

# dForce Network

# **Lending Smart Contracts**

**Security Assessment** 

February 12th, 2021



CertiK reports are not, nor should be considered, an "endorsement" or "disapproval" of any particular project or team. These reports are not, nor should be considered, an indication of the economics or value of any "product" or "asset" created by any team or project that contracts CertiK to perform a security review.

CertiK Reports do not provide any warranty or guarantee regarding the absolute bug-free nature of the technology analyzed, nor do they provide any indication of the technologies proprietors, business, business model or legal compliance.

CertiK Reports should not be used in any way to make decisions around investment or involvement with any particular project. These reports in no way provide investment advice, nor should be leveraged as investment advice of any sort.

CertiK Reports represent an extensive auditing process intending to help our customers increase the quality of their code while reducing the high level of risk presented by cryptographic tokens and blockchain technology.

Blockchain technology and cryptographic assets present a high level of ongoing risk. Certik's position is that each company and individual are responsible for their own due diligence and continuous security. Certik's goal is to help reduce the attack vectors and the high level of variance associated with utilizing new and consistently changing technologies, and in no way claims any guarantee of security or functionality of the technology we agree to analyze.

### What is a CertiK report?

- A document describing in detail an in depth analysis of a particular piece(s) of source code provided to CertiK by a Client.
- An organized collection of testing results, analysis and inferences made about the structure, implementation and overall best practices of a particular piece of source code.
- Representation that a Client of CertiK has completed a round of auditing with the intention to increase the quality of the company/product's IT infrastructure and or source code.



### **Project Summary**

Project Name	dForce Network - Lending Smart Contracts
Description	Smart contracts of the dForceLending repository. The code implements a lending protocol with the functionality of providing flash loans. All of the assets lent and borrowed acrrue interests based on the set the parameters.
Platform	Ethereum; Solidity, Yul
Codebase	GitHub Repository
Commits	1. <u>4dd190395651e8e5b10bd8be733fb0ba4262613c</u> 2. <u>397ec65b5676bd2f64d72e532e961595ab931e3d</u>

### **Audit Summary**

Delivery Date	Feb. 12, 2021
Method of Audit	Static Analysis, Manual Review
Consultants Engaged	3
Timeline	Jan. 2, 2021 - Jan. 31, 2021

# Vulnerability Summary

Total Issues	61 (24 Resolved, 37 Acknowledged)
<ul><li>Total Medium</li></ul>	4 (3 Resolved, 1 Acknowledged)
Total Minor	8 (5 Resolved, 3 Acknowledged)
<ul><li>Total Informational</li></ul>	49 (16 Resolved, 33 Acknowledged)

# Executive Summary

All of the functions in the Controller contract have proper access restriction and parameter sanitization where necessary. The equity was found to be calculated correctly for each of the accounts. Most of the findings are optimizational, while <u>CON-13</u> addresses the issue of a market exit while a user still has an active borrow balance in that market.

The PriceOracle contract has proper access restriction and parameter sanitization where necessary and applies proper utilization of the Anchors and Reader architecture. Most of the findings are optimizational, while <u>POE-12</u> addresses specific uses of assert instead of require, which should not be used in a production environment, as they will consume all remaining gas in the event of a failure. Protection against flash loan vulnerabilities and price manipulation was found to be implemented via the swing and anchors constraints, but there is still a centralization issue with the PriceOracle contract. For most occasions, it would be advisable to utilize a decentralized price oracle system, such as Chainlink.

While the Base contract was found to have proper access restriction and parameter sanitization, <u>BAS-01</u> outlines the possibility for replay attacks, which should be addressed prior to deployment.

The RewardDistributor contract contains the potential for re-entrancy attacks in the claimReward function, as outlined in <u>RDR-01</u>. The contract also fails to emit an event when updating the global distribution speed in the \_setGlobalDistributionSpeed function, as outlined in <u>RDR-02</u>. The \_updateReward function does not check if the supplied \_address is non-zero, as outlined in <u>RDR-03</u>. All of the other findings are optimizational.

The TokenERC20 contract has the potential for re-entrancy attacks, as outlined in <u>TER-01</u>, which can be resolved with a simple inclusion of the nonReentrant modifier.

The iToken contract has proper access restriction for all the functions, where <u>ITO-01</u> addresses an invalid calculation within the supplyRatePerBlock function, where the calculation unnecessarily performs a multiplication with BASE.

The iETH contract was checked for native ETH transferring and receiving in order to ensure that they are properly implemented for flash loans. In particular, <u>ETH-02</u> points out the usage of transfer for sending ETH, while <u>ETH-05</u> points out the usage of receive for receiving ETH. Proper access restriction was found to be implemented along with correct parameter sanitization, which is missing in the actual function implementations but they are handled in their internal counterparts.

It should be noted that the nonReentrant modifier should be refactored on the external liquidateBorrow function in the iETH and iToken contracts in order to allow calling it from within the flashloan function. Removing the nonReentrant modifier from the liquidateBorrow function altogether is not an option, as it would open the potential for reentrancy attacks. The nonReentrant modifier should be replaced with a separate bool state variable which acts as a mutex to prevent re-entrancy attacks within the liquidateBorrow function, requiring the bool mutex to be false at the beginning of liquidateBorrow, setting the bool mutex to true after the requirement, calling the

\_liquidateBorrowInternal function, then setting the bool mutex back to false after the call to the \_liquidateBorrowInternal function. The reason the nonReentrant modifier is insufficient is because it shares a single bool across all functions marked nonReentrant within the contract, which makes it impossible to call a separate function marked nonReentrant when a nonReentract function is already executing. This is what prevents the liquidateBorrow function from being called from within the flashloan function.

