lines of Code, there is 23% commenting to code.

The Comments to Code (CtC) ratio is the primary metric for this score.

#### Guidance:

100% CtC > 100 Useful comments consistently on all code
 90-70% CtC > 70 Useful comment on most code
 60-20% CtC > 20 Some useful commenting
 0% CtC < 20 No useful commenting</li>

### How to improve this score

This score can improve by adding comments to the deployed code such that it comprehensively covers the code. For guidance, refer to the SecurEth Software Requirements.

## Is it possible to trace software requirements to the implementation in code (%)



Answer: 90%

Location: https://docs.dydx.exchange/#solo-operations

The solo documentation shows clear traceability by including code snippits with the docs.

#### Guidance:

- 100% Clear explicit traceability between code and documentation at a requirement level for all code
- 60% Clear association between code and documents via non explicit traceability
- 40% Documentation lists all the functions and describes their functions
- 0% No connection between documentation and code

### How to improve this score

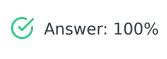
This score can improve by adding content to the requirements document such that it comprehensively covers the requirements. For guidance, refer to the SecurEth System Description Document . Using tools that aid traceability detection will help.

## **Testing**

This section looks at the software testing available. It is explained in this document. This section answers the following questions;

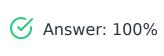
- 1. Full test suite (Covers all the deployed code) (%)
- 2. Code coverage (Covers all the deployed lines of code, or explains misses) (%)
- 3. Scripts and instructions to run the tests (Y/N)
- 4. Packaged with the deployed code (Y/N)
- 5. Report of the results (%)
- 6. Formal Verification test done (%)
- 7. Stress Testing environment (%)

## Is there a Full test suite? (%)



There are a significant number and lines of tests. There are contract tests (over 28 source files), action tests and others. Without actually running the tests it is difficult to confirm it is a complete test suite, but it certainly appears so. As per the software lines of code Appendix: Software Lines of Code, there is a 221% test to code ratio.

## Code coverage (Covers all the deployed lines of code, or explains misses) (%)



They declare 100% code coverage and the report is available on their GitHub

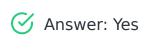
Location: https://docs.dydx.exchange/#code-coverage

There are clear artifacts of unit tests (in /**tests** and /src) and scripts for coverage testing. We did not find the output of the coverage tests. At this point it seems to indicate full coverage. However without evidence, we cannot give a score higher than 70%.

### How to improve this score

This score can improve by adding tests achieving full code coverage. A clear report and scripts in the software repository will guarantee a high score.

### Scripts and instructions to run the tests (Y/N)



In the scripts and readme subdirectory there are scripts to test, coverage, lint and

verify.

### Packaged with the deployed code (Y/N)



The deployed code was saved as a GitHub release. The tests and scripts were packaged with the release in the repository zip file.

### Report of the results (%)



i Answer: 70%

GitHub coveralls report clearly visible.

#### Guidance:

100% - Detailed test report as described below

70% - GitHub Code coverage report visible

0% - No test report evident

### How to improve this score

Add a report with the results. The test scripts should generate the report or elements of it.

### Formal Verification test done (%)



No evidence of Formal Validation was found. This is still a rare type of test.

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### **Stress Testing environment (%)**



No evidence of an active test network was found for the existing deployed protocol.

### **Audits**



Answer: 100%

dydx had multiple audits through their development as documented on their site. The OpenZeppelin audit included improvements that were resolved as indicated.

They have one audit from a top level audit organization. The audits is public and they have implemented findings in order to improve their code.

- 1. Multiple Audits performed before deployment and results public and implemented or not required (100%)
- 2. Single audit performed before deployment and results public and implemented or not required (90%)
- 3. Audit(s) performed after deployment and no changes required. Audit report is public. (70%)
- 4. No audit performed (20%)
- 5. Audit Performed after deployment, existence is public, report is not public and no improvements deployed (0%)

## **Appendices**

### **Author Details**

The author of this audit is Rex of Caliburn Consulting.

Email: rex@caliburnc.com Twitter: @ShinkaRex

I started with Ethereum just before the DAO and that was a wonderful education. It showed the importance of code quality. The second Parity hack also showed the importance of good process. Here my aviation background offers some value. Aerospace knows how to make reliable code using quality processes.

I was coaxed to go to EthDenver 2017 and there I started SecuEth.org with Bryant and Roman. We created guidelines on good processes for blockchain code development. We got EthFoundation funding to assist in their development.

