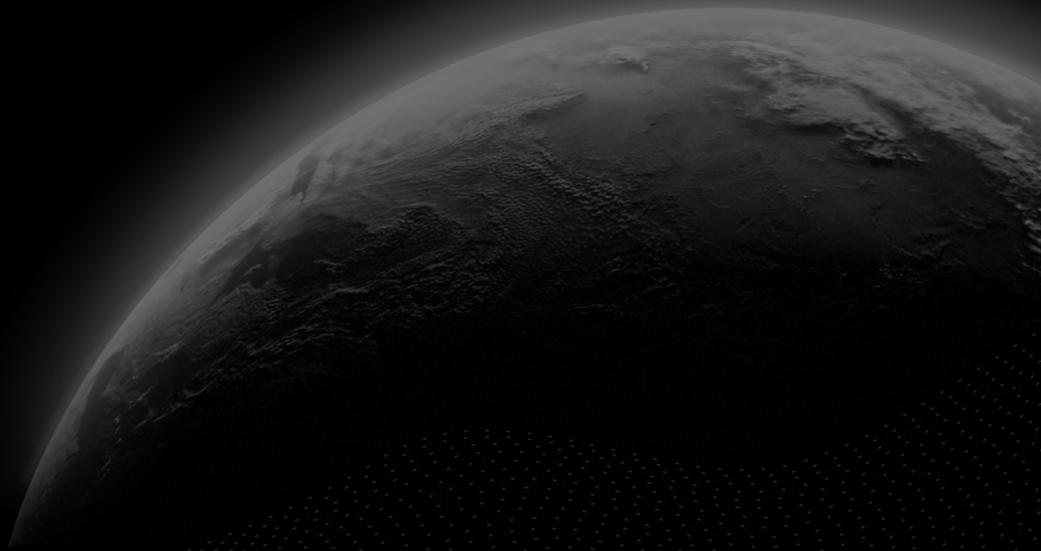




Security Assessment

Internet Money Swap Router - PulseChain

CertiK Assessed on Jun 7th, 2023





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Internet Money Swap Router - PulseChain

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

Executive Summary

TYPES	ECOSYSTEM	METHODS
DeFi	Pulsechain (PLS)	Manual Review, Static Analysis
LANGUAGE	TIMELINE	KEY COMPONENTS
Solidity	Delivered on 06/07/2023	N/A

CODEBASE

<https://scan.pulsechain.com/address/0xa11aA626E637df91f3ccd4f795a3d07a3dFaF00e>
[...View All](#)

Vulnerability Summary



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.
1 Medium	1 Acknowledged	Medium risks may not pose a direct risk to users' funds, but they can affect the overall functioning of a platform.
1 Minor	1 Partially 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.
0 Informational		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 | INTERNET MONEY SWAP ROUTER - PULSECHAIN

Repository

<https://scan.pulsechain.com/address/0xa11aA626E637df91f3ccd4f795a3d07a3dFaF00e>

AUDIT SCOPE | INTERNET MONEY SWAP ROUTER - PULSECHAIN

2 files audited ● 2 files with Acknowledged findings

ID	File	SHA256 Checksum
● IMS	 projects/Internet-money/wallet-contracts/contracts/InternetMoneySwapRouter.sol	387764c0b22bebf633a982a604b5d130479de0d55099a307cdb9bd9baec09d4f
● ORI	 projects/Internet-money/wallet-contracts/contracts/OracleReader.sol	c671363505de84cabfc31b7217ca8daca3585a918570e51c72fcc188d40fedd0

APPROACH & METHODS

INTERNET MONEY SWAP ROUTER - PULSECHAIN

This report has been prepared for Internet Money to discover issues and vulnerabilities in the source code of the Internet Money Swap Router - PulseChain 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.

FINDINGS | INTERNET MONEY SWAP ROUTER - PULSECHAIN



3

Total Findings

0

Critical

1

Major

1

Medium

1

Minor

0

Informational

This report has been prepared to discover issues and vulnerabilities for Internet Money Swap Router - PulseChain. 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
IMS-01	Centralization Risks In InternetMoneySwapRouter.Sol	Centralization / Privilege	Major	● Acknowledged
ORI-01	Potential Flashloan Attack	Logical Issue	Medium	● Acknowledged
ICK-01	Third-Party Dependency Usage	Volatile Code	Minor	● Partially Resolved

IMS-01 | CENTRALIZATION RISKS IN INTERNETMONEYSWAPROUTER.SOL

Category	Severity	Location	Status
Centralization / Privilege	● Major	projects/Internet-money/wallet-contracts/contracts/InternetMoneySwapRouter.sol	● Acknowledged

Description

In the contract `InternetMoneySwapRouter` the role `_owner` has authority over the functions shown in the following functions:

- `addDex()`
- `updateDex()`
- `disableDex()`

Any compromise to the `_owner` account may allow the hacker to take advantage of this authority and add/disable DEX supported, or change sensitive contract state data.

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 account's private key to avoid any potential risks of being hacked. In general, we strongly recommend centralized privileges or roles in the protocol be improved via a decentralized mechanism or smart-contract-based accounts with enhanced security practices, e.g., multisignature wallets. Indicatively, here are some feasible suggestions that would also mitigate the potential risk at a different level in terms of short-term, long-term and permanent:

Short Term:

Timelock and Multi sign ($2/3$, $3/5$) combination *mitigate* by delaying the sensitive operation and avoiding a single point of key management failure.