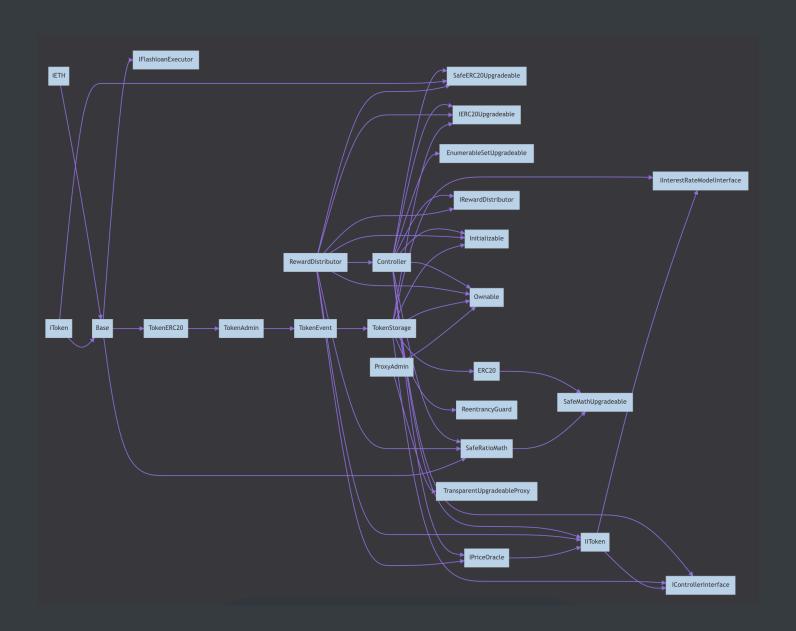
A review was performed for the flashloan exploit's <u>fix</u> related to decreasing of exchangeRate enabling the liquidation of insolvent positions. The fix of adding flashloan amount to totalBorrows is deemed safe and does not introduce any issues in flashloan, minting, borrowing, repay and liquidation functionalitiles, and is regarded important to be incorporated for production deployment.

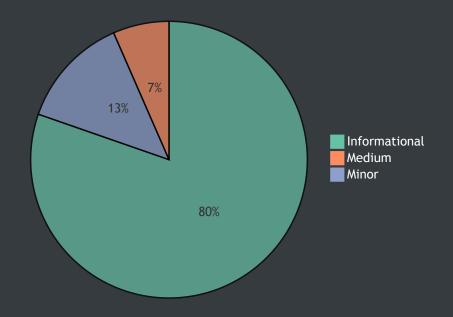


ID	Contract	Location
BAS	Base.sol	contracts/TokenBase/Base.sol
CON	Controller.sol	contracts/Controller.sol
ERC	ERC20.sol	contracts/library/ERC20.sol
ITN	liToken.sol	contracts/interface/liToken.sol
IPO	IPriceOracle.sol	contracts/interface/IPriceOracle.sol
INI	Initializable.sol	contracts/library/Initializable.sol
IRM	InterestRateModel.sol	contracts/InterestRateModel/InterestRateModel.sol
IFE	IFlashloanExecutor.sol	contracts/interface/IFlashloanExecutor.sol
IRD	IRewardDistributor.sol	contracts/interface/IRewardDistributor.sol
ICI	IControllerInterface.sol	contracts/interface/IControllerInterface.sol
IIR	IInterestRateModelInterface.sol	contracts/interface/IInterestRateModelInterface.sol
OWN	Ownable.sol	contracts/library/Ownable.sol
PAN	ProxyAdmin.sol	contracts/library/ProxyAdmin.sol
POE	PriceOracle.sol	contracts/PriceOracle.sol
RGD	ReentrancyGuard.sol	contracts/library/ReentrancyGuard.sol
RDR	RewardDistributor.sol	contracts/RewardDistributor.sol
SRM	SafeRatioMath.sol	contracts/library/SafeRatioMath.sol
TAN	TokenAdmin.sol	contracts/TokenBase/TokenAdmin.sol
TER	TokenERC20.sol	contracts/TokenBase/TokenERC20.sol
TET	TokenEvent.sol	contracts/TokenBase/TokenEvent.sol
TSE	TokenStorage.sol	contracts/TokenBase/TokenStorage.sol

ETH	iETH.sol	contracts/iETH.sol
ITO	iToken.sol	contracts/iToken.sol

# File Dependency Graph





ID	Title	Туре	Severity	Resolved
<u>CON-01</u>	Mappings data can be packed in a struct	Gas Optimization	<ul><li>Informational</li></ul>	<b>✓</b>
<u>CON-02</u>	Mappings data can be packed in a struct	Gas Optimization	<ul><li>Informational</li></ul>	<b>✓</b>
<u>CON-03</u>	Comparison with literal true	Gas Optimization	<ul><li>Informational</li></ul>	~
<u>CON-04</u>	Inefficient use of require statements	Gas Optimization	<ul><li>Informational</li></ul>	✓