Process Quality Audits are an extension of the SecurEth guidelines that will further increase the quality processes in Solidity and Vyper development.

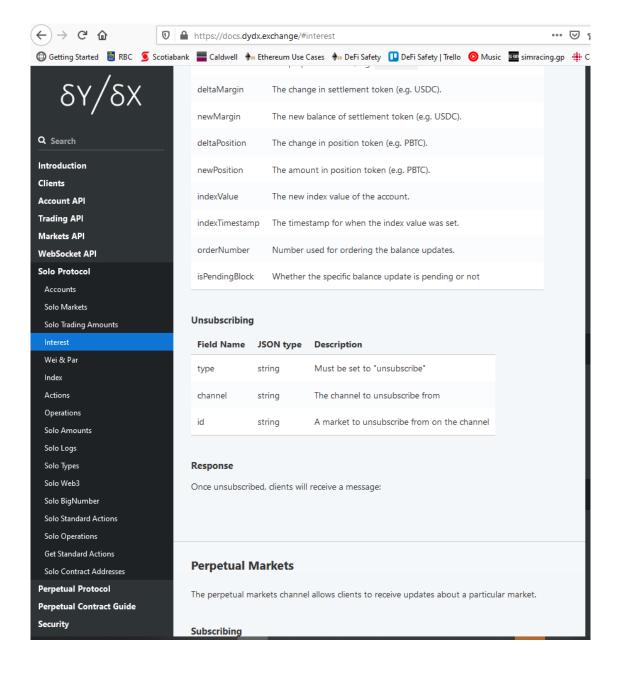
Career wise I am a business development for an avionics supplier.

## **Scoring Appendix**

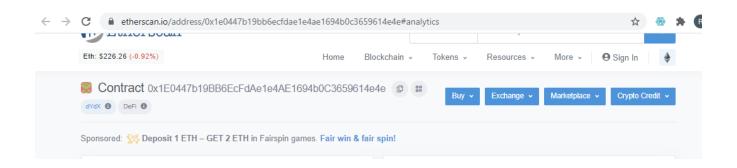
		dydx	
PQ Audit Scoring Matrix (v0.6)	Points	Answer	Points
Tota	240		220.8
Code and Team			929
Are the executing code addresses readily available? (Y/N)	30	Υ	30
2. Is the code actively being used? (%)	10	100%	10
3. Is there a public software repository? (Y/N)	5	Υ	5
4. Is there a development history visible? (%)	5	100%	5
Is the team public (not anonymous)? (Y/N)	20	Y	20
Code Documentation			
1. Is there a whitepaper? (Y/N)	5	Υ	5
2. Are the basic software functions documented? (Y/N)	10	Υ	10
3. Does the software function documentation fully (100%) cover the deployed contracts? (%)	15	100%	15
4. Are there sufficiently detailed comments for all functions within the deployed contract code (%)	10	43%	4.3
5. Is it possible to trace from software documentation to the implementation in code (%)	5	90%	4.5
Testing			
1. Full test suite (Covers all the deployed code) (%)	20	100%	20
2. Code coverage (Covers all the deployed lines of code, or explains misses) (%)	5	100%	5
3. Scripts and instructions to run the tests? (Y/N)	5	Υ	5
4. Packaged with the deployed code (Y/N)	5	Υ	5
5. Report of the results (%)	10	70%	7
6. Formal Verification test done (%)	5	0%	0
7. Stress Testing environment (%)	5	0%	0
Audits_			
Audit done	70	100%	70
Section Scoring			
Code and Team	70	100%	

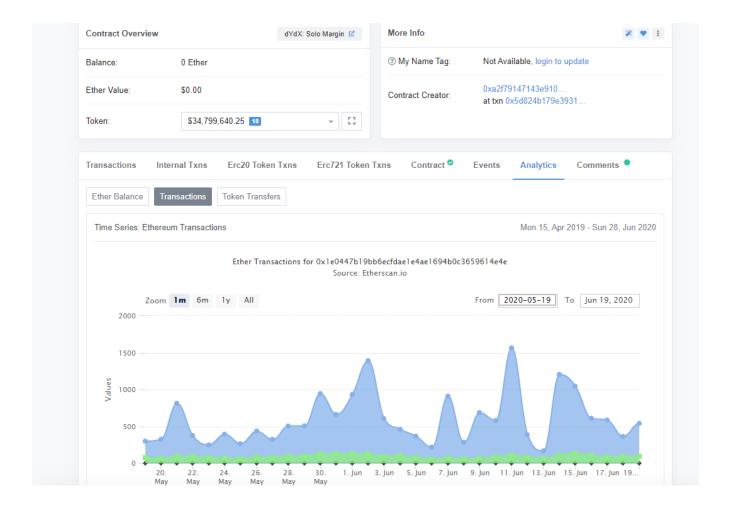
Code and Team	70	100/0	
Documentation	45	86%	
Testing	55	76%	
Audits	70	100%	

