



SMART CONTRACT AUDIT REPORT

for

OVIX Protocol



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Contents

1	Introduction	4
1.1	About OVIX	4
1.2	About PeckShield	5
1.3	Methodology	5
1.4	Disclaimer	7
2	Findings	9
2.1	Summary	9
2.2	Key Findings	10
3	Detailed Results	11
3.1	Timely Reward Update Upon totalEmissions Change	11
3.2	Improper Funding Source In VotingEscrow::_deposit_for()	12
3.3	Possible Front-Running For Unintended Payment	13
3.4	Improved Logic in OToken::borrowFresh()/repayBorrowFresh()	15
3.5	Non ERC20-Compliance Of OToken	16
3.6	Proper Market Removal in VoteController	19
3.7	Interface Inconsistency Between OMatic And OErc20	20
3.8	Trust Issue of Admin Keys	21
4	Conclusion	23
	References	24

1 | Introduction

Given the opportunity to review the design document and related smart contract source code of the 0VIX protocol, 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 0VIX

0VIX is a lending and borrowing protocol that is designed to be the Polygon's next generation money market platform. The protocol design is architected and inspired based on Compound, which allows users to utilize their cryptocurrencies by supplying collateral to the protocol that may be borrowed by staking over-collateralized cryptocurrencies. It also provides novel solutions to retaining liquidity, ensuring the health of the protocol and to foster the growth of the Polygon ecosystem. The basic information of 0VIX is as follows:

Table 1.1: Basic Information of 0VIX

Item	Description
Name	0VIX
Website	https://www.0vix.com/
Type	EVM Smart Contract
Platform	Solidity
Audit Method	Whitebox
Latest Audit Report	May 3, 2022

In the following, we show the Git repository of reviewed files and the commit hash value used in this audit.

- <https://github.com/0Vix/0vix-contracts.git> (00f610a)

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

- <https://github.com/0Vix/0vix-contracts.git> (82079c9)

1.2 About PeckShield

PeckShield Inc. [12] 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

Impact	High	Critical	High	Medium
	Medium	High	Medium	Low
	Low	Medium	Low	Low
		High	Medium	Low
		Likelihood		

1.3 Methodology

To standardize the evaluation, we define the following terminology based on the OWASP Risk Rating Methodology [11]:

- 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 checklist of 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

Table 1.3: The Full Audit Checklist

Category	Checklist Items
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

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 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) [10], 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. Moreover, in case there is an issue that may affect an active protocol that has been deployed, the public version of this report may omit such issue, but will be amended with full details right after the affected protocol is upgraded with respective fixes.

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 Logic	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 `ovix` protocol. 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 logic, examine system operations, and place DeFi-related aspects under scrutiny to uncover possible pitfalls and/or bugs.

Severity	# of Findings	
Critical	0	
High	0	
Medium	2	
Low	6	
Informational	0	
Total	8	

We have so far identified a list of potential issues: some of them involve subtle corner cases that might not be previously thought of, while others refer to unusual interactions among multiple contracts. 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 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 2 medium-severity vulnerabilities and 6 low-severity vulnerabilities.

Table 2.1: Key OVIX Audit Findings

ID	Severity	Title	Category	Status
PVE-001	Low	Timely Reward Update Upon totalEmissions Change	Business Logic	Resolved
PVE-002	Medium	Improper Funding Source In VotingEscrow::_deposit_for()	Business Logic	Resolved
PVE-003	Low	Possible Front-Running For Unintended Payment	Time and State	Resolved
PVE-004	Low	Improved Logic in OToken::borrowFresh()/repayBorrowFresh()	Coding Practice	Resolved
PVE-005	Low	Non ERC20-Compliance Of OToken	Coding Practice	Resolved
PVE-006	Low	Proper Market Removal in VoteController	Coding Practices	Resolved
PVE-007	Low	Interface Inconsistency Between OMatic And OErc20	Coding Practice	Resolved
PVE-008	Medium	Trust Issue of Admin Keys	Security Features	Mitigated

Besides the identified issues, we emphasize that for any user-facing applications and services, 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 should kick in at the very moment when the contracts are being deployed on mainnet. Please refer to Section 3 for details.