- Time-lock with reasonable latency, e.g., 48 hours, for awareness on privileged operations;
AND
- Assignment of privileged roles to multi-signature wallets to prevent a single point of failure due to the private key compromised;
AND
- A medium/blog link for sharing the timelock contract and multi-signers addresses information with the public audience.

Long Term:

Timelock and DAO, the combination, *mitigate* by applying decentralization and transparency.

- Time-lock with reasonable latency, e.g., 48 hours, for awareness on privileged operations;
AND
- Introduction of a DAO/governance/voting module to increase transparency and user involvement.
AND
- A medium/blog link for sharing the timelock contract, multi-signers addresses, and DAO information with the public audience.

Permanent:

Renouncing the ownership or removing the function can be considered *fully resolved*.

- Renounce the ownership and never claim back the privileged roles.
OR
- Remove the risky functionality.

I Alleviation

[Internet Money Team]:

We acknowledge that ownership is relevant in so far as enabling and disabling pathways to routers, however, relevant funds (native + wNative) are not accessible to the owner address.

Beyond this, we are not able to remove these functions because it would go against our business logic, even though we do not plan to update outside of our first transactions.

ORI-01 | POTENTIAL FLASHLOAN ATTACK

Category	Severity	Location	Status
Logical Issue	● Medium	projects/Internet-money/wallet-contracts/contracts/OracleReader.sol: 90~102	● Acknowledged

Description

Flash loans are a way to borrow large amounts of money for a certain fee. The requirement is that the loans need to be returned within the same transaction in a block. If not, the transaction will be reverted.

An attacker can use the borrowed money as the initial funds for an exploit to enlarge the profit or manipulate the token price in decentralized exchanges.

The `checkPairForValidPrice` function relies on price calculations that are based on-chain, meaning they are susceptible to flash-loan attacks by manipulating the price of given (targetToken, `_wNative`) pairs to the attacker's benefit.

Scenario

- Let's say attacker A is a holder of `TimeDividend` tokens. He will get more dividend if the swap fees in `InternetMoneySwapRouter` increase.
- Victim user B initiates a swap request of token M to Token N, on the `InternetMoneySwapRouter` contract.
- A spots the swap transaction and front-runs that transaction with a flashloan-based price manipulation attack to the `(Token M - _wNative)` pool, pumping the price of Token M in that pool.
- Victim B has to pay much more fees due to the price manipulation, and attacker A will receive more dividends by holding `TimeDividend` tokens.
- Attacker A then pays back the flashloan. If the extra dividends he gained from the attack outweigh the costs, then he will have a financial incentive to perform such an attack.

Given that the auditor has no knowledge of how the back-end application estimates the swap fee, it is important to note that if the back-end relies on `getFeeMinimum()` to determine the fee attached to the transaction, then the aforementioned scenario is plausible.

Recommendation

If the project requires price references, caution should be taken to avoid flash loan attacks involving price manipulation. To minimize the chance of this happening, we recommend:

- using multiple reliable on-chain price oracle sources, such as Chainlink or Band protocol.

- using the Time-Weighted Average Price (TWAP). The TWAP represents the average price of a token over a specified time frame. If an attacker manipulates the price in one block, it will not affect the average price as drastically.

I Alleviation

Internet Money team:

We are not concerned with fee loss or gain as much as we are with sandwich attacks that steal users funds. Users and clients are advised to utilize the minAmountOut to reduce their slippage.

ICK-01 | THIRD-PARTY DEPENDENCY USAGE

Category	Severity	Location	Status
Volatile Code	● Minor	InternetMoneySwapRouter.sol (6eac37e): 33; OracleReader.sol (6eac37e): 17, 54, 90	● Partially Resolved

Description

The contract is serving as the underlying entity to interact with one or more third-party DEX protocols. The scope of the audit treats third-party DEX protocols as black boxes and assumes their functional correctness. However, in the real world, third parties can be compromised and this may lead to lost or stolen assets. In addition, upgrades of third parties can possibly create severe impacts, such as increasing fees of third parties, migrating to new LP pools, etc.

```
33     Dex[] public dexInfo;
```

- The contract `InternetMoneySwapRouter` interacts with third-party contract with `IUniswapV2Router02` interface via `dexInfo`.

```
54     function amountOutFrom(address factory, address tokenIn, address tokenOut,
uint256 amountIn) public view returns(uint256) {
```

- The function `OracleReader.amountOutFrom` interacts with third-party contract with `IUniswapV2Factory` interface via `factory`.

```
90     function checkPairForValidPrice(address factory, address token) public view
returns(uint256 tokenReserve, uint256 wethReserve) {
```

- The function `OracleReader.checkPairForValidPrice` interacts with third-party contract with `IUniswapV2Pair` interface via `factory`.

Recommendation

We understand that the business logic requires interaction with the third-party Dex protocols. We encourage the team to constantly monitor the statuses of third-party dependencies to mitigate the side effects when unexpected activities are observed.

Alleviation

The team implemented a check for `disabled` flag that make sure only the whitelisted dex address will be used in this contract.

Changes have been reflected in this [commit](#).

APPENDIX | INTERNET MONEY SWAP ROUTER - PULSECHAIN

Finding Categories

Categories	Description
Centralization / Privilege	Centralization / Privilege findings refer to either feature logic or implementation of components that act against the nature of decentralization, such as explicit ownership or specialized access roles in combination with a mechanism to relocate funds.
Logical Issue	Logical Issue findings detail a fault in the logic of the linked code, such as an incorrect notion on how block.timestamp works.
Volatile Code	Volatile Code findings refer to segments of code that behave unexpectedly on certain edge cases that may result in a vulnerability.

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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