<u>CON-05</u>	Inefficient use of require statements	Gas Optimization	<ul><li>Informational</li></ul>	<b>√</b>
<u>CON-06</u>	Redundant casting to type address	Gas Optimization	<ul><li>Informational</li></ul>	~
<u>CON-07</u>	Ineffectual code	Inconsistency	<ul><li>Informational</li></ul>	<b>✓</b>
<u>CON-08</u>	Explicitly returning local variable	Gas Optimization	<ul><li>Informational</li></ul>	✓
<u>CON-09</u>	Functions visiblity can be changed to external	Gas Optimization	<ul><li>Informational</li></ul>	<b>✓</b>
<u>CON-10</u>	Documentation discrepancy	Inconsistency	<ul><li>Informational</li></ul>	<b>✓</b>
<u>CON-11</u>	Incorrect naming convention for external functions	Language Specific	<ul><li>Informational</li></ul>	©
<u>CON-12</u>	Lack of verification for the passed argument	Logical Issue	<ul><li>Minor</li></ul>	<b>✓</b>
<u>CON-13</u>	Borrow status of the user is not checked when exiting from a market	Logical Issue	<ul><li>Informational</li></ul>	©
<u>CON-15</u>	Redundant casting to uint8	Gas Optimization	<ul><li>Informational</li></ul>	<b>✓</b>
<u>CON-16</u>	Contract name does not comply with the convention	Language Specific	<ul><li>Informational</li></ul>	(P
<u>POE-01</u>	Code Optimization	Gas Optimization	<ul><li>Informational</li></ul>	<u>:</u>
POE-02	Conditional Optimization	Gas Optimization	<ul><li>Informational</li></ul>	<u>.</u>
POE-03	Visibility Specifiers Missing	Language Specific	<ul><li>Informational</li></ul>	Ŀ

POE-04	State Layout Optimization	Gas Optimization	<ul><li>Informational</li></ul>	<u>:</u>
POE-05	Order of Layout	Coding Style	<ul><li>Informational</li></ul>	(!·
POE-06	Variable Visibility	Gas Optimization	<ul><li>Informational</li></ul>	<u>(1</u> °
<u>POE-07</u>	event Optimization	Language Specific	<ul><li>Informational</li></ul>	<u>:</u>
POE-08	Ambiguous Error Message	Inconsistency	<ul><li>Informational</li></ul>	Û.
POE-09	Function Optimization	Gas Optimization	<ul><li>Informational</li></ul>	<u>(1</u> °
POE-10	Code Optimization	Gas Optimization	<ul><li>Informational</li></ul>	<u>.</u>
<u>POE-11</u>	Ambiguous NetSpec Comments	Coding Style	<ul><li>Informational</li></ul>	<b>✓</b>
<u>POE-12</u>	Introduction of require Statements	Volatile Code	<ul><li>Minor</li></ul>	(!)
POE-13	Function Visibility Optimization	Gas Optimization	<ul><li>Informational</li></ul>	(!)
POE-14	Naming Conventions	Coding Style	<ul><li>Informational</li></ul>	Û.
POE-15	Inexistant Input Sanitization	Volatile Code	<ul><li>Informational</li></ul>	<u>.</u>
ETH-01	Ambiguous Statement	Volatile Code	<ul><li>Informational</li></ul>	<u></u>
ETH-02	Usage of transfer() for sending Ether	Volatile Code	<ul><li>Minor</li></ul>	Ů
<u>ETH-03</u>	Possibiliy of incorrect calculation	Volatile Code	<ul><li>Medium</li></ul>	<b>✓</b>
<u>ETH-04</u>	Non Standard Contract Naming	Coding Style	<ul><li>Informational</li></ul>	<u>()</u>
<u>ETH-05</u>	Inexistent Input Sanitization	Volatile Code	<ul><li>Minor</li></ul>	~
<u>ETH-06</u>	Contract Size	Compiler Error	<ul><li>Informational</li></ul>	<b>✓</b>
<u>ITO-01</u>	Possibiliy of incorrect	Volatile Code	<ul><li>Medium</li></ul>	<b>~</b>

	calculation			
<u>ITO-02</u>	Redundant casting to uint8	Gas Optimization	<ul><li>Informational</li></ul>	<b>✓</b>
<u>ITO-03</u>	Contract name does not comply with the convention	Language Specific	<ul><li>Informational</li></ul>	<b>(</b> )
<u>BAS-01</u>	Possibility of replay attack in permit	Volatile Code	<ul><li>Minor</li></ul>	<b>(</b> )
<u>RDR-01</u>	Potential for re-entrancy attacks in claimReward	Volatile Code	<ul><li>Medium</li></ul>	<b>✓</b>
RDR-02	Missing event for updating global distribution speed	Implementation	<ul><li>Minor</li></ul>	~
<u>RDR-03</u>	Lack of address check in _updateReward	Volatile Code	<ul><li>Minor</li></ul>	<b>✓</b>
<u>RDR-04</u>	Unnecessary underscore prefixing _setRewardToken	Naming Conventions	s • Informational	©
<u>RDR-05</u>	Unnecessary underscore prefixing _addRecipient	Naming Conventions	s • Informational	(°)
<u>RDR-06</u>	Unnecessary underscore prefixing _pause	Naming Conventions	s • Informational	©.
<u>RDR-07</u>	Unnecessary underscore prefixing _unpause	Naming Conventions	s • Informational	<u>()</u>
<u>RDR-08</u>	Unnecessary underscore prefixing _setGlobalDistribution Speed	Naming Conventions	s • Informational	Ŀ
RDR-09	Inefficient early return in	Gas Optimization	<ul><li>Informational</li></ul>	<b>✓</b>

