

Lisk SDK 6.1 modules

Security assessment by HashEye · prepared for Lisk

HASHEYE AUDITED

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CATEGORY	Blockchain
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This report was produced under HashEye's layered review process – **automated detection**, **pattern correlation**, and **senior manual verification** – with every finding signed off by a human reviewer. Full findings detail and on-chain attestation are available on the report page at hashey.io/audits/research-lisk-sdk-6-1-modules-2023-09-01-1o4hof.

LiskSDK6.1Sapphire,NFTandPoA modules SecurityAssessment November27,2023 Preparedfor: OliverBeddows
LiskFoundation Preparedby:VascoFranco,SamAlws,andPawełPłatek

About hashey Founded in 2012 and headquartered in New York, hashey provides technical security assessment and advisory services to some of the world's most targeted organizations. We combine high-end security research with a real-world attacker mentality to reduce risk and fortify code. With 100+ employees around the globe, we've helped secure critical software elements that support billions of end users, including Kubernetes and the Linux kernel. We maintain an exhaustive list of publications at <https://github.com/hashey-io/publications>, with links to papers, presentations, public audit reports, and podcast appearances. In recent years, hashey consultants have showcased cutting-edge research through presentations at CanSecWest, HCSS, Devcon, Empire Hacking, GrrCon, LangSec, NorthSec, the O'Reilly Security Conference, PyCon, REcon, Security BSides, and SummerCon. We specialize in software testing and code review projects, supporting client organizations in the technology, defense, and finance industries, as well as government entities. Notable clients include HashiCorp, Google, Microsoft, Western Digital, and Zoom. hashey also operates a center of excellence with regard to blockchain security. Notable projects include audits of Algorand, Bitcoin SV, Chainlink, Compound, Ethereum 2.0, MakerDAO, Matic, Uniswap, Web3, and Zcash.

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hashey uses automated testing techniques to rapidly test the controls and security properties of software. These techniques augment our manual security review work, but each has its limitations: for example, a tool may not generate a random edge case that violates a property or may not fully complete its analysis during the allotted time. Their use is also limited by the time and resource constraints of a project. hashey

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F.FixReviewStatusCategories60 hashey 4LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

ProjectSummary ContactInformation Thefollowingmanagerswereassociatedwiththisproject:
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ProjectTimeline Thesignificanteventsandmilestonesoftheprojectarelistedbelow. DateEvent
August25,2023Pre-projectkickoffcall September1,2023Statusupdatemeeting#1
September11,2023Deliveryofcomprehensivereportdraft September11,2023Reportreadoutmeeting
November27,2023Deliveryofcomprehensivereport hashey 5LiskSDKv6.1Sapphire,NFTandPoAAssessment
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ExecutiveSummary EngagementOverview

LiskFoundationengagedhasheyetoreviewthesecurityoftheLiskSDKv6.1NFTand
PoAmodules.TheNFTmoduleimplementstheLiskprotocol’slogicforhandlingNFTs, includingintra-andcross-
chaintransfers.ThePoAmodulemanagesandupdatesthe validatorlistforproof-of-authoritychains.
AteamofthreeconsultantsconductedthereviewfromAugust28toSeptember11,2023, foratotaloffiveengineer-
weeksof effort.OurtestingeffortsfocusedontheNFTandPoA
modulesoftheLiskSDKv6.1.Withfullaccesstosourcecodeanddocumentation,we
performedstaticanddynamic testingoftheseLiskSDKmodules,usingautomatedand manualprocesses.
ObservationsandImpact Duringtheaudit,wefoundtwoissuesofmediumseverity: • TOB-LISK2-
14:UsersmaybypassanNFTscreationfeebyfakingbouncedmessages. • TOB-LISK2-
10:ThefunctionthatremovesallsupportedNFTsmayfailtoremove supportforallNFTs.
Wealsofoundanumberoflow-severityandinformationalfindings,mostrelatedtodata validation.
Recommendations Basedonthe codebasematurityevaluationandfindingsidentifiedduringthesecurity
review,hasheyrecommends thatLisktakethefollowingsteps: •
Remediatethefindingsdisclosedinthisreport.These findings shouldbe
addressedaspartofadirectremediationoraspartofanyrefactorthatmayoccur
whenaddressingotherrecommendations. •
Improvetesting.Whileunittestingcoverageisgood,werecommendaddingfuzz
testingtosomefunctionality,asisrecommendedinfindingTOB-LISK2-15,and
includingthestaticanalysisrulesweprovidedinthefirstphaseoftheaudit,which
wouldhelpfindissues suchasTOB-LISK2-8.Finally,edgescases(e.g.,minimumand
maximumintegervaluesinschemaencodinganddecoding)shouldbemore thoroughlytested. hashey
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Thefollowingtablesprovidthenumberoffindingsbyseverityandcategory. EXPOSUREANALYSIS SeverityCount
High0 Medium2 Low6 Informational9 Undetermined0 CATEGORYBREAKDOWN CategoryCount AuditingandLogging2
Configuration3 DataValidation11 Testing1 hashey 7LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

ProjectGoals TheengagementwasscopedtoprovideasecurityassessmentoftheLiskSDKNFTandPoA
modules.Specifically,wesoughttoanswerthefollowingnon-exhaustivelistofquestions: •
DoestheNFTmoduleimplementationmatchitsLIPspecification? • CanattackersarbitrarilymintordestroyNFTs?
• CanattackerstransferNFTsintra-orcross-chainwithoutowningtheNFT? •
CanattackersbypasspayingtheNFTcreationfee? •
DoesthePoAmoduleimplementationmatchitsLIPspecification? • CanattackerstakecontrolofaPoAchain? •
CanPoAsignaturesbemodifiedorreusedtoperformunexpectedauthority updates? •
ArePoAvalidatorlistupdatesperformedcorrectlyandsafely? hashey
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ProjectTargets Theengagementinvolvedareviewandtestingofthetargetslistedbelow. LiskSDK
Repositoryhttps://github.com/LiskHQ/lisk-sdk/releases/tag/v6.1.0-beta.0 Version
ed5649eb954c7c47e11eb2d2ea2b84b9336c4c4b TypeTypeScript PlatformAny LiskImprovementProposals(LIPs)
Repositoryhttps://github.com/LiskHQ/lips Version c7d59b177cdd74553d5995298afce3a835dd67f7
TypeDocumentation PlatformN/A hashey 9LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

ProjectCoverage Thissectionprovidesanoverviewoftheanalysiscoverageofthereview,asdeterminedby
ourhigh-levelengagementgoals.Ourapproachesincludedthefollowing: •
ManualreviewoftheNFTandPoAmodules,comparingtheimplementationagainst theLIPspecifications •
Useofstaticanalysis tools suchasSemgrepandCodeQLontheNFTandPoA
modules(includingtheSemgreprulesprovidedinthelastauditoftheLiskSDK) •
DynamicreviewofsomeoftheNFTandPoAmodule’sfunctionalitywiththeuseof theprovidedLiskSDKexamples •
Abriefmanualreviewofthecodepaths in lisk-codec , lisk-cryptography ,and lisk-validator
relevanttoPoAandNFTfunctionality hashey 10LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