3 | Detailed Results

3.1 Timely Reward Update Upon totalEmissions Change

- ID: PVE-001
- Severity: Low
- Likelihood: Low
- Impact: Medium
- Target: VoteController
- Category: Business Logic [8]
- CWE subcategory: CWE-841 [5]

Description

The `OVIX` tokenomics are supported by a core `VoteController` contract, which controls the voting for supported markets as well as the issuance of additional rewards via `Comptroller`. While reviewing the rewards-related logic, we notice the current implementation needs to be improved.

To elaborate, we show below the `setTotalEmissions()` function in `VoteController`. It implements a simplistic logic in allowing for setting the emission rate of the protocol token `OVIX`. However, it does not immediately apply the new setting to the active markets. In other words, there is a need to invoke `updateRewards()` to adjust the dissemination speed via `Comptroller`.

```
640     function setTotalEmissions(uint256 _totalEmissions) external onlyAdmin {  
641         uint256 oldEmissions = totalEmissions;  
642         totalEmissions = _totalEmissions;  
643  
644         emit TotalEmissionsChanged(oldEmissions, totalEmissions);  
645     }
```

Listing 3.1: `VoteController::setTotalEmissions`

Recommendation Revise the above `setTotalEmissions()` function to timely apply the new emissions setting.

Status The issue has been confirmed. And the team clarifies that "Since the current reward speeds are voted by the users, we don't want to update the rewards immediately after setting a new

total emissions amount. The new amount of total emissions could have an impact on the users' vote behavior and that's why we are updating the reward speeds only after voting in a periodic manner."

3.2 Improper Funding Source In VotingEscrow::_deposit_for()

- ID: PVE-002
- Severity: Medium
- Likelihood: Medium
- Impact: Medium
- Target: VotingEscrow
- Category: Business Logic [8]
- CWE subcategory: CWE-841 [5]

Description

The `ovix` protocol allows users to obtain the governance `veOVIX` tokens by locking protocol tokens `ovix`. While reviewing the current locking logic, we notice the key helper routine `_deposit_for()` needs to be revised.

To elaborate, we show below the implementation of this `_deposit_for()` helper routine. In fact, it is an internal function to perform deposit and lock `ovix` for a user. This routine has a number of arguments and the first one `_addr` is the address to receive the `veOVIX` balance. It comes to our attention that the `_addr` address is also the one to actually provide the assets, `ERC20(self.token).transferFrom(_addr, self, _value)` (line 377). In fact, the `msg.sender` should be the one to provide the assets for locking! Otherwise, this function may be abused to lock `ovix` tokens from users who have approved the locking contract before without their notice.

```

350 @internal
351 def _deposit_for(_addr: address, _value: uint256, unlock_time: uint256, locked_balance:
    LockedBalance, type: int128):
352     """
353     @notice Deposit and lock tokens for a user
354     @param _addr User's wallet address
355     @param _value Amount to deposit
356     @param unlock_time New time when to unlock the tokens, or 0 if unchanged
357     @param locked_balance Previous locked amount / timestamp
358     """
359     _locked: LockedBalance = locked_balance
360     supply_before: uint256 = self.supply

362     self.supply = supply_before + _value
363     old_locked: LockedBalance = _locked
364     # Adding to existing lock, or if a lock is expired - creating a new one
365     _locked.amount += convert(_value, int128)
366     if unlock_time != 0:
367         _locked.end = unlock_time
368     self.locked[_addr] = _locked

```

```

370     # Possibilities:
371     # Both old_locked.end could be current or expired (>/< block.timestamp)
372     # value == 0 (extend lock) or value > 0 (add to lock or extend lock)
373     # _locked.end > block.timestamp (always)
374     self._checkpoint(_addr, old_locked, _locked)

376     if _value != 0:
377         assert ERC20(self.token).transferFrom(_addr, self, _value)

379     log Deposit(_addr, _value, _locked.end, type, block.timestamp)
380     log Supply(supply_before, supply_before + _value)

```

Listing 3.2: VotingEscrow::_deposit_for()

Recommendation Revise the above helper routine to use the right funding source to transfer the assets for locking.

Status The issue has been fixed in the following commit: 82079c9.