	updateDistributionSpee d			
<u>RDR-10</u>	Unnecessary underscore prefixing _setDistributionFactor s	Naming Conventions	s • Informational	<u>()</u>
<u>RDR-11</u>	Inefficient early return in updateDistributionStat	Gas Optimization	<ul><li>Informational</li></ul>	©
<u>RDR-12</u>	Inefficient early return in updateReward	Gas Optimization	<ul><li>Informational</li></ul>	(j)
<u>RDR-13</u>	claimAllReward should be declared external	Implementation	<ul><li>Informational</li></ul>	<b>✓</b>
<u>IRM-01</u>	getBorrowRate should be declared external	Implementation	<ul><li>Informational</li></ul>	©
<u>TAN-01</u>	Unnecessary underscore prefixing _setController	Naming Conventions	s • Informational	©.
<u>TAN-02</u>	Unnecessary underscore prefixing _setInterestRateModel	Naming Conventions	s • Informational	(P
<u>TAN-03</u>	Unnecessary underscore prefixing _setNewReserveRatio	Naming Conventions	s • Informational	<b>©</b>
<u>TAN-04</u>	Unnecessary underscore prefixing _setNewFlashloanFeeRatio	Naming Conventions	s • Informational	Ŀ
<u>TAN-05</u>	Unnecessary underscore	Naming Conventions	s • Informational	©

	prefixing _setNewProtocolFeeRati o			
<u>TAN-06</u>	Unnecessary underscore prefixing _withdrawReserves	Naming Conventions	• Informational	<u>(†</u>
<u>TER-01</u>	Potential for re-entrancy attacks in _transferTokens	Volatile Code	<ul><li>Minor</li></ul>	<b>✓</b>



# CON-01: mappings data can be packed in a struct

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L62, L66

#### **Description:**

The mappings on the aforementioned lines have key of type address representing a user's address. These mappings can be combined into a single mapping having address as key type and the value type will be a struct having properties from both aforementioned mappings. This will reduce the lookup gas cost when reading data from these mappings.

#### Recommendation:

We advise to replace the aforementioned mappings with a single mapping by utilizing a struct for the value types.

```
struct UserData {
    EnumerableSetUpgradeable.AddressSet collaterals;
    EnumerableSetUpgradeable.AddressSet borrowed;
}
```

```
mapping(address => User) internal usersData;
```

#### Alleviation:



### CON-02: Mappings data can be packed in a struct

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L59, L107, L110, L113

#### **Description:**

The mappings on the aforementioned lines have key of type address representing a market's address. These mappings can be combined into a single mapping having address as key type and the value type will be a struct having properties from all aforementioned mappings. This will reduce the lookup gas cost when reading data from these mappings.

#### Recommendation:

We advise to replace the aforementioned mappings with a single mapping by utilizing a struct for the value types.

```
struct MarketData {
    Market market;
    bool mintPaused;
    bool borrowPaused;
    bool redeemPaused;
}
```

```
mapping(address => MarketData) public marketsData;
```

#### Alleviation:



# CON-03: Comparison with literal true

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L136

### Description:

The aforementioned line performs comparison with a literal true. This comparison can be replaced with the expression itself to increase the legibility of the code.

#### Recommendation:

We advise to utilize the expression itself in place of comparison with literal true.

```
require(
    msg.sender == owner || _paused,
    "Only owner can unpause"
);
```

#### Alleviation:



# CON-04: Inefficient use of require statements

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L130-L138

#### **Description:**

The require statements on the aforementioned lines can be replaced with a single require statement to increase the legibility of the codebase and optimizing deploying gas cost from reduced bytecode footprint of the contract.

#### Recommendation:

We advise to use a single require statements with the combined conditional logic from both of the aforementioned require statements.

```
require(
    msg.sender == owner || (msg.sender == pauseGuardian && _paused),
    "only owner can pause/unpause and only guardian can pause"
);
```

#### Alleviation:



# CON-05: Inefficient use of require statements

Туре	Severity	Location
Gas	•	Controller.sol L300, L336, L374, L395, L432, L454, L476,
Optimization	Informational	<u>L588</u> , <u>L700</u> , <u>L770</u> , <u>L802</u> , <u>L1037</u>

#### Description:

The require statements on the aforementioned lines can substituted with a function call which would perform the said assertion. This will reduce the bytecode footprint of the contract resulting in reduced gas cost upon the deployment.

#### Recommendation:

We advise to introduce a private function and that be used in place of the require statements to reduce gas cost associated with individual use same require statement.

```
function _isTokenAdded(address iToken) private {
    require(iTokens.contains(_iToken), "Token has not been listed");
}
```

#### Alleviation:



# CON-06: Redundant casting to type address

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L1067, L1072, L1079, L1410

### Description:

The aforementioned lines perform redundant casting of iToken to type address which already is of type address.

#### Recommendation:

We advise to remove the redundant casting to address to save gas cost associated with it.

#### Alleviation:

Туре	Severity	Location
Inconsistency	<ul><li>Informational</li></ul>	Controller.sol L601

The aforementioned line utilizes local variable \_minter as an expression to silence the compiler warning of unused variable. As the variable is being used on L610, the line specifying the expression can be removed.

#### Recommendation:

We advise to remove the use of expression on the aforementioned line.

#### Alleviation:



# CON-08: Explicitly returning local variable

Туре	Severity	Location
Gas	•	Controller.sol L1249, L1292, L1315, L1373, L1429,
Optimization	Informational	<u>L1494</u>

#### Description:

The function on the aforementioned line explicitly returns a local variable which increases the overall cost of gas.

#### Recommendation:

Since named return variables can be declared in the signature of a function, consider refactoring to remove the local variable declaration and explicit return statement in order to reduce the overall cost of gas.

#### Alleviation:



# CON-09: Functions visiblity can be changed to external

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L1315, L1373

#### Description:

The functions on the aforementioned lines are never called within the contract and can have their visibilities changed to external and the data location of their array parameters can be changed to calldata which will save the gas cost associated with copying parameters to memory.