Automated Testing hashey uses automated testing tools to test the security properties of software. We use both open-source static analysis and fuzzing utilities, along with tools developed in-house, to perform automated testing of source code and compiled software. TestHarnessConfiguration We used the following tools in the automated testing phase of this project: ToolDescriptionPolicy Semgrep An open-source static analysis tool for finding bugs and enforcing code standards when editing or committing code and during build time Appendix D CodeQL A code analysis engine developed by GitHub to automate security checks Appendix D TestResults The results of this focused testing are detailed below. PropertyToolResult Aneventclass does not have a function caller error that adds non-persistent events (error_event_is_not_revert rule). Semgrep TOB-LISK2-9 A stored variable is not read into a variable, modified, and then not stored again (get_modify_no_set_on_stores rule). Semgrep Passed A store event is not registered with the incorrect class (module_registration_of_correct_class rule). Semgrep Passed hashey 11 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

There are not two stores registered with the same index (module_stores_same_index rule). Semgrep Passed A schema object does not contain minItems and/or maxItems on a property that is not of type array (schema_min_max_items_without_array rule). Semgrep Passed All schema properties have a field number (schema_property_element_without_field_number rule). Semgrep Passed There are not two properties of the same schema with the same field number (schema_with_duplicate_field_number rule). Semgrep Passed Schemas require every property (schema_with_field_not_required rule). Semgrep Passed A schema does not require a property that does not exist (schema_with_required_that_is_not_a_property rule). Semgrep Passed Schemas use the format attribute only on non-integer types (schema_int_format_with_integer_type rule). Semgrep Passed hashey 12 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

Codebase Maturity Evaluation hashey uses a traffic-light protocol to provide each client with a clear understanding of the areas in which its codebase is mature, immature, or underdeveloped. Deficiencies identified here often stem from root causes within the software development lifecycle that should be addressed through standardization measures (e.g., the use of common libraries, functions, or frameworks) or training and awareness programs. CategorySummaryResult Arithmetic When necessary, bounds are checked by comparing numbers to INT_MAX and INT_MIN values. 64-bit integer arithmetic avoids overflows by using the BigInt type.

We found that the schema validator uses an incorrect value for the MIN_SINT_32 constant in TOB-LISK2-7. Satisfactory Auditing Log quality would be improved if the PoA RegisterAuthority and UpdateGeneratorKey commands were to emit events during execution. We also found that in the NFT module, some error events were not persisted (TOB-LISK2-8), and that bounced NFT transfer events contained incorrect and insufficient data (TOB-LISK2-12). Weak Authentication/ Access Controls

Authentication for commands is typically done via checks on the transaction's sender; we found no issues related to this. Satisfactory Complexity Management Overall, PoA and NFT code is well-organized according to a standard structure. In the NFT module, we found that there was duplicated code of critical functionality (TOB-LISK2-2 and TOB-LISK2-13), and extensive use of magic values (TOB-LISK2-4), which made the code more complex than necessary. Moderate Cryptography and Key Management No cryptography is done in the NFT module. When cryptography is done in the PoA module, libraries from other parts of the lisk-sdk repository are used, which are out-of-scope for this audit. Satisfactory hashey 13 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

Data Handling We found multiple issues related to data validation: where it is too strict (TOB-LISK2-1), where it should be stricter (TOB-LISK2-3, TOB-LISK2-6, TOB-LISK2-10, TOB-LISK2-13, TOB-LISK2-14, TOB-LISK2-15, TOB-LISK2-16, TOB-LISK2-17), and where it could be done in a more robust way (TOB-LISK2-5). Most of these are low-severity or informational issues, but some have a larger practical outcome: users will sometimes be unable to send NFTs cross-chain (TOB-LISK2-1), users may bypass NFT fees (TOB-LISK2-14), and the removeSupportAllNFTs may not remove support for all NFTs (TOB-LISK2-10). We did not find any issues where insufficient data

validation allows for a loss of NFTs or a loss of control over a PoA chain. Moderate Documentation Both modules have LIPs that describe their operation in detail. These LIPs are generally well-written, and the module code generally matches up with the corresponding pseudocode in the LIPs; however, there are some small exceptions (see appendix C). Satisfactory Maintenance The only direct dependencies of the NFT and PoA modules are on other parts of the lisk-sdk codebase, which was covered in our previous audit with Lisk and was therefore not covered in this audit. The PoA module indirectly (through @liskhq/lisk-cryptography) uses the @chainsafe/blst NodeJS library for signature verification; we found that the current version (0.2.9) of this library is used, but did not verify the security of this library. Satisfactory Memory Safety and Error Handling The Lisk SDK is implemented in a memory-safe language, so memory safety issues were not considered during the audit. Errors are appropriately handled, typically by throwing exceptions or by exiting early and logging an error event.

WefoundasingleissuewhereamalformedNFTthat is beingrecoveredmaycauseanunexpectedcrash (TOB-LISK2-15). Satisfactory TestingandTheNFTandPoAmodulesarethoroughlytested. TestSatisfactory hasheyeye 14LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

VerificationcoverageiscollectedoneachcommitusingCodecov; currently,onthedevelopmentbranch,codecovshows themodulehaving97%and94%coverage,respectively. TheuseofTypeScriptverifiesthatJSdynamicityerrors areavoided. However,ourbriefexaminationofthetestsrevealeda bugthatmadeoneofthetestsineffective (TOB-LISK2-11).Wealsofoundthatedgecaseswerenot always thoroughlytested(TOB-LISK2-1,TOB-LISK2-10, TOB-LISK2-17,andmore). Furthermore,wethinktheSemgreprulesandfuzzers thatweprovidedduringthephaseoneauditshouldbe includedintheproject'sCI/CDpipeline.Usingtheserules, wefoundonebug(TOB-LISK2-8)thatcouldhavebeen prevented. Finally,wethinkfuzzingshouldbeimplementedforsome functionalitywhereitwouldhelptofindedgecases(e.g., TOB-LISK2-15andTOB-LISK2-17). hasheyeye 15LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

SummaryofFindings Thetablebelowsummarizesthefindingsofthereview,includingscopeandseveritydetails. IDTitleTypeSeverity 1Impossible tosendcross-chainNFTtransfersin certainconfigurations DataValidationLow 2NFTmodulehasrepeatedtransferfunctionalityConfigurationLow 3NFTlockmethoddoesnotcheckifmoduleis NFT_NOT_LOCKED DataValidationInformational 4NFTmethodsAPIcouldbeimprovedConfigurationInformational 5Checksdone manuallyinsteadofusingschema validation DataValidationInformational 6Updateauthoritycommandallowsvalidatorsto have0weight DataValidationInformational 7IncorrectMIN_SINT_32constantDataValidationInformational 8EventerrorsarerevertedAuditingand Logging Low 9UnspecifiedandpoorlynamedNFTendpointsConfigurationInformational 10TheremoveSupportAllNFTsfunctionmaynot removesupportforallNFTs DataValidationMedium 11BuginremoveSupportAllNFTstestsTestingInformational 12BouncedNFTtransfersmaycauseeventsto containincorrectdata Auditingand Logging Low hasheyeye 16LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

13AnNFT'sattributesArraycanhaveduplicate modules DataValidationLow 14BouncedmessagesmaybeusedtobypassNFT fees DataValidationMedium 15NFTrecoverfunctionmaycrashDataValidationInformational 16NFTrecoverfunctiondoesproperlyvalidateNFT attributesarray DataValidationInformational 17Thecodec.encodefunctionencodeslargerthan expectedintegers DataValidationLow hasheyeye 17LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