3.3 Possible Front-Running For Unintended Payment

- ID: PVE-003
- Severity: Low
- Likelihood: Medium
- Impact: Low
- Target: OToken
- Category: Time and State [9]
- CWE subcategory: CWE-663 [4]

Description

The oVIX protocol is in essence an over-collateralized lending pool that has the lending functionality and supports a number of normal lending functionalities for supplying and borrowing users, i.e., `mint()/redeem()` and `borrow()/repay()`. In the following, we examine one specific functionality, i.e., `repay()`.

To elaborate, we show below the core routine `repayBorrowFresh()` that actually implements the main logic behind the `repay()` routine. This routine allows for repaying partial or full current borrowing balance. It is interesting to note that the oVIX protocol supports the payment on behalf of another borrowing user (via `repayBorrowBehalf()`). And the `repayBorrowFresh()` routine supports the corner case when the given amount is larger than the current borrowing balance. In this corner case, the protocol assumes the intention for a full repayment.

```

1379     function repayBorrowFresh(
1380         address payer,
1381         address borrower,
1382         uint256 repayAmount

```

```

1383     ) internal returns (uint256, uint256) {
1384         /* Fail if repayBorrow not allowed */
1385         uint256 allowed = comptroller.repayBorrowAllowed(
1386             address(this),
1387             payer,
1388             borrower,
1389             repayAmount
1390         );
1391         if (allowed != 0) {
1392             return (
1393                 failOpaque(
1394                     Error.COMPTROLLER_REJECTION,
1395                     FailureInfo.REPAY_BORROW_COMPTROLLER_REJECTION,
1396                     allowed
1397                 ),
1398                 0
1399             );
1400         }

1402         /* Verify market's block timestamp equals current block timestamp */
1403         if (accrualBlockTimestamp != getBlockTimestamp()) {
1404             return (
1405                 fail(
1406                     Error.MARKET_NOT_FRESH,
1407                     FailureInfo.REPAY_BORROW_FRESHNESS_CHECK
1408                 ),
1409                 0
1410             );
1411         }

1413         RepayBorrowLocalVars memory vars;
1414         uint256 oldBorrowedBalance = borrowBalanceStored(borrower);

1416         /* We remember the original borrowerIndex for verification purposes */
1417         vars.borrowerIndex = accountBorrows[borrower].interestIndex;

1419         /* We fetch the amount the borrower owes, with accumulated interest */
1420         (vars.mathErr, vars.accountBorrows) = borrowBalanceStoredInternal(
1421             borrower
1422         );
1423         if (vars.mathErr != MathError.NO_ERROR) {
1424             return (
1425                 failOpaque(
1426                     Error.MATH_ERROR,
1427                     FailureInfo
1428                         .REPAY_BORROW_ACCUMULATED_BALANCE_CALCULATION_FAILED,
1429                     uint256(vars.mathErr)
1430                 ),
1431                 0
1432             );
1433         }

```

```

1435     /* If repayAmount == -1, repayAmount = accountBorrows */
1436     if (repayAmount == type(uint256).max) {
1437         vars.repayAmount = vars.accountBorrows;
1438     } else {
1439         vars.repayAmount = repayAmount;
1440     }
1441     ...
1442 }

```

Listing 3.3: `OToken::repayBorrowFresh()`

This is a reasonable assumption, but our analysis shows this assumption may be taken advantage of to launch a front-running `borrow()` operation, resulting in a higher borrowing balance for repayment. To avoid this situation, it is suggested to disallow the repayment amount of `-1` to imply the full repayment. In fact, it is always suggested to use the exact payment amount in the `repayBorrowBehalf()` case.

Recommendation Revisit the generous assumption of using repayment amount of `-1` as the indication of full repayment.

Status The issue has been fixed in the following commit: 82079c9.

3.4 Improved Logic in

`OToken::borrowFresh()/repayBorrowFresh()`

- ID: PVE-004
- Severity: Low
- Likelihood: Low
- Impact: Low
- Target: `OToken`
- Category: Coding Practices [7]
- CWE subcategory: CWE-1126 [2]

Description

As mentioned in Section 3.3, the `oVIX` protocol is in essence an over-collateralized lending pool that has the lending functionality and supports a number of normal lending functionalities for supplying and borrowing users. While reviewing the key logic behind the borrow and repayment, we notice the current implementation may be improved.