### **Deployed Code Appendix**



### **Code Used Appendix**





### **Example Code Appendix**

```
/**
1
    * @title Actions
 3
    * @author dYdX
 4
    * Library that defines and parses valid Actions
 5
 6
   library Actions {
 7
8
9
       // ====== Constants =======
10
       bytes32 constant FILE = "Actions";
11
12
       // ====== Enums =======
13
14
15
       enum ActionType {
           Deposit, // supply tokens
16
           Withdraw, // borrow tokens
17
           Transfer, // transfer balance between accounts
18
           Buy,
                      // buy an amount of some token (externally)
19
                      // sell an amount of some token (externally)
           Sell,
2.0
                      // trade tokens against another account
           Trade,
21
           Liquidate, // liquidate an undercollateralized or expiring accoun-
22
```

```
Vaporize, // use excess tokens to zero-out a completely negative
23
                       // send arbitrary data to an address
24
25
        }
2.6
27
       enum AccountLayout {
            OnePrimary,
28
29
            TwoPrimary,
            PrimaryAndSecondary
30
        }
31
32
       enum MarketLayout {
33
            ZeroMarkets,
34
            OneMarket,
35
            TwoMarkets
36
37
       }
38
39
        // ====== Structs =======
40
        /*
41
42
         * Arguments that are passed to Solo in an ordered list as part of a
        * Each ActionArgs has an actionType which specifies which action stru-
43
        * parsed into before being processed.
44
         */
45
       struct ActionArgs {
46
            ActionType actionType;
47
            uint256 accountId;
48
            Types.AssetAmount amount;
49
            uint256 primaryMarketId;
50
            uint256 secondaryMarketId;
51
            address otherAddress;
52
53
            uint256 otherAccountId;
54
            bytes data;
       }
5.5
56
        // ====== Action Types =======
57
58
59
         * Moves tokens from an address to Solo. Can either repay a borrow or
60
        */
61
       struct DepositArgs {
62
63
            Types.AssetAmount amount;
            Account. Info account;
64
65
            uint256 market;
            address from;
66
        }
67
68
69
         * Moves tokens from Solo to another address. Can either borrow token
70
         * previously supplied.
71
        */
72
        struct WithdrawArgs {
73
74
            Types.AssetAmount amount;
```

```
Account. Info account;
 75
             uint256 market;
 76
 77
             address to;
         }
 78
 79
         /*
 80
          * Transfers balance between two accounts. The msg.sender must be an
 81
          * The amount field applies to accountOne.
 82
          ^{\star} This action does not require any token movement since the trade is
 83
          */
 84
         struct TransferArgs {
 85
             Types.AssetAmount amount;
 86
             Account.Info accountOne;
 87
             Account.Info accountTwo;
 88
             uint256 market;
 89
         }
 90
 91
 92
          * Acquires a certain amount of tokens by spending other tokens. Send
 93
          * specified exchangeWrapper contract and expects makerMarket tokens i:
 94
          * applies to the makerMarket.
 95
          */
 96
 97
         struct BuyArgs {
             Types.AssetAmount amount;
 98
             Account. Info account;
 99
             uint256 makerMarket;
100
             uint256 takerMarket;
101
             address exchangeWrapper;
102
103
             bytes orderData;
104
         }
105
106
          * Spends a certain amount of tokens to acquire other tokens. Sends to
107
          * specified exchangeWrapper and expects makerMarket tokens in return.
108
          * to the takerMarket.
109
          */
110
         struct SellArgs {
111
             Types.AssetAmount amount;
112
             Account. Info account;
113
             uint256 takerMarket;
114
115
             uint256 makerMarket;
             address exchangeWrapper;
116
             bytes orderData;
117
         }
118
119
         /*
120
          * Trades balances between two accounts using any external contract ti
121
          * AutoTrader interface. The AutoTrader contract must be an operator
122
          ^{\star} which it is trading on-behalf-of). The amount field applies to the \ensuremath{\text{\tiny I}}
123
          * inputMarket. This proposed change to the makerAccount is passed to
124
          * quote a change for the makerAccount in the outputMarket (or will d
125
          * This action does not require any token movement since the trade is
126
```

```
*/
127
         struct TradeArgs {
128
129
             Types.AssetAmount amount;
130
             Account. Info taker Account;
131
             Account. Info maker Account;
             uint256 inputMarket;
132
             uint256 outputMarket;
133
             address autoTrader;
134
             bytes tradeData;
135
136