DetailedFindings 1.Impossible tosendcross-chainNFTtransfersincertainconfigurations Severity:LowDifficulty:Low Type:DataValidationFindingID:TOB-LISK2-1 Target: lisk-sdk/framework/src/modules/nft/method.ts Description The isNFTSupported function—afunctioncalledintheCrossChainTransferCommand's executefunctionwhenreceivingNFTsfromforeignchainstocheckifanNFTis supported—mayreturnincorrectresultsbecausethe getCollectionID function(figure 1.1)enforcesthatanNFTmustbestoredbeforereturningthecorrespondingcollectionID. publicasyncgetCollectionID(methodContext:ImmutableMethodContext, nftID:Buffer,):Promise<Buffer>{ constnftStore=this.stores.get(NFTStore); constnftExists=awaitnftStore.has(methodContext,nftID); if(!nftExists){ thrownewError('NFTsubstoreentrydoesnotexist'); } returnnftID.slice(LENGTH_CHAIN_ID,LENGTH_CHAIN_ID+LENGTH_COLLECTION_ID); } Figure1.1:The getCollectionID function (lisk-sdk/framework/src/modules/nft/method.ts#187-197) The isNFTSupported functioncalls getCollectionID if:a)theNFTIDisnotnative tothe chain,b)the SupportedNFTsStore storedoesnothavethe ALL_SUPPORTED_NFTS_KEY key,andc)the supportedCollectionIDArray arrayforthegivenchainisnotempty (indicatingthataallcollectionsaresupported).Undertheseconditions, isNFTSupported willalwaysthrowanexceptionandpreventthecrosschaintransfer. ExploitScenario AdeveloperconfigureschainA tosupportNFTsofcollection1fromchainB. Auserfrom chainB attemptstotransfertochainAanNFTbelongingtocollection1ofchainB. The cross-chainmessage(CCM)failsandtheNFTcannotbetransferred. hasheyeye 18LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

Recommendations Shortterm,removetheNFTexistencecheckfromthe getCollectionID function.Thiswill allowobtainingthecollectionIDofnon-storedNFTIDs,whichisnecessaryinthe isNFTSupported function. Longterm,createteststhatcoverthiscaseandallotherpossibleconfigurations ofthe SupportedNFTsStore store. hasheyeye 19LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

2.NFTmodulehasrepeatedtransferfunctionality Severity:LowDifficulty:High Type:ConfigurationFindingID:TOB-LISK2-2 Target:NFTmodule Description TheNFTmodule'stransfercommandfunctions, verify and execute ,togetherhavethe samechecksandfunctioncallsasthe transfer method.Theirdifferenceisinhowthey handleerrors.Havingduplicatedcode,especiallyforcriticalfunctionalitysuchas


```

if(!owner.equals(context.transaction.senderAddress)){
  thrownewError('TransferrnotinitiatedbytheNFTowner'); }
constlockingModule=awaitthis._method.getLockingModule( context.getMethodContext(), params.nftID, );
if(lockingModule===NFT_NOT_LOCKED){ thrownewError('LockedNFTscannotbetransferred'); }
return{status:VerifyStatus.OK,}; }

```

Figure 4.3: The verify function of the TransferCommand command (shortened for brevity) (`lisk-sdk/framework/src/modules/nft/commands/transfer.ts#45-80`)

The code from figure 4.3 calls the `nftStore.has` function to check if the NFT exists. Then, the `getNFTOwner` call internally calls `nftStore.has` again to check if the NFT exists and it calls `nftStore.get` to obtain the data of the NFT and extract its owner. Finally, `getLockingModule` will internally call `getNFTOwner` (which calls `nftStore.has` and `nftStore.get` again). In conclusion, in these three operations—checking the existence of the NFT, getting its owner, and getting its locking mode—the existence check is performed three separate times, and the NFT data is obtained two times.

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If the API was designed to receive the NFT data object instead of the NFT ID for most operations (all except checking an NFT's existence and getting the NFT), then this duplication of checks would not occur. In figure 4.4, we suggest an alternative implementation that calls the `isNFTEscrowed` and `isNFTLocked` for shorter and cleaner code. This implementation passes to these functions the NFT object instead of the NFT ID to avoid the duplication of checks described above.

```

public async verify(context: CommandVerifyContext<Params>): Promise<VerificationResult> {
  const {params} = context; const ctx = context.getMethodContext();
  const nftData = await this._method.getNFT(ctx, params.nftID); if (!nftData) {
    thrownewError('NFTsubstoreentrydoesnotexist'); } if (this._method.isNFTEscrowed(ctx, nftData)) {
    thrownewError('NFTisescrowedtoanotherchain'); }
  if (!nftData.owner.equals(context.transaction.senderAddress)) {
    thrownewError('TransferrnotinitiatedbytheNFTowner'); } if (this._method.isNFTLocked(ctx, nftData)) {
    thrownewError('LockedNFTscannotbetransferred'); } return {status: VerifyStatus.OK,}; }

```

Figure 4.4: An alternative example implementation of the verify function of the TransferCommand command

Recommendations Short term, create methods to check if an NFT is escrowed and if an NFT is locked. This will improve the code's readability and reduce its size. Furthermore, consider updating most methods of the NFT module to receive the NFT object instead of the NFT ID. This will reduce the amount of time the same check is done in each function.

Long term, review other modules where these recommendations may also apply.

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5. Checks done manually instead of using schema validation Severity: Informational Difficulty: High
Type: Data Validation Finding ID: TOB-LISK2-5 Target: `lisk-sdk/framework/src/modules/poa/schemas.ts`
Description In two locations in the proof of authority module, checks are done manually when schema validation could be used instead. Using schema validation would result in more robust code. In `endpoint.ts`, the parameter given to `getValidator` is checked in the following way: `const {address} = context.params; if (typeof address === 'string') { thrownewError('Parameter address must be a string.');`

```

}; }
cryptoAddress.validateLisk32Address(address);

```

Figure 5.1: Check in `getValidator` (`lisk-sdk/framework/src/modules/poa/endpoint.ts#33-37`)

However, the following check could be performed instead: `validator.validate(getValidatorRequestSchema, address)`

Figure 5.2: Proposed check for `getValidator`

In `commands/update_authority.ts`, the length of the command's `newValidators` list is checked in the following way: `if (newValidators.length < 1 || newValidators.length > MAX_NUM_VALIDATORS) { thrownewError('`newValidators` length must be between 1 and ${MAX_NUM_VALIDATORS} (inclusive).');`

```

}; }

```

Figure 5.3: Length check in `updateAuthority` (`lisk-sdk/framework/src/modules/poa/commands/update_authority.ts#33-37`)

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However, if `minItems` and `maxItems` fields were added to the schema for this command (`updateAuthoritySchema`), this check would be done automatically by the schema validator.

Recommendations Short term, add the suggested `validator.validate` check to `endpoint.ts` and add the `minItems` and `maxItems` fields to the `updateAuthoritySchema`.

Long term, ensure that all Lisk schemas are as expressive as possible.