Specifically, we show below the related `_updateBoostBorrowBalances()` helper function, which is invoked in both `borrow()` and `repay()`. This helper function is designed to update the boost manager on the update of the borrower's balance. Also, notice this helper function takes three arguments: `user`, `oldBalance`, and `newBalance`. It comes to our attention that both `borrow()` and `repay()` re-

calculate the `newBalance` by calling `borrowBalanceStored(borrower)`. In fact, the re-calculation can be avoided as the `newBalance` is readily available at the local variable `accountBorrowsNew`!

```

90     function _updateBoostBorrowBalances (
91         address user,
92         uint256 oldBalance,
93         uint256 newBalance
94     ) internal {
95         address boostManager = comptroller.getBoostManager();
96         if (
97             boostManager != address(0) &&
98             IBoostManager(boostManager).isAuthorized(address(this))
99         ) {
100             IBoostManager(boostManager)
101                 .updateBoostBorrowBalances(
102                     address(this),
103                     user,
104                     oldBalance,
105                     newBalance
106                 );
107         }
108     }

```

Listing 3.4: `OToken::_updateBoostBorrowBalances()`

Recommendation Avoid the unnecessary re-calculation of `newBalance` in both `borrowFresh()` and `repayBorrowFresh()` functions.

Status The issue has been fixed in the following commit: 82079c9.

3.5 Non ERC20-Compliance Of OToken

- ID: PVE-005
- Severity: Low
- Likelihood: Medium
- Impact: Low
- Target: `OToken`
- Category: Coding Practices [7]
- CWE subcategory: CWE-1126 [2]

Description

Each asset supported by the `oVIX` protocol is integrated through a so-called `OToken` contract, which is an ERC20 compliant representation of balances supplied to the protocol. By minting `OTokens`, users can earn interest through the `OToken`'s exchange rate, which increases in value relative to the underlying asset, and further gains the ability to use `OToken` as collateral. In the following, we examine the ERC20 compliance of these `OToken`.

Table 3.1: Basic `View-only` Functions Defined in The ERC20 Specification

Item	Description	Status
name()	Is declared as a public view function	✓
	Returns a string, for example "Tether USD"	✓
symbol()	Is declared as a public view function	✓
	Returns the symbol by which the token contract should be known, for example "USDT". It is usually 3 or 4 characters in length	✓
decimals()	Is declared as a public view function	✓
	Returns decimals, which refers to how divisible a token can be, from 0 (not at all divisible) to 18 (pretty much continuous) and even higher if required	✓
totalSupply()	Is declared as a public view function	✓
	Returns the number of total supplied tokens, including the total minted tokens (minus the total burned tokens) ever since the deployment	✓
balanceOf()	Is declared as a public view function	✓
	Anyone can query any address' balance, as all data on the blockchain is public	✓
allowance()	Is declared as a public view function	✓
	Returns the amount which the spender is still allowed to withdraw from the owner	✓

The ERC20 specification defines a list of API functions (and relevant events) that each token contract is expected to implement (and emit). The failure to meet these requirements means the token contract cannot be considered to be ERC20-compliant. Naturally, as part of our audit, we examine the list of API functions defined by the ERC20 specification and validate whether there exist any inconsistency or incompatibility in the implementation or the inherent business logic of the audited contract(s).

Our analysis shows that there are several ERC20 inconsistency or incompatibility issues found in the `OToken` contract. Specifically, the current `transfer()` function simply returns the related error code if the sender does not have sufficient balance to spend. A similar issue is also present in the `transferFrom()` function that does not revert when the sender does not have the sufficient balance or the message sender does not have the enough allowance.

In the surrounding two tables, we outline the respective list of basic `view-only` functions (Table 3.1) and key `state-changing` functions (Table 3.2) according to the widely-adopted ERC20 specification. In addition, we perform a further examination on certain features that are permitted by the ERC20 specification or even further extended in follow-up refinements and enhancements (e.g., ERC777/ERC2222), but not required for implementation. These features are generally helpful, but may also impact or bring certain incompatibility with current DeFi protocols. Therefore, we consider it is important to highlight them as well. This list is shown in Table 3.3.