#### Recommendation:

We advise to change the functions' visibilites to external and the data location of their reference parameters to calldata.

#### Alleviation:



# CON-10: Documentation discrepancy

Туре	Severity	Location
Inconsistency	<ul><li>Informational</li></ul>	Controller.sol L51

#### Description:

There is documentation discrepancy in the comment on aforementioned line which describes the property supplyCapacity following it as being checked in beforeBorrow function hook yet it is only checked in beforeMint.

#### Recommendation:

We advise to change the comment on the aforementioned line to The supply capacity of the asset, will be checked in beforeMint().

#### Alleviation:



### CON-11: Incorrect naming convention for external functions

Туре	Severity	Location
Language	•	Controller.sol L174, L231, L246, L267, L295, L331, L368,
Specific	Informational	<u>L389, L409, L426, L448, L470, L481, L491, L509, L527, L552</u>

#### Description:

The names of external functions on the aforementioned lines are prefixed with underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

We advise to remove the \_ from ther start of the function names to comply with the naming convention for external functions.

#### Alleviation:

The recommendation was not taken into account, with the dForce team stating "Public functions starts with \_ are owner functions for easy interaction on Remix or Etherscan."



# CON-12: Lack of verification for the passed argument

Туре	Severity	Location
Logical Issue	<ul><li>Minor</li></ul>	Controller.sol L409

### Description:

The function \_setPauseGuardian receives \_newPauseGuardian of type address as its parameter, which is not validated against zero value.

#### Recommendation:

We advise to check the zero value of the argument \_newPauseGuardian passed to the function.

```
require(
_newPauseGuardian != address(0),

"_newPauseGuardian cannot be zero"
);
```

#### Alleviation:

# CON-13: Borrow status of the user is not checked when exiting from a market

Туре	Severity	Location
Logical Issue	<ul><li>Informational</li></ul>	Controller.sol L1394

#### **Description:**

When exiting market the user should have no borrow balance in that market. Calling redeemAllowed does not necessarily ensure it as a user could have higher collateral in another market and shortfall remains 0. Although, this position can still be liquidated.

#### Recommendation:

A check can be added to ensure that user does not have borrow balance in the exiting market.

```
require(
   LiToken(iToken).borrowBalanceStored(_account) == 0,
   "borrow balance must be 0 for exiting market"
);
```

#### Alleviation:

The recommendation was not taken into account, with the dForce team stating "Such operation is allowed. Now user has entering a market is treated as use the asset as collateral, and exiting a market only means the asset is no longer a collateral. The state is the same as user has not use the token as collateral but has borrowed some."



# CON-15: Redundant casting to uint8

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	Controller.sol L34

### Description:

The aforementioned line performs redundant casting to uint8 as the value returns by the function decimals is already a uint8.

#### Recommendation:

We advise to remove the redundant casting to uint8 to save gas cost associated with the casting operation.

#### Alleviation:



# CON-16: Contract name does not comply with the convention

Туре	Severity	Location
Language Specific	<ul><li>Informational</li></ul>	Controller.sol L13

### Description:

The contract name iToken starts with the small letter, which is against the convention of the contract names as the convention is to start the contract name with capital letter.

#### Recommendation:

We advise to changed the name of contract to comply with the convention of contract names.

#### Alleviation:

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	PriceOracle.sol L187, L200

The else block is redundant, as it only contains the return statement that is meant to be executed in every scenario other than the one checked in the if block.

#### Recommendation:

We advise to remove the else block and directly use the return statement.

#### Alleviation:



Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	PriceOracle.sol L233

The linked conditional should only check against the edge case, i.e. inequality with zero.

#### Recommendation:

We advise to change to a "not equal" operation instead.

#### Alleviation:



Туре	Severity	Location
Language Specific	<ul><li>Informational</li></ul>	PriceOracle.sol L259, L262, L268, L269

The linked variable declarations do not have a visibility specifier explicitly set.

#### Recommendation:

Inconsistencies in the default visibility the Solidity compilers impose can cause issues in the functionality of the codebase. We advise that visibility specifiers for the linked variables are explicitly set.

#### Alleviation:



Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	PriceOracle.sol L495-L522

The state should be as tightly packed as possible to 256-bit sized variables.

#### Recommendation:

We advise to change to a more optimal state layout.

#### Alleviation:

Туре	Severity	Location
Coding Style	<ul><li>Informational</li></ul>	PriceOracle.sol General

The order of layout does not follow the Solidity conventions.

#### Recommendation:

We advise to closely follow the Solidity style guide.

#### Alleviation:

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	PriceOracle.sol L498, L505

The linked variables are only used for internal operations, hence can have a stricter visibility specifier to save gas.

#### Recommendation:

We advise to change the visibility of the linked variables to internal.

#### Alleviation:

Туре	Severity	Location
Language	•	PriceOracle.sol L602, L669, L714, L721, L731, L746, L751,
Specific	Informational	<u>L761, L776, L784, L789</u>

The linked events could add the address parameters to the topics data structure.

#### Recommendation:

We advise to add the indexed attribute to the address parameters of the linked events.

### Alleviation:



Туре	Severity	Location
Inconsistency	<ul><li>Informational</li></ul>	PriceOracle.sol L946

The error message of the linked require statement does not point to the problem at hand.

#### Recommendation:

We advise to update the linked error message.

#### Alleviation:



Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	PriceOracle.sol L918-L973

The setExchangeRate() function can be optimized in two parts, hence saving gas.