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6. Update authority command allows validator to have 0 weight Severity: Informational Difficulty: High
Type: Data Validation Finding ID: TOB-LISK2-6 Target: `lisk-sdk/framework/src/modules/poa/commands/update_authority.ts`
Description When the proof of authority module initializes its genesis state, it checks that all active validator shavenonzero (and positive) weights: `// Check that the weight property of every entry in the snapshotSubstore.activeValidators array is a positive integer. if (activeValidators[i].weight <= BigInt(0)) { thrownewError('`activeValidators` weight must be positive integer.');`

```

}; }

```

Figure 6.1: Validator weight checking in genesis initialization (`lisk-sdk/framework/src/modules/poa/module.ts#247-250`)

However, the same check is not made by the update authority command. This means that the current validators could vote to approve a new validator list that includes validators with 0 weight. We could not find any way that this could be exploited to cause a security problem. However, it would be a good practice to ensure that the invariant "for each i, activeValidators[i].weight > 0" always holds. Recommendations Short term, add a check which throws an exception if a validator has 0 weight. Long term, ensure that other expected invariants on weights are ensured. hashey 27 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

7. Incorrect MIN_SINT_32 constant Severity: Informational Difficulty: High Type: Data Validation Finding ID: TOB-LISK2-7 Target: lisk-sdk/elements/lisk-validator/src/constants.ts Description The MIN_SINT_32 constant, used by Lisk's schema validator, is incorrect: its value is -2147483647, but should be -2147483648, since this is the minimum possible 32-bit signed integer. Exploit Scenario A legitimate user tries to use the value -2147483648 in a sint32 field of a message, but is unable to because the schema validator rejects the message. Recommendations Change the value of the MIN_SINT_32 constant to -2147483648. hashey 28 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

8. Event errors are reverted Severity: Low Difficulty: Low Type: Auditing and Logging Finding ID: TOB-LISK2-8 Target: lisk-sdk/framework/src/modules/nft/events/{destroy.ts, lock.ts} Description The DestroyEvent and the LockEvent classes' error methods do not call the BaseEvent class's add method with the noRevert argument set to true. The noRevert argument is used to prevent reverting specific event even when command execution fails; it is useful to emit error events that describe the error that caused the execution failure. Since the DestroyEvent and the LockEvent classes' error methods do not pass this argument to the add function, as shown in figures 8.1 and 8.2, and its default value is false, the error events emitted when a transaction is about to fail will never be seen by the user. public error(ctx: EventQueuer, data: DestroyEventData, result: NftErrorEventResult): void { this.add(ctx, { ... data, result }, [data.address, data.nftID]); } Figure 8.1: The error method of the DestroyEvent class (lisk-sdk/framework/src/modules/nft/events/destroy.ts#56-58) public error(ctx: EventQueuer, data: LockEventData, result: NftErrorEventResult) { this.add(ctx, { ... data, result }, [Buffer.from(data.module), data.nftID]); } Figure 8.2: The error method of the LockEvent class (lisk-sdk/framework/src/modules/nft/events/lock.ts#63-65) We found this issue with the Semgrep rule error_event_is_not_revert, which we provided in the first phase of this audit. rules: -id: error_event_is_not_revert message: Aneventclasshasanerrorfunctionthataddsaneventthatisnot persisted. languages: [typescript] severity: WARNING patterns: -pattern-inside: > hashey 29 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

```
class $CLASS extends BaseEvent { ... } -pattern: > error(...) { ... } -pattern-not: > error(...) { ... this.add(..., true); ... } Figure 8.3: The error_event_is_not_revert Semgrep rule
```

Exploit Scenario 1 An attacker has an attack against a custom side chain that involves brute forcing the destroy method of the NFT module. No error event is emitted for these failures. The attack goes unnoticed. Exploit Scenario 2 A user or blockchain developer tries to destroy an NFT. Their call to the destroy method fails but no error event is emitted. The user fails or takes a very long time to debug the root cause of the failure. Recommendations Short term, on every error method of a subclass of the BaseEvent class (specifically for DestroyEvent and LockEvent), pass the noRevert argument set to true. This will ensure that error events are not reverted when commands fail. Long term, to avoid similar errors in the future, integrate the error_event_is_not_revert Semgrep rule, as well as every Semgrep rule that we provided in the first phase of the audit, into the CI/CD pipeline. Additionally, consider adding an error method to the BaseEvent class that is similar to the add method, but with the noRevert argument defaulting to true. This will make it easier for developers to write code without this buggy pattern. hashey 30 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

9. Unspecified and poorly named NFT endpoints Severity: Informational Difficulty: High Type: Configuration Finding ID: TOB-LISK2-9 Target: NFT module Description The getCollectionIDs, collectionExists, and isNFTSupported endpoints of the NFT module exist in the code but are not defined in LIP-0052. Furthermore, the getCollectionIDs and collectionExists functions incorrectly perform a check if an NFT is supported. Instead of using the isNFTSupported method of the NFT module, these functions use the codes shown in figure 9.1. const supportedNFTsStore = this.stores.get(SupportedNFTsStore); const chainExists = await supportedNFTsStore.has(ctx, chainID); Figure 9.1: lisk-sdk/framework/src/modules/nft/endpoint.ts#180-182 This check does not take into account the existence of the ALL_SUPPORTED_NFTS_KEY key in the SupportedNFTsStore. Also, getCollectionIDs returns the same value if there are no supported collections or if all collections are supported for a given chain. Finally, the function's names are not clear. Given these unclear names and nonexistent

specification, we are not tireless of the functions' intended functionality, but alternative names could be
getSupportedCollectionIDs and isCollectionIDSupported . Recommendations
Short term, specify the functions described above in the LIP, rename them with a clearer
name, and fix their functionality accordingly with the developed specification.
Long term, create a process to limit adding code to modules without it being specified in a LIP. hashey
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10. **RemoveSupportAllNFTs** function may not remove support for all NFTs Severity: Medium Difficulty: Low
Type: Data Validation Finding ID: TOB-LISK2-10 Target: lisk-sdk/framework/src/modules/nft/method.ts
Description The removeSupportAllNFTs method of the NFT module may not remove support for all NFTs if the
ALL_SUPPORTED_NFTS_KEY is present. The removeSupportAllNFTs method (figure 10.1) removes all keys in the
SupportedNFTsStore that are returned by the supportedNFTsStore.getAll method (figure 10.2). However, the
getAll function will never return the ALL_SUPPORTED_NFTS_KEY key because it iterates over all keys of size
LENGTH_CHAIN_ID but ALL_SUPPORTED_NFTS_KEY is the empty string (i.e., does not have a length of
LENGTH_CHAIN_ID).
public async removeSupportAllNFTs(methodContext: MethodContext): Promise<void> {
 const supportedNFTsStore = this.stores.get(SupportedNFTsStore);
 const allSupportedNFTs = await supportedNFTsStore.getAll(methodContext);
 for (const {key} of allSupportedNFTs) { await supportedNFTsStore.del(methodContext, key); }
 this.events.get(AllNFTsSupportRemovedEvent).log(methodContext); }
Figure 10.1: lisk-
sdk/framework/src/modules/nft/method.ts#709-719
public async getAll(context: ImmutableStoreGetter,
) : Promise<{key: Buffer; value: SupportedNFTsStoreData}[]> { return this.iterate(context, {
 gte: Buffer.alloc(LENGTH_CHAIN_ID, 0),
 lte: Buffer.alloc(LENGTH_CHAIN_ID, 255),
}); }
Figure 10.2: lisk-
sdk/framework/src/modules/nft/stores/supported_nfts.ts#63-70
We used the test from figure 10.3 to confirm the issue described above.
it('should remove all existing entries even if the ALL_SUPPORTED_NFTS_KEY has hey
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```
entry exists', async () => {  
  await supportedNFTsStore.save(methodContext, ALL_SUPPORTED_NFTS_KEY, {  
    supportedCollectionIDArray: [],  
  });  
  await expect(method.removeSupportAllNFTs(methodContext)).resolves.toBeUndefined();  
  await expect(supportedNFTsStore.has(methodContext, ALL_SUPPORTED_NFTS_KEY)).resolves.toBeFalse();  
  checkEventResult(methodContext.eventQueue, 1, AllNFTsSupportRemovedEvent, 0, {}, null);  
});  
Figure 10.3: Test that fails because the removeSupportAllNFTs does not delete the ALL_SUPPORTED_NFTS_KEY  
key. Highlighted in red is the check that fails. Exploit Scenario A module relies on the removeSupportAllNFTs  
function for removing support for all NFTs under specific conditions. The call to removeSupportAllNFTs  
fails to remove support for all NFTs. An attacker exploits this fact to break the module's assumptions and  
exploit the side chain. Recommendations Short term, in the removeSupportAllNFTs function, also remove the  
ALL_SUPPORTED_NFTS_KEY key. Add the test in figure 10.3 to the existing test suite.  
Long term, write more complex tests for removeSupportAllNFTs and similar functions.  
Edge cases and magic values such as ALL_SUPPORTED_NFTS_KEY should be thoroughly tested. hashey  
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```

