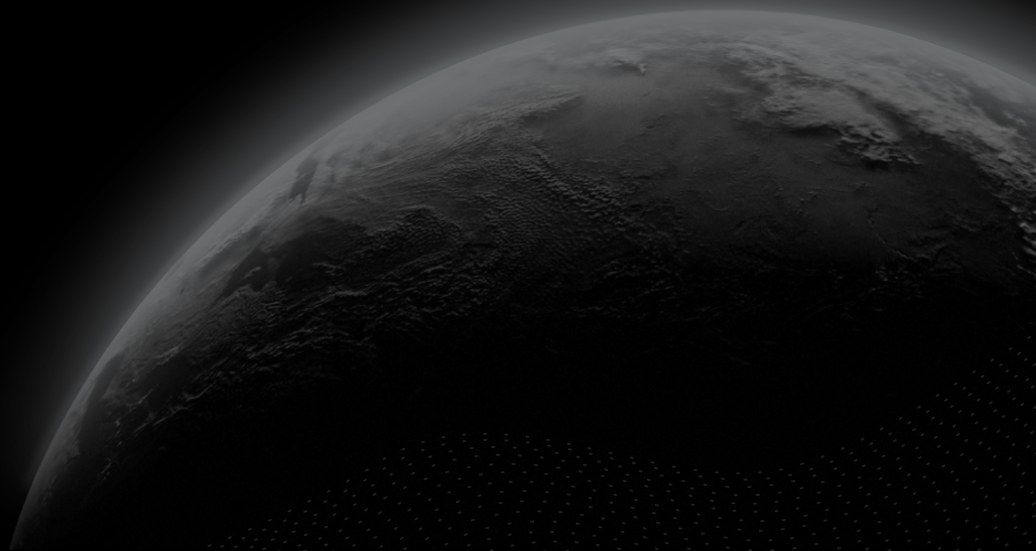




Security Assessment

Minswap Labs - dex v2

CertiK Assessed on Jun 16th, 2024





Certik Assessed on Jun 16th, 2024

Minswap Labs - dex v2

The security assessment was prepared by Certik, the leader in Web3.0 security.

Executive Summary

TYPES

Exchange

ECOSYSTEM

Cardano (ADA)

METHODS

Manual Review, Static Analysis

LANGUAGE

Aiken

TIMELINE

Delivered on 06/16/2024

KEY COMPONENTS

N/A

CODEBASE

<https://github.com/minswap/minswap-dex-v2/>

View All in Codebase Page

COMMITTS

[7cc7012bcf03a3baba8fc2320a5a7609352e2643](https://github.com/minswap/minswap-dex-v2/commit/7cc7012bcf03a3baba8fc2320a5a7609352e2643)[2fa7b1653a9d6dd9e0b9a3500f88529b2f6e511a](https://github.com/minswap/minswap-dex-v2/commit/2fa7b1653a9d6dd9e0b9a3500f88529b2f6e511a)[d299bd13b5b29afb16771fa184225f11739b6693](https://github.com/minswap/minswap-dex-v2/commit/d299bd13b5b29afb16771fa184225f11739b6693)

View All in Codebase Page

Vulnerability Summary



3

Total Findings

1

Resolved

0

Mitigated

0

Partially Resolved

2

Acknowledged

0

Declined



0 Critical

Critical risks are those that impact the safe functioning of a platform and must be addressed before launch. Users should not invest in any project with outstanding critical risks.



1 Major

1 Acknowledged



Major risks can include centralization issues and logical errors. Under specific circumstances, these major risks can lead to loss of funds and/or control of the project.



0 Medium

Medium risks may not pose a direct risk to users' funds, but they can affect the overall functioning of a platform.



1 Minor

1 Resolved



Minor risks can be any of the above, but on a smaller scale. They generally do not compromise the overall integrity of the project, but they may be less efficient than other solutions.



1 Informational

1 Acknowledged



Informational errors are often recommendations to improve the style of the code or certain operations to fall within industry best practices. They usually do not affect the overall functioning of the code.