#### Recommendation:

We advise to store the ExchangeRateModel(exchangeRateModel) into a local variable instead of casting the address to ExchangeRateModel. Also, introduce a storage variable and update that instead of redundantly looking-up the exchangeRates mapping for the specific asset.

#### Alleviation:

Туре	Severity	Location
Gas Optimization	Informational	PriceOracle.sol L1149

The for loop conditional redundantly does a look-up to the length member of the \_assets array on every iteration.

#### Recommendation:

We advise to introduce a local variable with the value of \_assets.length instead.

#### Alleviation:



## POE-11: Ambiguous NetSpec Comments

Туре	Severity	Location
Coding Style	<ul><li>Informational</li></ul>	PriceOracle.sol L1248-L1252

### Description:

The linked NatSpec comments are describing some return values twice and are missing the boolean return value description.

#### Recommendation:

We advise to update the linked NatSpec comments.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



# POE-12: Introduction of require Statements

Туре	Severity	Location
Volatile Code	<ul><li>Minor</li></ul>	PriceOracle.sol L401, L888, L1344, L1522, L1526, L1579

### Description:

A failed assert statement will consume all the gas available to the call.

#### Recommendation:

We advise to change the linked assert statements with require ones.

### Alleviation:



# POE-13: Function Visibility Optimization

Туре	Severity	Location
Gas	•	PriceOracle.sol L683, L797, L822, L854, L887, L918, L982,
Optimization	Informational	L1035, L1240, L1254, L1305, L1600

### Description:

The linked functions are declared as public, yet they are never called by the contract.

#### Recommendation:

We advise that the functions' visibility specifiers are set to external, optimizing the gas cost of the function.

### Alleviation:



Туре	Severity	Location
Coding	•	PriceOracle.sol L259, L262, L268, L269, L498, L500, L565, L683,
Style	Informational	L797, L822, L854, L887, L1078, L1112, L1141

The linked public / external variables and functions do not follow the Solidity standards in regards to their naming.

#### Recommendation:

We advise to closely follow the Solidity style guide.

#### Alleviation:



## POE-15: Inexistant Input Sanitization

Туре	Severity	Location
Volatile Code	<ul><li>Informational</li></ul>	PriceOracle.sol L822-L847

### Description:

The \_setPendingAnchorAdmin() function does not check whether the input value is equal to the existing one.

#### Recommendation:

We advise to add a require statement checking against the existing value of pendingAnchorAdmin.

#### Alleviation:

Туре	Severity	Location
Volatile Code	<ul><li>Informational</li></ul>	iETH.sol L37

The linked statement does not properly use the \_spender parameter. Also, the \_doTransferIn() function does not follow the functionality explained in the NatSpec comments.

#### Recommendation:

We advise to revise the \_doTransferIn() function.

#### Alleviation:

The recommendation was not taken into account.



# ETH-02: Usage of transfer() for sending Ether

Туре	Severity	Location
Volatile Code	<ul><li>Minor</li></ul>	iETH.sol L49, L124, L139

#### **Description:**

After <u>EIP-1884</u> was included in the Istanbul hard fork, it is not recommended to use .transfer() or .send() for transferring ether as these functions have a hard-coded value for gas costs making them obsolete as they are forwarding a fixed amount of gas, specifically 2300. This can cause issues in case the linked statements are meant to be able to transfer funds to other contracts instead of EOAs.

#### Recommendation:

We advise that the linked .transfer() and .send() calls are substituted with the utilization of <a href="mailto:the-sendValue()">the sendValue()</a> function from the Address.sol implementation of OpenZeppelin either by directly importing the library or copying the linked code.

#### Alleviation:

The recommendation was not taken into account, with the dForce team stating "No plan to change, aiming to restrict the gas."



# ETH-03: Possibility of incorrect calculation

Туре	Severity	Location
Volatile Code	<ul><li>Medium</li></ul>	iETH.sol L298

### Description:

he aforementioned line totalBorrows.mul(BASE).rdiv(\_underlying) multiplies totalBorrows with BASE so the decimals are not lost in division. It is not needed as rdiv, in its implementation, also multiplies the expression with BASE.

#### Recommendation:

We advise to remove the multiplication with BASE on the aforementioned line.

#### Alleviation:

The dForce team stated "The calulation itself is correct, changed for easy reading."



## ETH-04: Non Standard Contract Naming

Туре	Severity	Location
Coding Style	<ul><li>Informational</li></ul>	iETH.sol L11

### Description:

The contract naming does not follow the Solidity naming conventions.

#### Recommendation:

We advise to closely follow the Solidity style guide.

#### Alleviation:

The recommendation was not taken into account, with the dForce team stating "No plan to change the token contract name."



Туре	Severity	Location
Volatile Code	<ul><li>Minor</li></ul>	iETH.sol L186

The receive() function allows the contract to receive ETH, to repay a successful flash loan.

#### Recommendation:

We advise to add a require statement ensuring that only a contract is able to send ETH to the contract.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.

Туре	Severity	Location
Compiler Error	<ul><li>Informational</li></ul>	iETH.sol General

Contract size exceeds byte limit, may cause an issue in mainnet deployment.

#### Recommendation:

No recommendation.

### Alleviation:

The dForce team stated "With 200 runs of optimization, code size is okay."



## ITO-01: Possibility of incorrect calculation

Туре	Severity	Location
Volatile Code	<ul><li>Medium</li></ul>	iToken.sol L307

#### Description:

The aforementioned line totalBorrows.mul(BASE).rdiv(\_underlying) multiplies totalBorrows with BASE so the decimals are not lost in division. It is not needed as rdiv, in its implementation, also multiplies the expression with BASE.