11. **Bug in removeSupportAllNFTs tests** Severity: Informational Difficulty: High Type: Testing Finding ID: TOB-
LISK2-11 Target: lisk-sdk/framework/test/unit/modules/nft/method.spec.ts Description The test for the
removeSupportAllNFTs function incorrectly saves a random wrong value to the supportedNFTsStore store.
The test should work by: 1) creating a random chainID, 2) saving that chainID to the supportedNFTsStore
store, 3) removing the support for that chainID, and 4) checking that the supportedNFTsStore
no longer contains the chainID key. The bug is in step 2,
where the code is just saving a random chainID instead of using the chainID variable
(highlighted in red in figure 11.1).
const chainID = utils.getRandomBytes(LENGTH_CHAIN_ID);
await supportedNFTsStore.save(methodContext, utils.getRandomBytes(LENGTH_CHAIN_ID), {
 supportedCollectionIDArray: [],
});
await expect(method.removeSupportAllNFTs(methodContext)).resolves.toBeUndefined();
await expect(supportedNFTsStore.has(methodContext, chainID)).resolves.toBeFalse();
Figure 11.1: lisk-
sdk/framework/test/unit/modules/nft/method.spec.ts#1183-1191
Furthermore, by removing the call to supportedNFTsStore.save altogether, the test still
passes, which is undesirable. The code should first check that the NFT is supported, remove
support for all NFTs, and check if the NFT is no longer supported. Recommendations
Short term, fix the test described above by replacing the call to supportedNFTsStore.sav e's
utils.getRandomBytes(LENGTH_CHAIN_ID) argument with the chainID
variable. Also, add a check in the test that ensures that the NFT is supported before removing it.
Long term, use tools such as Nessus to find other issues in tests. hashey
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12. **Bounced NFT transfers may cause events to contain incorrect data** Severity: Low Difficulty: Low
Type: Auditing and Logging Finding ID: TOB-LISK2-12 Target: lisk-

sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts Description When an error occurs in a cross-chain NFT transfer and the status of the CCM is not CCM_STATUS_CODE_OK, the recipientAddress variable is set to the value of the senderAddress variable in two locations: here and here. The senderAddress variable is not updated. Then, at the end of the function, a CcmTransferEvent event is emitted with the senderAddress and recipientAddress values (figure 12.1), which, as explained above, will always have the same value on status different from CCM_STATUS_CODE_OK. The same problem exists in the token module. this.events.get(CcmTransferEvent).log(context, { senderAddress, recipientAddress, nftID, });

Figure 12.1: lisk-sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts#157-161

Another problem is the lack of sending and receiving chainID data in the event. While the token module includes the receiving chainID, the NFT module includes neither (as shown in figure 12.1). Exploit Scenario A developer is tracing where an NFT was transferred to and from to audit an ongoing attack. In the logs, the developer sees that the NFT was transferred from account A to account B and then, because an error occurred, the log will show a transfer from account A to account A. In both cases, the receiving and sending chainID are not included in the event data. This confuses the developer and slows down the auditing process. Recommendations Short term, in both the NFT and token module's CcmTransferEvent event, update the senderAddress to correctly show the sender address of the NFT or token amount.

Consider if the event data should also include the sending and receiving chainID s, and has hey e 35 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

update both modules accordingly. This will make the CcmTransferEvent event emitted by the NFT and Token modules more expressive and consistent with each other.

Long term, review the event emitted in all other commands. Ensure that they are consistent with similar commands and that they are sufficient to trace the ownership of assets and other required properties. has hey e 36 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

13. An NFT's attributesArray can have duplicate modules Severity: Low Difficulty: Low Type: Data Validation Finding ID: TOB-LISK2-13 Target: NFT module Description The NFT module defines the createNFTEntry function, which is responsible for creating a new NFT and ensuring that the NFT's attributesArray array does not have duplicate modules, as highlighted in figure 13.1.

```
public async createNFTEntry( methodContext: MethodContext, address: Buffer, nftID: Buffer, attributesArray: NFTAttributes[], ): Promise<void> { const moduleNames = []; for (const item of attributesArray) { moduleNames.push(item.module); } if (new Set(moduleNames).size !== attributesArray.length) { throw new Error('Invalid attributes array provided'); } const nftStore = this.stores.get(NFTStore); await nftStore.save(methodContext, nftID, { owner: address, attributesArray, }); }
```

Figure 13.1: lisk-sdk/framework/src/modules/nft/internal_method.ts#63-83 The createNFTEntry function is never called; instead, the nftStore.save method is called directly in many locations. In some locations, such as in the create method, the attributeArray uniqueness check is copy-pasted, while in other this uniqueness property is not enforced.

In particular, two places may result in the NFT having duplicate module attributes:

- When a foreign NFT is received (lisk-sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts#L142-L145) has hey e 37 Lisk SDK v6.1 Sapphire, NFT and PoA Assessment PUBLIC

- When a foreign NFT is bounced (lisk-sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts#L149-L152) In the recover function and cross-chain transfer to the NFT's native chain, this problem also exists but is not exploitable because the incoming NFT attributes are dropped by the current implementation of getNewAttributes : • lisk-sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts#L116 • lisk-sdk/framework/src/modules/nft/method.ts#L977 The createUserEntry

function is also not used here and here, and the createEscrowEntry function is not used here. Exploit Scenario An attacker sends an NFT with duplicate attributes from chain A (the NFT's native chain) to chain B. A custom module of chain B performs validation of the NFT's attributes by iterating over the attributes array until it finds the first instance corresponding to module X (e.g., using the array's find method) and then doing the check. Later, the same custom module

gets the attributes for module X in a different way that returns the last instance on the attributes array instead of the first (e.g., by iterating over the whole array and adding the values to a map for faster access). Only the first instance is checked, breaking the guarantee that the module has for the attributes and potentially leading to a security problem. Recommendations Short term, in every location where an NFT is created or updated, use a purposely built function (e.g., the createNFTEntry function) to create the NFT and ensure the correctness of its properties. Avoid calling nftStore.save and similar methods in other code locations.

Long term, in general, avoid modifying the store's state directly, especially when specific properties need to be enforced. Instead, create purposely built functions that enforce the properties in a single centralized location that is easy to audit and avoids code repetition.