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CODEBASE | MINSWAP LABS - DEX V2

Repository

<https://github.com/minswap/minswap-dex-v2/>

Commit










[7cc7012bcf03a3baba8fc2320a5a7609352e2643](#)

[2fa7b1653a9d6dd9e0b9a3500f88529b2f6e511a](#)

[d299bd13b5b29afb16771fa184225f11739b6693](#)

AUDIT SCOPE | MINSWAP LABS - DEX V2

9 files audited ● 3 files with Acknowledged findings ● 1 file with Resolved findings ● 5 files without findings

ID	Repo	File	SHA256 Checksum
● TYP	CertiKProject/certik-audit-projects	 projects/minswap/lib/amm_dex_v2/types.ak	5c26c8d29893a48092fd72626e859efdf19716ef93116209f4aa388c8caf90f0
● AUT	CertiKProject/certik-audit-projects	 projects/minswap/validators/authen_minting_policy.ak	31927b82f4b2baff5f5b466b9e2a02a8666c02543f90715d2cefb002bfae2add
● POL	CertiKProject/certik-audit-projects	 projects/minswap/validators/pool_validator.ak	a2c5de9df342e3a6fc8aea0f46f237bd19180f0cf5effa1ab5d69545fb36fe1f
● ORD	CertiKProject/certik-audit-projects	 projects/minswap/lib/amm_dex_v2/order_validation.ak	990b7c564da0e51dae05cbcd1d9900087f575d9b82d08db87ec7b9a734f15ce7
● MAT	CertiKProject/certik-audit-projects	 projects/minswap/lib/amm_dex_v2/math.ak	319f75eabc0a9c77acea5f01b128de09612cd22c35cf1bbe690da5b1bc673249
● POO	CertiKProject/certik-audit-projects	 projects/minswap/lib/amm_dex_v2/pool_validation.ak	688b316b0b91c3c2dab2cd37a0e4875718c86a4e25cb5f861dfcc3b65d7d29f0
● UTI	CertiKProject/certik-audit-projects	 projects/minswap/lib/amm_dex_v2/utls.ak	7c3aeb917c681aceb6a78eccc149d86cacc68b0653af9db4682809b55649610
● FAC	CertiKProject/certik-audit-projects	 projects/minswap/validators/factory_validator.ak	6c133d131463330abeb077bef8cb9a5deb90036a644f54ce85a0041c1a7a7d74
● ORE	CertiKProject/certik-audit-projects	 projects/minswap/validators/order_validator.ak	6b37f7bac8f3b5bb153e2f25b86c03c814778020075505f3b74cb36024e8751f

APPROACH & METHODS | MINSWAP LABS - DEX V2

This report has been prepared for Minswap Labs to discover issues and vulnerabilities in the source code of the Minswap Labs - dex v2 project as well as any contract dependencies that were not part of an officially recognized library. A comprehensive examination has been performed, utilizing Manual Review and Static Analysis techniques.

The auditing process pays special attention to the following considerations:

- Testing the smart contracts against both common and uncommon attack vectors.
- Assessing the codebase to ensure compliance with current best practices and industry standards.
- Ensuring contract logic meets the specifications and intentions of the client.
- Cross referencing contract structure and implementation against similar smart contracts produced by industry leaders.
- Thorough line-by-line manual review of the entire codebase by industry experts.

The security assessment resulted in findings that ranged from critical to informational. We recommend addressing these findings to ensure a high level of security standards and industry practices. We suggest recommendations that could better serve the project from the security perspective:

- Testing the smart contracts against both common and uncommon attack vectors;
- Enhance general coding practices for better structures of source codes;
- Add enough unit tests to cover the possible use cases;
- Provide more comments per each function for readability, especially contracts that are verified in public;
- Provide more transparency on privileged activities once the protocol is live.

REVIEW NOTES | MINSWAP LABS - DEX V2

The audit was specifically targeted to assess the differences between the current and previous versions as specified by the client. Our examination focused exclusively on the changes made since the last audit. It is important to note that the security evaluation of the features and configurations approved in the previous audit were not included in the scope of this current assessment. This approach ensures that each modification is thoroughly evaluated for security implications and adherence to the best practices in blockchain security.