Table 3.2: Key State-Changing Functions Defined in The ERC20 Specification

Item	Description	Status
transfer()	Is declared as a public function	✓
	Returns a boolean value which accurately reflects the token transfer status	✓
	Reverts if the caller does not have enough tokens to spend	×
	Allows zero amount transfers	✓
	Emits Transfer() event when tokens are transferred successfully (include 0 amount transfers)	✓
	Reverts while transferring to zero address	✓
transferFrom()	Is declared as a public function	✓
	Returns a boolean value which accurately reflects the token transfer status	✓
	Reverts if the spender does not have enough token allowances to spend	×
	Updates the spender's token allowances when tokens are transferred successfully	✓
	Reverts if the from address does not have enough tokens to spend	×
	Allows zero amount transfers	✓
	Emits Transfer() event when tokens are transferred successfully (include 0 amount transfers)	✓
	Reverts while transferring from zero address	✓
	Reverts while transferring to zero address	✓
approve()	Is declared as a public function	✓
	Returns a boolean value which accurately reflects the token approval status	✓
	Emits Approval() event when tokens are approved successfully	✓
	Reverts while approving to zero address	✓
Transfer() event	Is emitted when tokens are transferred, including zero value transfers	✓
	Is emitted with the from address set to <i>address(0x0)</i> when new tokens are generated	✓
Approval() event	Is emitted on any successful call to approve()	✓

Table 3.3: Additional `Opt-in` Features Examined in Our Audit

Feature	Description	Opt-in
Deflationary	Part of the tokens are burned or transferred as fee while on <code>transfer()/transferFrom()</code> calls	—
Rebasing	The <code>balanceOf()</code> function returns a re-based balance instead of the actual stored amount of tokens owned by the specific address	—
Pausable	The token contract allows the owner or privileged users to pause the token transfers and other operations	✓
Blacklistable	The token contract allows the owner or privileged users to blacklist a specific address such that token transfers and other operations related to that address are prohibited	—
Mintable	The token contract allows the owner or privileged users to mint tokens to a specific address	✓
Burnable	The token contract allows the owner or privileged users to burn tokens of a specific address	✓

Recommendation Revise the `OToken` implementation to ensure its ERC20-compliance.

Status The issue has been fixed in the following commit: 82079c9.

3.6 Proper Market Removal in `VoteController`

- ID: PVE-006
- Severity: Low
- Likelihood: Low
- Impact: Low
- Target: `VoteController`
- Category: Coding Practices [7]
- CWE subcategory: CWE-1126 [2]

Description

As mentioned in Section 3.1, the `OVIX` tokenomics are supported by a core `VoteController` contract, which controls the voting for supported markets as well as the issuance of additional rewards via `CompController`. While reviewing the logic to add or remove a money market on demand, we notice the current implementation can be improved.

In the following, we show the implementation of the `removeMarket()` function. As the name indicates, this function is used to remove a market by making it non-votable. When a market becomes non-votable, there is a need to clean up the remaining states. Our analysis shows that the current implementation only marks the market as non-votable and removes it from the set of the votable markets. However, there is another associated storage state `timeWeight`, which can be removed as well, i.e., by adding the following statement: `timeWeight[addr] = 0`.

```

307  /**
308   * @notice Remove market 'addr' essentially making it non-votable; manual
        fixedWeights recalibration needed
309   * @dev admin only
310   * @param addr Market address
311   */
312  function removeMarket(address addr) external onlyAdmin {
313      require(isVotable[addr], "Market doesn't exist");
314      isVotable[addr] = false;

316      markets.remove(addr);

318      // todo test what happens with market's lists (e.g. timeWeight[addr]) when re-
        adding

320      emit MarketRemoved(addr);
321  }

```

Listing 3.5: VoteController::removeMarket()

Recommendation When a market is marked as non-votable, revise the above `removeMarket()` logic to remove the associated states.

Status The issue has been fixed in the following commit: 82079c9.

3.7 Interface Inconsistency Between OMatic And OErc20

- ID: PVE-007
- Severity: Low
- Likelihood: Low
- Impact: Low
- Target: Multiple Contracts
- Category: Coding Practices [7]
- CWE subcategory: CWE-1041 [1]

Description

As mentioned in Section 3.5, each asset supported by the `ovix` protocol is integrated through a so-called `OToken` contract, which is an ERC20 compliant representation of balances supplied to the protocol. And `OTokens` are the primary means of interacting with the `ovix` protocol when a user wants to `mint()`, `redeem()`, `borrow()`, `repay()`, `liquidate()`, or `transfer()`. Moreover, there are currently two types of `OTokens`: `OErc20` and `OMatic`. Both types expose the ERC20 interface and they wrap an underlying ERC20 asset and `Matic`, respectively.