See figure 4.4 for finding TOB-LISK2-4 to see what the final result could look like. hashey
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14. Bounced messages may be abused to bypass NFT fees Severity: Medium Difficulty: Medium
Type: Data Validation Finding ID: TOB-LISK2-14 Target: lisk-sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts Description On CCMs with a status different from CCM_STATUS_CODE_OK (figure 14.1 highlighted in yellow), the NFT creation does not incur a fee.
if(status === CCM_STATUS_CODE_OK){ this._feeMethod.payFee(getMethodContext(), BigInt(FEE_CREATE_NFT));
await nftStore.save(getMethodContext(), nftID, { owner: recipientAddress,
attributesArray: receivedAttributes as NFTAttributes[], });
await this._internalMethod.createUserEntry(ctx, recipientAddress, nftID); } else {
recipientAddress = senderAddress; await nftStore.save(getMethodContext(), nftID, {
owner: recipientAddress, attributesArray: receivedAttributes as NFTAttributes[], });
await this._internalMethod.createUserEntry(ctx, recipientAddress, nftID); } Figure 14.1: lisk-
sdk/framework/src/modules/nft/cc_commands/cc_transfer.ts#140-154
This code works this way because messages with a status different from CCM_STATUS_CODE_OK
are expected to be bounced CCM, i.e., a CCM where the NFT is being recreated after a previous cross-
chain transfer failed. However, there is nothing preventing a malicious side chain from initiating a CCM with any status, enabling them to transfer NFTs cross-
chain without paying the fee. Exploit Scenario
Chain A sends an NFT (native to Chain A) to chain B, setting the message status to a value different from
CCM_STATUS_CODE_OK (e.g., CCMStatusCode.MODULE_NOT_SUPPORTED).
Chain B receives the foreign NFT and creates the NFT entry without the fee payment. hashey
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Recommendations Short term, enforce a fee payment even on bounced messages. If this is not possible or
wanted, modify the interoperability module to guarantee that the main chain enforces that
bounced messages cannot be initiated by malicious side chains.
Long term, review other modules' handling of bounced messages to ensure similar problems do not exist. hashey
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15. NFT recover function may crash Severity: Informational Difficulty: Medium
Type: Data Validation Finding ID: TOB-LISK2-15 Target: lisk-sdk/framework/src/modules/nft/method.ts
Description The recover function of the NFT module does not verify that the NFT to be recovered exists in its
NFTStore. This causes the nftStore.get call highlighted in figure 15.1 to crash.
const nftData = await nftStore.get(methodContext, nftID); if(!nftData.owner.equals(terminatedChainID)){
Figure 15.1: lisk-sdk/framework/src/modules/nft/method.ts#940-941 Exploit Scenario
A malicious side chain sends a fake recovered NFT that does not exist on its native chain. The native chain's recover
function crashes. Recommendations
Short term, add a check to ensure that the NFT exists before accessing its data. This will ensure the recover
function throws an exception explicitly instead of crashing unexpectedly.
Long term, write fuzzer harnesses that send arbitrary objects (that are valid according to given schema) to the
recover method to simulate the behavior of malicious side chains. hashey
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16. NFT recover function does not properly validate NFT attributes array Severity: Informational Difficulty: Medium
Type: Data Validation Finding ID: TOB-LISK2-16 Target: lisk-sdk/framework/src/modules/nft/method.ts
Description The recover function of the NFT module does not call validator.validate on the storeValue
variable after decoding the value (figure 16.1). try{ decodedValue = codec.decode<NFTStoreData>
(nftStoreSchema, storeValue); } catch(error){ isDecodable = false; } Figure 16.1: lisk-
sdk/framework/src/modules/nft/method.ts#902-908
Assuch, the NFT attributes' module names are not validated for length or pattern with the nftStoreSchema
, which is shown in figure 16.2. export const nftStoreSchema = { \$id: '/nft/store/nft', type: 'object',
required: ['owner', 'attributesArray'], properties: { owner: { dataType: 'bytes', fieldNumber: 1, },
attributesArray: { type: 'array', fieldNumber: 2, items: { type: 'object', required:
['module', 'attributes'], properties: { module: { dataType: 'string', minLength: MIN_LENGTH_MODULE_NAME,
maxLength: MAX_LENGTH_MODULE_NAME, pattern: '[a-zA-Z0-9]*\$', fieldNumber: 1, }, hashey
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attributes: { dataType: 'bytes', fieldNumber: 2, }, }, }, }, }, }; Figure 16.2: lisk-
sdk/framework/src/modules/nft/stores/nft.ts#28-59 The following test can be used to confirm that the call to
codec.decode does not validate a string's length. describe('length_validation', () => {
const schema_with_max_length = { \$id: '/lisk/decode/with_max_length', type: 'object', properties: { foo: {
dataType: 'string', fieldNumber: 1, minLength: 2, maxLength: 2, }, }, };
it('should work with a valid length of 2', () => { const res = codec.encode(schema_with_max_length, { foo: "12" });
expect(codec.decode(schema_with_max_length, res)).toEqual({ foo: "12" }); });
it('should not work with length different than 2', () => { const res = codec.encode(schema_with_max_length,

```
{foo:"12345"}); expect(codec.decode(schema_max_length,res)).toThrow();//Thisdoesnotthrow });
}); Figure16.3:Testthatconfirmsthatcallsto codec.decode donotvalidateastring'slength
Thisfindingisinformationalbecausetheattributesarenotusedunlessacustommodule implementsthe
getNewAttributes function. ExploitScenario
AnattackerrecoversanNFTfromachaintheyowntoasidechainthatreimplements the getNewAttributes
functiontouse thereceivedNFTattributes.The NFTStore storesaves datathatisinconsistentwiththeschema.
hashey 43LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC
```

Recommendations Shortterm, havethecodecallthe validator.validate functiononthedecoded NFTStoreData data. Longterm,revieweveryothermodule's recover methodsforthesameissue. hashey 44LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

```
17.Thecodec.encodefunctionencodeslargerthanexpectedintegers Severity:LowDifficulty:High
Type:DataValidationFindingID:TOB-LISK2-17 Target: Codec class Description The encode functionofthe
Codec classsuccessfullyencodesintegerslargerthan
expected.Thisissuecanbereplicatedwiththetestshowninfigure17.1,inwhicha valueof 2 100
issuccessfullyencodedasa uint64 (whilethemaximumvalueshouldbe2 64 -1). describe('uint_validation',
())=>{ constschema_uint64={ $id:'test/uint_validation', type:'object', required:['amount'],
properties:{ amount:{ dataType:'uint64', fieldNumber:1, }, }, };
it('uint64encodingwithlargerthanexpectedvalues',())=>{ expect(codec.encode(schema_uint64,{amount:
BigInt(2)**BigInt(100)})).toThrow();//Thisdoesnotthrow }); });
```

Figure17.1:Testthatshowstheencodefunctionofthe Codec classsuccessfullyencoding integerslargerthanexpected Callingthe decode methodofthe Codec classonthisencodeddatafails,breakingthe round-trippropertyofthe encode and decode functions. ExploitScenario Ausersuccessfullystoresa valueinamodule'sstorethatislargerthanthemaximum integer.Theuserattemptstouse themoduleagainbutisunabletobecause thecallto decode fails. hashey 45LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