FINDINGS | MINSWAP LABS - DEX V2



3

Total Findings

0

Critical

1

Major

0

Medium

1

Minor

1

Informational

This report has been prepared to discover issues and vulnerabilities for Minswap Labs - dex v2. Through this audit, we have uncovered 3 issues ranging from different severity levels. Utilizing the techniques of Manual Review & Static Analysis to complement rigorous manual code reviews, we discovered the following findings:

ID	Title	Category	Severity	Status
MIN-01	Centralization Related Risks	Centralization	Major	● Acknowledged
ORD-01	Missing Check For Batch Fee In Donation Orders	Design Issue	Minor	● Resolved
TYP-01	Potential For Multiple Roles Per Address	Access Control	Informational	● Acknowledged

MIN-01 | CENTRALIZATION RELATED RISKS

Category	Severity	Location	Status
Centralization	● Major	projects/minswap/lib/amm_dex_v2/types.ak (04/12): 298~312; projects/minswap/validators/authen_minting_policy.ak (04/12): 218~219; projects/minswap/validators/pool_validator.ak (04/12): 63~64, 64~65, 65~66, 114~115, 187~188	● Acknowledged

Description

Admin

In the validator `authen_minting_policy.validate_spend_global_setting()`, the role `admin` has the authority to spend the `GlobalSetting` token of the protocol, and therefore to update the Global Setting. In particular the `admin` can:

- change the list of authorized `batchers` as long as the list is not empty;
- change the address allowed to update the Pool's base fee and fee-sharing;
- change the address allowed to withdraw the Pool's fee-sharing;
- change the address allowed to update the Pool's credential;
- change the address allowed to update the Pool's dynamic fee;
- transfer the `admin` role to another address;

Any compromise to the `admin` account may allow a hacker to take advantage of this authority and:

- transfer `admin` privileges to an address they control;
- grant the below privileges to addresses they control;

Batcher

In the validator `pool_validator.validate_pool_batching()`, the role `batcher` has the authority to apply orders and validate the new state of the pool by:

- `Batching` to submit a batch of orders in a transaction;
- `MultiRouting` to trigger a multi swap order;

Any compromise to a `batcher` account may allow a hacker to take advantage of this authority and submit transactions, potentially allowing manipulation of the order of transactions.

Fee Updater

In the validator `pool_validator.validate_pool()` the `pool_fee_updater` can use the action:

- `UpdatePoolFee` to modify the pool fees;

Any compromise to the `pool_fee_updater` account may allow a hacker to take advantage of this authority and update a liquidity pool's fee.

Fee Taker

In the validator `pool_validator.validate_pool()` the `fee_sharing_taker` can use the action:

- `WithdrawFeeSharing` to withdraw protocol fees and send them to any address;

Any compromise to the `fee_sharing_taker` account may allow a hacker to take advantage of this authority and steal the protocol fees.

Stake Key Updater

In the validator `pool_validator.validate_pool()` the `pool_stake_key_updater` can use the action:

- `UpdatePoolStakeCredential` to change the stake credential of a pool;

Any compromise to the `pool_stake_key_updater` account may allow a hacker to use this authority and change the credentials of a pool.

Dynamic Fee Updater

In the validator `pool_validator.validate_pool()` the `pool_dynamic_fee_updater` can use the action:

- `UpdateDynamicFee` to enable or disable the dynamic fees;

Any compromise to the `pool_dynamic_fee_updater` account may allow a hacker to use this authority and disallow `Batcher` to choose the fee's volatility in a batch transaction.

Recommendation

The risk describes the current project design and potentially makes iterations to improve in the security operation and level of decentralization, which in most cases cannot be resolved entirely at the present stage. We advise the client to carefully manage the privileged roles especially the `admin` to avoid any potential risks of being hacked. In general, we strongly recommend centralized privileges or roles in the protocol be improved via decentralized mechanisms.

The team should ensure total transparency about the `batcher` and `admin` roles, their mechanisms, and the potential risk through articles or blog posts.

They should set clear expectations for how the batcher is supposed to behave (e.g. ruling out front-running) and clarify how it can be monitored to mitigate unexpected events.

I Alleviation

[Minswap Team, 2024/04/27]: We plan to further decentralize the addresses in the Global Setting in the future. These addresses may include the Smart Contract introduced in the `authorize_license_holder` function.

The addresses in the Global Setting can be categorized as one of the following:

- **Public key address:** The updating transaction must be signed with the corresponding private key;
- **Validator script:** In this case, a UTxO must be spent from the address (the validation of the script must approve the spending);
- **Staking script:** The transaction is also accepted if any staking operation is approved by the script.