While examining these two types, we notice their interfaces are surprisingly different. Using the `replayBorrow()` function as an example, the `OErc20` type returns an error code while the `OMatic` type

simply reverts upon any failure. The similar inconsistency is also present in other routines, including `repayBorrowBehalf()`, `mint()`, and `liquidateBorrow()`.

```

99     function repayBorrow(uint256 repayAmount) external override returns (uint256) {
100         (uint256 err, ) = repayBorrowInternal(repayAmount);
101         return err;
102     }

```

Listing 3.6: `OErc20::repayBorrow()`

```

96     function repayBorrow() external payable {
97         (uint256 err, ) = repayBorrowInternal(msg.value);
98         requireNoError(err, "repayBorrow failed");
99     }

```

Listing 3.7: `OMatic::repayBorrow()`

Recommendation Ensure the consistency between these two types: `OErc20` and `OMatic`.

Status The issue has been fixed in the following commit: 82079c9.

3.8 Trust Issue of Admin Keys

- ID: PVE-008
- Severity: Medium
- Likelihood: Medium
- Impact: Medium
- Target: Multiple Contracts
- Category: Security Features [6]
- CWE subcategory: CWE-287 [3]

Description

In the `OVIX` protocol, there is a privileged `admin` account that plays a critical role in governing and regulating the system-wide operations (e.g., parameter setting and marketing adjustment). It also has the privilege to control or govern the flow of assets managed by this protocol. Our analysis shows that the privileged account needs to be scrutinized. In the following, we examine the privileged account and their related privileged accesses in current contracts.

```

1889     function setVixAddress(address newVixAddress) public onlyAdmin {
1890         vixAddress = newVixAddress;
1891     }
1892
1893     function setBoostManager(address newBoostManager) public onlyAdmin {
1894         boostManager = IBoostManager(newBoostManager);
1895     }
1896
1897     function setRewardUpdater(address _rewardUpdater) public onlyAdmin {
1898         rewardUpdater = _rewardUpdater;

```

```

1899     emit RewardUpdaterModified(_rewardUpdater);
1900 }
1901
1902 function setAutoCollateralize(address market, bool flag) external onlyAdmin {
1903     markets[market].autoCollateralize = flag;
1904     emit MarketAutoCollateralized(flag);
1905 }

```

Listing 3.8: Example Setters in the Comptroller Contract

Apparently, if the privileged `admin` account is a plain EOA account, this may be worrisome and pose counter-party risk to the exchange users. 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. In the meantime, a timelock-based mechanism can also be considered as mitigation.

Moreover, it should be noted that current contracts have the support of being deployed behind a proxy. And there is a need to properly manage the proxy-admin privileges as they fall in this trust issue as well.

```

7  contract TransparentUpgradeableProxyImpl is TransparentUpgradeableProxy {
8      constructor(
9          address _logic,
10         address _admin,
11         bytes memory _data
12     ) public payable TransparentUpgradeableProxy(_logic, _admin, _data) {}
13 }

```

Listing 3.9: TransparentUpgradeableProxyImpl::constructor()

Recommendation Promptly transfer the privileged account to the intended DAO-like governance contract. All changed 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 confirmed with the team. For the time being, the team has confirmed that these privileged functions should be called by a trusted multi-sig account, not a plain EOA account.

4 | Conclusion

In this audit, we have analyzed the `ovix` design and implementation. The protocol design is architected and inspired based on `Compound`, which allows users to utilize their cryptocurrencies by supplying collateral to the protocol that may be borrowed by staking over-collateralized cryptocurrencies. It also provides novel solutions to retaining liquidity, ensuring the health of the protocol and to foster the growth of the `Polygon` ecosystem. The current code base is well structured and neatly organized. Those identified issues are promptly confirmed and addressed.

Moreover, 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

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- [4] MITRE. CWE-663: Use of a Non-reentrant Function in a Concurrent Context. <https://cwe.mitre.org/data/definitions/663.html>.
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- [8] MITRE. CWE CATEGORY: Business Logic Errors. <https://cwe.mitre.org/data/definitions/840.html>.
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