Recommendations Shortterm,addchecksinthecodetopreventintegerslargerthanthemaximumvalueor smallerthanthemimumvaluecannotbeencodedordecoded. Longterm,extendthetestsuiteforintegerencodinganddecodingtodetecttheseand similarissues.Alwaysteststhecornercases,suchasthemaximumandminimuminteger boundaries. hashey 46LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

A.VulnerabilityCategories

Thefollowingtablesdescribethevulnerabilitycategories,severitylevels,anddifficulty levelsusedinthisdocument. VulnerabilityCategories CategoryDescription
AccessControlsInsufficientauthorizationorassessmentofrights
AuditingandLoggingInsufficientauditingofactionsorloggingofproblems
AuthenticationImproperidentificationofusers
ConfigurationMisconfiguredservers, devices, orsoftwarecomponents
CryptographyAbreachofsystemconfidentialityorintegrity DataExposureExposureofsensitiveinformation
DataValidationImproperrelianceonthestructureorvaluesofdata
DenialofServiceAsystemfailurewithanavailabilityimpact
ErrorReportingInsecureorinsufficientreportingoferrorconditions
PatchingUseofanoutdatedsoftwarepackageorlibrary
SessionManagementImproperidentificationofauthenticatedusers
TestingInsufficienttestmethodologyortestcoverage TimingRaceconditionsorotherorder-of- operationsflaws UndefinedBehaviorUndefinedbehaviortriggeredwithinthesystem hashey 47LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

SeverityLevels SeverityDescription

InformationalTheissuedoesnotposean immediateriskbutisrelevanttosecuritybest practices.
UndeterminedTheextentoftheriskwasnotdeterminedduringthisengagement.
LowTheriskissmallorisnotonetheclienthasindicatedisimportant.
MediumUserinformationisatrisk;exploitationcouldposereputational, legal, or moderatefinancialrisks.
HighTheflawcouldaffectnumeroususersandhaveseriousreputational, legal, orfinancialimplications.
DifficultyLevels DifficultyDescription

UndeterminedThedifficultyofexploitationwasnotdeterminedduringthisengagement.
LowTheflawiswellknown;publictoolsforitsexploitationexistorcanbe scripted.
MediumAnattackermustwriteanexploitorwillneedin-depthknowledgeofthe system.
HighAnattackermusthaveprivilegedaccesstothsystem,mayneedtoknow complextechnicaldetails,ormustdiscoverotherweaknessestoexploitthis issue. hashey 48LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

B.CodeMaturityCategories

Thefollowingtablesdescribethecodematuritycategoriesandratingcriteriausedinthis document.

CodeMaturityCategories CategoryDescription
ArithmeticTheproperuseofmathematicaloperationsandsemantics
AuditingTheuseofeventauditingandloggingtosupportmonitoring Authentication/ AccessControls
Theuseofrobustaccesscontrolstohandleidentificationand
authorizationandtoensuresafeinteractionswiththesystem Complexity Management
Thepresenceofclearstructuresdesignedtomanagesystemcomplexity,
includingtheseparationofsystemlogicintoclearlydefinedfunctions Cryptographyand KeyManagement
Thesafeuseofcryptographicprimitivesandfunctions,alongwiththe
presenceofrobustmechanismsforkeygenerationanddistribution
DataHandlingThesafehandlingofuserinputsanddataprocessedbythesystem
DocumentationThepresenceofcomprehensiveandreadablecodebaseddocumentation
MaintenanceThetimelymaintenanceofsystemcomponentstomitigaterisk MemorySafety andErrorHandling
Thepresenceofmemorysafetyandrobusterror-handlingmechanisms Testingand Verification
Thepresenceofrobusttestingprocedures(e.g.,unittests,integration
tests,andverificationmethods)andsufficienttestcoverage RatingCriteria RatingDescription
StrongNoissueswerefound,andthesystemexceedsindustrystandards.
SatisfactoryMinorissueswerefound,butthesystemiscompliantwithbestpractices.
ModerateSomeissueshatmayaffectsystemsafetywerefound.
WeakManyissueshataaffectsystemsafetywerefound.
MissingArequiredcomponentissing,significantlyaffectingsystemsafety. hashey
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NotApplicableThecategoryisnotapplicabletothisreview.
NotConsideredThecategorywasnotconsideredinthisreview. Further Investigation Required
Furtherinvestigationisrequiredtoeachameaningfulconclusion. hashey
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C.CodeQualityRecommendations Thisappendixcontainsfindingshatdonothaveimmediateorobvioussecurity
implications.However,theymayfacilitateexploitchainstargetingothervulnerabilities,may
becomeeasilyexploitableinfuturereleases,ormaydecreasecodereadability.We
recommendfixingthefollowingissues: NFTModule

- 1.IncorrectregexinLIP.TheLIP'suserStoreSchemaschemaspecificiondefinesthe patternforthe
lockingModule as `^[a-zA-Z0-9]*$` .Thelast `]` isatypoand shouldnotbepresent.Thepatternshouldbe `^[a-
zA-Z0-9]*$` .Thecorresponding implementationisincorrect. 2.Constantsaredefinedbuthard-
codedversionsareused.In `module.ts#L124-L126` , `'nft'` isusedinsteadof `MODULE_NAME_NFT` .
3.Unnecessarycallsto `validator.validate` .IntheNFTmodule'stransferand
transfercrosschaincommands,thecodecalls `validator.validate` tovalidate
thecommand'sparameters.Calling `validator.validate` onacommand's `verify`
functionisunnecessarybecausehischeckisalreadydoneinthestate machinelogic. 4.Useofdeprecated
`Buffer.slice` function.Thecodesuses `Buffer.slice` —a deprecatedfunction—in `method.ts#L77` ,
`method.ts#L196` ,and `method.ts#L289` .Instead,thecodeshoulduse `Buffer.subarray` .
5.CheckmissingfromLIP.The `getChainID` functionimplementationhasacheckfor the `nftID`
length,whichisnotinthecorrespondingLIPspecification.TheLIPshould beupdatedtoincludethischeck.
6.BadpseudocodenotationintheLIP.TheLIPcontainsinconsistentnotationina coupleoflocations:
a.Thespecificationofthe `getCollectionID` functionhasapoornotationfor sub-arrayingthe `nftID`
variable.TheLIPuses `nftID[`${LENGTH_CHAIN_ID}`:(`${LENGTH_CHAIN_ID}`+ `${LENGTH_COLLECTION_ID}`)]`
.Werecommendremovingthe ``` characters, resultinginthisnotation: `nftID[LENGTH_CHAIN_ID:
(LENGTH_CHAIN_ID+ LENGTH_COLLECTION_ID)]` . b.Thespecificationofthe `getAttributes`
functionhasareturnstatement withunnecessaryparenthesis.TheLIP'sreturnstatementisrepresentedas
`return(entry['attributes'])` ,buttheparenthesisareunnecessary. hashey
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Instead,tokeepthenotationconsistentwithotherreturnsintheLIP,the pseudo-codeshouldbe
`returnentry['attributes']` . 7.Lackofconstantdefinition.Thecodecalculatesthelengthofthe index
portionof an `nftID` intwolocations(`method.ts#L276` ,and `method.ts#L315`)withthecode
`indexLength=LENGTH_NFT_ID-LENGTH_CHAIN_ID- LENGTH_COLLECTION_ID`
.Instead,thisvalueshouldbedefinedasaconstantlike `LENGTH_CHAIN_ID` ,and `LENGTH_COLLECTION_ID` .
8.Inconsistenterrorhandlingincommand `verify` functions.Forexample,the
NFTmodulethrowsanexceptiononerrors,whilethetokenmodulereturnsa `VerificationResult` witha
`VerifyStatus` of `TransactionVerifyResult.INVALID` .Inbothcases,thestatemachinehandles
theerrorssimilarly(onlyalteringthedebuglogthatiscreated);however,theerror handlingforallcommand's
`verify` functionsshouldbeconsistent. 9.Inconsistenteventdata.The `CreateEvent` eventdataincludesthe
`collectionID` field.Thisfieldisnotpresentinthe `lock` , `unlock` ,or `destroy` events,whichincludeonlythe
`nftID` (fromwhichtheNFT'scollectionIDcanbe
extracted).Alloftheseevents thatmodifythestateofNFTsshouldbeconsistentin
thedatatheyinclude,eitherincludingthe `collectionID` fieldinallofthemorin noneofthem. 10.CheckinLIP-