         }
137
138
          * Each account must maintain a certain margin-ratio (specified global
139
          * below this margin-ratio, it can be liquidated by any other account
140
141
          * (arbitrageurs) to repay any borrowed asset (owedMarket) of the liq-
          * exchange for any collateral asset (heldMarket) of the liquidAccoun-
142
143
          * by the price ratio (given by the oracles) plus a spread (specified
          * account also sets a flag on the account that the account is being 1
144
          * anyone to continue liquidating the account until there are no more
145
          * liquidating account. Liquidators do not have to liquidate the enti-
146
          * can liquidate as much as they choose. The liquidating flag allows 1
147
          * liquidating the account even if it becomes collateralized through |
148
149
          * price movement.
          */
150
         struct LiquidateArgs {
151
152
             Types.AssetAmount amount;
             Account. Info solidAccount;
153
             Account. Info liquidAccount;
154
155
             uint256 owedMarket;
156
             uint256 heldMarket;
157
         }
158
159
          * Similar to liquidate, but vaporAccounts are accounts that have only
160
          * remaining. The arbitrageur pays back the negative asset (owedMarke
161
          * exchange for a collateral asset (heldMarket) at a favorable spread
162
          * liquidAccount has no collateral assets, the collateral must come f
163
         */
164
165
         struct VaporizeArgs {
166
             Types.AssetAmount amount;
167
             Account. Info solidAccount;
             Account. Info vapor Account;
168
             uint256 owedMarket;
169
             uint256 heldMarket;
170
         }
171
172
173
          * Passes arbitrary bytes of data to an external contract that implement
174
175
          * Does not change any asset amounts. This function may be useful for
          * on layer-two contracts for certain accounts without having to make
176
          * transaction for doing so. Also, the second-layer contracts can ens
177
          * from an operator of the particular account.
178
```

```
*/
179
        struct CallArgs {
180
181
            Account. Info account;
182
             address callee;
183
             bytes data;
         }
184
185
        // ====== Helper Functions =======
186
187
         function getMarketLayout(
188
             ActionType actionType
189
190
        )
             internal
191
             pure
192
193
             returns (MarketLayout)
         {
194
195
             if (
                 actionType == Actions.ActionType.Deposit
196
                 | actionType == Actions.ActionType.Withdraw
197
                 | actionType == Actions.ActionType.Transfer
198
             ) {
199
                 return MarketLayout.OneMarket;
200
201
             else if (actionType == Actions.ActionType.Call) {
202
                 return MarketLayout.ZeroMarkets;
203
204
             }
205
             return MarketLayout. Two Markets;
206
         }
207
         function getAccountLayout(
208
209
             ActionType actionType
210
        )
             internal
211
             pure
212
213
             returns (AccountLayout)
214
         {
             if (
215
                 actionType == Actions.ActionType.Transfer
216
                 | actionType == Actions.ActionType.Trade
217
218
             ) {
219
                 return AccountLayout. TwoPrimary;
220
             } else if (
221
                 actionType == Actions.ActionType.Liquidate
                 | actionType == Actions.ActionType.Vaporize
222
223
224
                 return AccountLayout.PrimaryAndSecondary;
225
             return AccountLayout.OnePrimary;
226
227
         }
228
         // ====== Parsing Functions ========
229
230
```

```
function parseDepositArgs(
231
             Account.Info[] memory accounts,
232
233
             ActionArgs memory args
234
         )
235
             internal
             pure
236
237
             returns (DepositArgs memory)
         {
238
             assert(args.actionType == ActionType.Deposit);
239
             return DepositArgs({
240
                 amount: args.amount,
241
                 account: accounts[args.accountId],
242
                 market: args.primaryMarketId,
243
                 from: args.otherAddress
244
245
             });
246
         }
247
         function parseWithdrawArgs (
248
             Account.Info[] memory accounts,
249
250
             ActionArgs memory args
         )
251
252
             internal
253
             pure
             returns (WithdrawArgs memory)
254
255
         {
             assert(args.actionType == ActionType.Withdraw);
256
257
             return WithdrawArgs({
                 amount: args.amount,
258
                 account: accounts[args.accountId],
259
                 market: args.primaryMarketId,