#### Recommendation:

We advise to remove the multiplication with BASE on the aforementioned line.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	iToken.sol L34

The aforementioned line performs redundant casting to uint8 as the value returns by the function decimals is already a uint8.

#### Recommendation:

We advise to remove the redundant casting to uint8 to save gas cost associated with the casting operation.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



## ITO-03: Contract name does not comply with the convention

Туре	Severity	Location
Language Specific	<ul><li>Informational</li></ul>	iToken.sol L13

### Description:

The contract name iToken starts with the small letter, which is against the convention of the contract names as the convention is to start the contract name with capital letter.

#### Recommendation:

We advise to changed the name of contract to comply with the convention of contract names.

#### Alleviation:



## BAS-01: Possibility of replay attack in permit

Туре	Severity	Location
Volatile Code	<ul><li>Minor</li></ul>	Base.sol L577, L45

#### **Description:**

The permit function on L577 performs the operation of deriving signer address from the signature values of v, r and s. The state varible DOMAIN\_SEPARATOR that is used to calculate hash has a value of chainid that is derived only once in initialize function, which does not change after contract deployment. The issue arises in the event of fork when the cross-chain replay attacks can be executed.

The attack scenario can be thought of as if a fork of Ethereum happens and two different networks have id of for example 1 and 9. The chainid coded in DOMAIN\_SEPARATOR will be the same on contracts residing in both of the forks. If the chainid 1 is stored in the contract then the permit transaction signed for chainid 1 will be executable on both of the forks.

#### Recommendation:

We advise to construct the DOMAIN\_SEPRATOR hash inside the permit function so the current chainid could be fetched and only the transactions signed for current network could succeed.

#### Alleviation:

The recommendation was not taken into account, with the dForce team stating "More explanation needed."



# RDR-01: Potential for re-entrancy attacks in claimReward

Туре	Severity	Location
Volatile Code	Medium	contracts/RewardDistributor.sol L419-L420

#### Description:

The public claimReward function in the RewardDistributor contract has the potential for re-entrancy attacks due to the lack of access restriction and transferring from the arbitrary rewardToken address state variable to arbitrary \_holders addresses. In the case that the caller supplies a valid account address in the \_holders address array parameter with a non-zero reward value, a malicious rewardToken contract or \_account address could re-enter the claimReward function and drain the funds, because each account's reward amount is not updated in the public reward address-to-amount mapping state variable until L420, following the transfer on L419.

#### Recommendation:

This can be resolved by following the <u>Check-Effects-Interactions</u> pattern, setting the reward value for the current \_account to zero before the transfer by effectively swapping L419 and L420.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



# RDR-02: Missing event for updating global distribution speed

Туре	Severity	Location
Implementation	<ul><li>Minor</li></ul>	contracts/RewardDistributor.sol L172

#### **Description:**

The public \_setGlobalDistributionSpeed function in the RewardDistributor contract allows the owner to modify the globalDistributionSpeed state variable without emitting an event, which makes it difficult to track off-chain.

#### Recommendation:

Consider introducing a SetGlobalDistributionSpeed event in order to safely track changing of the globalDistributionSpeed state variable on chain.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



## RDR-03: Lack of address check in \_updateReward

Туре	Severity	Location
Volatile Code	<ul><li>Minor</li></ul>	contracts/RewardDistributor.sol L360

### Description:

The internal \_updateReward function in the RewardDistributor contract does not check if the supplied \_account address parameter is non-zero.

#### Recommendation:

Consider introducing a requirement in order to verify that the supplied \_account address parameter is non-zero before using it in the function.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



# RDR-04: Unnecessary underscore prefixing \_setRewardToken

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L90

#### Description:

The external \_setRewardToken function in the RewardDistributor contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to setRewardToken.

#### Alleviation:



# RDR-05: Unnecessary underscore prefixing \_addRecipient

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L110

#### Description:

The external \_addRecipient function in the RewardDistributor contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to addRecipient.

#### Alleviation:



## RDR-06: Unnecessary underscore prefixing \_pause

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L132

### Description:

The external \_pause function in the RewardDistributor contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to pause.

#### Alleviation:



## RDR-07: Unnecessary underscore prefixing \_unpause

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L144

#### Description:

The external \_unpause function in the RewardDistributor contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to unpause.

#### Alleviation:



## RDR-08: Unnecessary underscore prefixing \_setGlobalDistributionSpeed

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L165

#### Description:

The public  $\_$ setGlobalDistributionSpeed function in the RewardDistributor contract is prefixed with an underscore ( $\_$ ), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is public, consider renaming the function to setGlobalDistributionSpeed.

#### Alleviation:



## RDR-09: Inefficient early return in updateDistributionSpeed

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L185-L187

### Description:

The public updateDistributionSpeed function in the RewardDistributor contract checks if the paused state variable is set before returning, which is inefficient.

#### Recommendation:

This should most likely revert instead so that the gas is refunded.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



## RDR-10: Unnecessary underscore prefixing \_setDistributionFactors

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L271

#### Description:

The external \_setDistributionFactors function in the RewardDistributor contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to setDistributionFactors.

#### Alleviation:



## RDR-11: Inefficient early return in updateDistributionState

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L300-L302

### Description:

The external updateDistributionState function in the RewardDistributor contract checks if the paused state variable is set before returning, which is inefficient.

#### Recommendation:

This should most likely revert instead so that the gas is refunded.