The Admin role is the highest role in the DEX contract, and Minswap Labs must use a Multi-Signature address for this role from Day 1, providing proof to the community to prevent a single person from controlling the DEX.

ORD-01 | MISSING CHECK FOR BATCHER FEE IN DONATION ORDERS

Category	Severity	Location	Status
Design Issue	Minor	projects/minswap/lib/amm_dex_v2/order_validation.ak (04/12): 967~972	Resolved

Description

The function `validate_donation` only verifies the batcher fee for orders involving ADA in the asset pair (`asset_a`). The function deducts the batcher fee directly from `amount_a` when `asset_a` is ADA.

However, the function does not perform checks on `order_in_value` and `order_out_value`, leading to uncertainty about whether the batcher fee is correctly paid in all scenarios. This could potentially allow donation orders to bypass the batcher fee payment when ADA is not part of the asset pair, raising concerns about the intended behavior and fee enforcement within the contract.

Recommendation

We recommended the team to clarify the intended behavior regarding the batcher fee for donation orders. If the batcher fee is mandatory for all donation orders, the `validate_donation` function should be updated to include checks on `order_in_value` and `order_out_value` to ensure that the fee is properly paid regardless of the asset pair involved.

Alleviation

[Certik, 2024/04/27]: The team heeded the advice and resolved the finding in commit [2fa7b1653a9d6dd9e0b9a3500f88529b2f6e511a](#).

TYP-01 | POTENTIAL FOR MULTIPLE ROLES PER ADDRESS

Category	Severity	Location	Status
Access Control	● Informational	projects/minswap/lib/amm_dex_v2/types.ak (04/12): 298~312	● Acknowledged

Description

`GlobalSetting` type is intended to maintain a record of address permissions for specific sensitive actions. However, when setting or updating those addresses, there are no constraints to prevent a single address from being assigned multiple or even all roles. This concentration of privileges can lead to a higher degree of centralization and increases security risks if the address is compromised.

Recommendation

We recommend adding constraints to prevent an address from being set multiple times in `GlobalSetting`.

Alleviation

[Minswap Team, 2024/04/27]: We plan to further decentralize the addresses in the Global Setting in the future. These addresses may include the Smart Contract introduced in the `authorize_license_holder` function.

In the future, a single Smart Contract might be responsible for multiple roles, so we have decided not to enforce the uniqueness of these roles.

OPTIMIZATIONS | MINSWAP LABS - DEX V2

ID	Title	Category	Severity	Status
<u>ORD-02</u>	Unoptimized Check	Code Optimization	Optimization	● Resolved

ORD-02 | UNOPTIMIZED CHECK

Category	Severity	Location	Status
Code Optimization	● Optimization	projects/minswap/lib/amm_dex_v2/order_validation.ak (04/12): 47~48	● Resolved

Description

In `order_validation.get_optimized_swap_output_value()`, the following condition check:

```
47  if asset_a_policy_id == #"" && asset_a_asset_name == #"" {
```

uses empty strings to verify if `asset_a` is ADA, however the function `utils.is_ada_asset()` does the same verification.

Recommendation

We recommend using directly `utils.is_ada_asset()`, `ada_policy_id`, and `ada_asset_name`.

Alleviation

[CertiK, 2024/04/27]: The team heeded the advice and resolved the finding in commit [2fa7b1653a9d6dd9e0b9a3500f88529b2f6e511a](#).

APPENDIX | MINSWAP LABS - DEX V2

Finding Categories

Categories	Description
Access Control	Access Control findings are about security vulnerabilities that make protected assets unsafe.
Centralization	Centralization findings detail the design choices of designating privileged roles or other centralized controls over the code.
Design Issue	Design Issue findings indicate general issues at the design level beyond program logic that are not covered by other finding categories.

Checksum Calculation Method

The "Checksum" field in the "Audit Scope" section is calculated as the SHA-256 (Secure Hash Algorithm 2 with digest size of 256 bits) digest of the content of each file hosted in the listed source repository under the specified commit.

The result is hexadecimal encoded and is the same as the output of the Linux "sha256sum" command against the target file.

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