260
261
                 to: args.otherAddress
262
             });
263
         }
264
         function parseTransferArgs(
265
             Account.Info[] memory accounts,
266
             ActionArgs memory args
267
         )
268
             internal
269
270
             pure
271
             returns (TransferArgs memory)
272
273
             assert(args.actionType == ActionType.Transfer);
             return TransferArgs({
274
275
                 amount: args.amount,
                 accountOne: accounts[args.accountId],
276
                 accountTwo: accounts[args.otherAccountId],
277
                 market: args.primaryMarketId
278
279
             });
         }
280
281
282
         function parseBuyArgs (
```

```
Account.Info[] memory accounts,
283
284
             ActionArgs memory args
285
         )
286
             internal
287
             pure
             returns (BuyArgs memory)
288
289
             assert(args.actionType == ActionType.Buy);
290
             return BuyArgs({
291
                 amount: args.amount,
292
                 account: accounts[args.accountId],
293
                 makerMarket: args.primaryMarketId,
294
                 takerMarket: args.secondaryMarketId,
295
                 exchangeWrapper: args.otherAddress,
296
297
                 orderData: args.data
298
             });
299
         }
300
         function parseSellArgs (
301
302
             Account.Info[] memory accounts,
             ActionArgs memory args
303
304
         )
305
             internal
             pure
306
             returns (SellArgs memory)
307
308
309
             assert(args.actionType == ActionType.Sell);
             return SellArgs({
310
                 amount: args.amount,
311
                 account: accounts[args.accountId],
312
313
                 takerMarket: args.primaryMarketId,
                 makerMarket: args.secondaryMarketId,
314
                 exchangeWrapper: args.otherAddress,
315
                 orderData: args.data
316
317
             });
318
         }
319
         function parseTradeArgs(
320
             Account.Info[] memory accounts,
321
             ActionArgs memory args
322
323
         )
324
             internal
325
             pure
             returns (TradeArgs memory)
326
327
             assert(args.actionType == ActionType.Trade);
328
             return TradeArgs({
329
                 amount: args.amount,
330
                 takerAccount: accounts[args.accountId],
331
                 makerAccount: accounts[args.otherAccountId],
332
                 inputMarket: args.primaryMarketId,
333
334
                 outputMarket: args.secondaryMarketId,
```

```
autoTrader: args.otherAddress,
335
336
                 tradeData: args.data
337
             });
338
         }
339
         function parseLiquidateArgs(
340
341
             Account.Info[] memory accounts,
             ActionArgs memory args
342
         )
343
344
             internal
             pure
345
             returns (LiquidateArgs memory)
346
347
             assert(args.actionType == ActionType.Liquidate);
348
349
             return LiquidateArgs({
350
                 amount: args.amount,
351
                 solidAccount: accounts[args.accountId],
                 liquidAccount: accounts[args.otherAccountId],
352
                 owedMarket: args.primaryMarketId,
353
354
                 heldMarket: args.secondaryMarketId
355
             });
356
         }
357
         function parseVaporizeArgs (
358
             Account.Info[] memory accounts,
359
             ActionArgs memory args
360
361
362
             internal
363
             pure
364
             returns (VaporizeArgs memory)
365
         {
             assert(args.actionType == ActionType.Vaporize);
366
             return VaporizeArgs({
367
                 amount: args.amount,
368
                 solidAccount: accounts[args.accountId],
369
                 vaporAccount: accounts[args.otherAccountId],
370
                 owedMarket: args.primaryMarketId,
371
                 heldMarket: args.secondaryMarketId
372
373
             });
374
         }
375
376
         function parseCallArgs(
377
             Account.Info[] memory accounts,
             ActionArgs memory args
378
379
         )
             internal
380
381
             pure
             returns (CallArgs memory)
382
383
         {
             assert(args.actionType == ActionType.Call);
384
             return CallArgs({
385
386
                 account: accounts[args.accountId],
```

```
callee: args.otherAddress,
data: args.data
});

390  }

391 }
```

## **SLOC Appendix**

## **Solidty Contracts**

Language	Files	Lines	Blanks	Comments	Code	Complexity
Solidity	32	11339	1264	1853	8222	518

Comments to Code 1853/8222 = 23%

### **Javascript Tests**

Language	Files	Lines	Blanks	Comments	Code	Complexity
TypeScript	55	20465	1955	337	18173	846

Tests to Code 18173/8222 = 221%