### Alleviation:

The recommendation was not taken into account.



## RDR-12: Inefficient early return in updateReward

Туре	Severity	Location
Gas Optimization	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L351-L353

### Description:

The external updateReward function in the RewardDistributor contract checks if the paused state variable is set before returning, which is inefficient.

#### Recommendation:

This should most likely revert instead so that the gas is refunded.

### Alleviation:

The recommendation was not taken into account.



## RDR-13: claimAllReward should be declared external

Туре	Severity	Location
Implementation	<ul><li>Informational</li></ul>	contracts/RewardDistributor.sol L429

### Description:

The public claimAllReward function in the RewardDistributor contract should be redeclared as external.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



## **◯** IRM-01: getBorrowRate should be declared external

Туре	Severity	Location
Implementation	•	contracts/InterestRateModel/InterestRateModel.sol L97-
	Informational	<u>L101</u>

### Description:

The public getBorrowRate view function in the InterestRateModel contract should be redeclared as external.

#### Alleviation:

The recommendation was not taken into account, with the dForce team stating "The Interest Rate Model will be completely rewrote."



# TAN-01: Unnecessary underscore prefixing \_setController

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/TokenBase/TokenAdmin.sol L28

#### Description:

The external \_setController function in the TokenAdmin contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to setController.

#### Alleviation:



# TAN-02: Unnecessary underscore prefixing \_setInterestRateModel

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/TokenBase/TokenAdmin.sol L50

#### Description:

The external \_setInterestRateModel function in the TokenAdmin contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to setInterestRateModel .

#### Alleviation:



# TAN-03: Unnecessary underscore prefixing \_setNewReserveRatio

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/TokenBase/TokenAdmin.sol L71

#### Description:

The external \_setNewReserveRatio function in the TokenAdmin contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to setNewReserveRatio.

#### Alleviation:



# TAN-04: Unnecessary underscore prefixing \_setNewFlashloanFeeRatio

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/TokenBase/TokenAdmin.sol L94

#### Description:

The external \_setNewFlashloanFeeRatio function in the TokenAdmin contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

### Recommendation:

Since the function is external, consider renaming the function to setNewFlashloanFeeRatio.

#### Alleviation:



# TAN-05: Unnecessary underscore prefixing \_setNewProtocolFeeRatio

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/TokenBase/TokenAdmin.sol L117

#### Description:

The external \_setNewProtocolFeeRatio function in the TokenAdmin contract is prefixed with an underscore (\_), which is a convention typically reserved for private and internal declarations.

### Recommendation:

Since the function is external, consider renaming the function to setNewProtocolFeeRatio.

#### Alleviation:



# TAN-06: Unnecessary underscore prefixing \_withdrawReserves

Туре	Severity	Location
Naming Conventions	<ul><li>Informational</li></ul>	contracts/TokenBase/TokenAdmin.sol L142

#### Description:

The external \_withdrawReserves function in the TokenAdmin contract is prefixed with an underscore ( \_ ), which is a convention typically reserved for private and internal declarations.

#### Recommendation:

Since the function is external, consider renaming the function to withdrawReserves.

#### Alleviation:



## TER-01: Potential for re-entrancy attacks in \_transferTokens

Туре	Severity	Location
Volatile Code	<ul><li>Minor</li></ul>	contracts/TokenBase/TokenERC20.sol L34

#### Description:

The internal \_transferTokens function in the TokenERC20 contract has the potential for reentrancy attacks due to being accessible from the public transfer and transferFrom functions and making a call to the internal ERC20.\_transfer function.

#### Recommendation:

Consider utilizing the nonReentrant modifier on the internal \_transferTokens function in order to protect against re-entrancy attacks.

#### Alleviation:

The recommendation was applied in commit 397ec65b5676bd2f64d72e532e961595ab931e3d.



### **Finding Categories**

#### Gas Optimization

Gas Optimization findings refer to exhibits that do not affect the functionality of the code but generate different, more optimal EVM opcodes resulting in a reduction on the total gas cost of a transaction.

#### Arithmetic

Arithmetic exhibits entail findings that relate to mishandling of math formulas, such as overflows, incorrect operations etc.

#### Logical Issue

Logical Issue findings are exhibits that detail a fault in the logic of the linked code, such as an incorrect notion on how block.timestamp works.

#### Control Flow

Control Flow findings concern the access control imposed on functions, such as owner-only functions being invoke-able by anyone under certain circumstances.

#### Volatile Code

Volatile Code findings refer to segments of code that behave unexpectedly on certain edge cases that may result in a vulnerability.

#### Data Flow

Data Flow findings describe faults in the way data is handled at rest and in memory, such as the result of a struct assignment operation affecting an in-memory struct rather than an in-storage one.

### Language Specific

Language Specific findings are issues that would only arise within Solidity, i.e. incorrect usage of private or delete.

### Coding Style

Coding Style findings usually do not affect the generated byte-code and comment on how to make the codebase more legible and as a result easily maintainable.

#### Inconsistency

Inconsistency findings refer to functions that should seemingly behave similarly yet contain different code, such as a constructor assignment imposing different require statements on the input variables than a setter function.

#### **Magic Numbers**

Magic Number findings refer to numeric literals that are expressed in the codebase in their raw format and should otherwise be specified as constant contract variables aiding in their legibility and maintainability.

### **Compiler Error**

Compiler Error findings refer to an error in the structure of the code that renders it impossible to compile using the specified version of the project.

#### **Dead Code**

Code that otherwise does not affect the functionality of the codebase and can be safely omitted.a