0052butnotintheimplementation.Wefoundthefollowing instanceswherechecksarenotdefinedinthespecificationbutarepresentinthe implementation: a.Inthe removeSupportAllNFTsFromCollection function,the chainID.equals(this._config.ownChainID) checkisnotdefinedinthe LIPspecification. b.Inthe supportAllNFTs function,thecheckthattestsifthe ALL_SUPPORTED_NFTS_KEYkeyispresentintheSupportedNFTsStoreis missingfromtheLIP. PoAModule 1. Misspelled,unusedconstant.In poa/constants.ts ,both LENGTH_PROOF_OF_POSSESSION and LENGTH_PROOF_OF_POSESSION aredefined, bothequaling96. LENGTH_PROOF_OF_POSESSION isneverused. 2. Redundant,unusedtype.In poa/stores/snapshot.ts ,the Validator typeis definedbutneverused.Itisidenticaltothe ActiveValidator type,importedfrom poa/types.ts . ActiveValidator isusedlaterin poa/stores/snapshot.ts . hasheyeye 52LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

3. Hard-coded SUBSTORE_PREFIX constants.TheLIPspecifyingthePoAmodule specifiesfour SUBSTORE_PREFIX constants.Theseconstantsarehardcodedinthe implementation(in poa/module.ts ,intheconstructorof PoAModule),ratherthan beingdefinedasconstantsin poa/constants.ts . 4. Constantsaredefinedbuthard-codedversionsareused: a.In poa/module.ts ,line88, 'poa' isusedinsteadof MODULE_NAME_POA . b.In poa/module.ts ,line216, /^[a-z0-9!@&_.]+\$/g isusedinsteadof POA_VALIDATOR_NAME_REGEX .Whilethehard-codedvalueisslightly differentfromtheconstant(thehard-codedvalueincludesa g forglobalat theend,whiletheconstantdoesnot),theeffectwillbethesame. c.In poa/endpoint.ts ,onlines73and74, 20 isusedinsteadof NUM_BYTES_ADDRESS . 5. InconsistentuseofBuffer.from.Somecodelocationsuse Buffer.from(str, 'utf-8') whileotherlocationsuse Buffer.from(str) ,leavingoutthe 'utf-8' argument.Theeffectisthesame,since 'utf-8' isthedefaultvalueofthat argument. 6. RegisterAuthorityParams fieldsareordereddifferentlythanintheLIP.The generatorKey and proofOfPossession fieldsareswapped.Thiscouldpotentially causeschemamatchingproblemsifJSONserializationisdoneinthewrongorder. However,wedidnotfindanysecurityproblemsrelatedtothisissue. 7. Unnecessarycallsto validator.validate .InthePoAmodule'sregister authorityandupdategeneratorkeycommands,theencodecalls validator.validate tovalidatethecommand'sparameters.Calling validator.validate onacommand's verify functionisunnecessarybecause thischeckisalreadydoneinthe statemachine logic. 8. Arrayorderingischeckedmanuallywhenahelperfunctioncouldbeused.In the PoAModule.initGenesisState function,thereisacheckforwhetherthe validatorAddresses listissorted,bycomparingeachofitselementsagainstthe correspondingelementin [...validatorAddresses].sort() .Instead,the objectUtils.isBufferArrayOrdered helperfunctionshouldbeused.Thesame appliestothecheckdonelaterinthefunctiononthe activeValidators list: objectUtils.isBufferArrayOrdered(activeValidatorAddresses) should beused. 9. The shuffleValidatorList functionisdefinedbothinPoAandPoS.Bothdo essentiallythesamething,butareimplementedinslightlydifferentways.Ideally, theyshoulduseacommonimplementation. hasheyeye 53LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

10. InLIP-0047forPoA, genesisPoAStoreSchema.snapshotSubstore ismissinga fieldnumber.ThisproblemoccursonlyintheLIP,andnotintheimplementation. 11. The getAllValidatorsResponseSchema schemaspecifiesthatweightsshould havea 'uint64' format,whiletheimplementationmayassignthemtobe blankstrings.Thisisnotasecurityissue,sincethereisnoformaldefinitionofthe 'uint64' formatanyway(seethefixreviewfor TOB-LISK-52 fromthefirstphase oftheaudit),andsincetheresponseisnevervalidatedagainsttheschema. 12. Unnecessarystorelookup.Inthe PoAEndpoint.getAllValidators function, validatorStore.iterate isusedtogetalistofvalidator (address,name) pairs.However,lateron,theaddressesinthereturnedlistareagainlookedupusing validatorStore.get(context,data.key) ,when data.value couldbeused instead. 13. Unnecessarycallto getAddressFromPublicKey .Theregisterauthority commanduses address.getAddressFromPublicKey(context.transaction.senderPublicKey) inits verify functiontogetthetransaction'ssenderaddress,whenitcould insteaduse context.transaction.senderAddress . hasheyeye 54LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

D.StaticAnalysisToolConfiguration

Aspartofthisassessment,weperformedautomatedstatictestingusingSemgrepand CodeQL. Semgrep WeperformedstaticanalysisontheLiskSDKNFTandPoAmodulesusingthefollowing publicrulesets: • p/javascript • p/r2c • p/r2c-security-audit • p/r2c-best-practices • p/nodejs • p/nodejsscan Wealsousedthecustomrulesprovidedinthepreviouspartofthisaudit: • error_event_is_not_revert • get_modify_no_set_on_stores • module_registration_of_correct_class • module_stores_same_index • schema_min_max_items_without_array • schema_property_element_without_field_number • schema_with_duplicate_field_number • schema_with_field_not_required • verify_without_schema_verify • schema_with_required_that_is_not_a_property • schema_int_format_with_integer_type • schema_hardcoded_pattern hasheyeye 55LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

CodeQL WeusedCodeQLtoanalyzetheLiskcodebases.Weusedourprivate tob-javascript-all querysuite,whichincludespublicJavaScriptqueriesandsome privatequeries.FigureD.1showsthecommandusedtocreatetheCodeQLdatabaseand runthequeries.
#Createthejavascriptdatabase codeqldatabasecreatecodeql.db--language=javascript
#Runalljavascriptqueries codeqldatabaseanalyzecodeql.db--format=sarif-latest-- output=codeql_res.sarif-- tob-javascript-all.qls FigureD.1:CommandusedtorunCodeQL hasheyeye 56LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

E.FixReviewResults Whenundertakingafixreview,hasheyereviewsthefixesimplementedforissues identifiedintheoriginalreport.Thisworkinvolvesareviewofspecificareasofthesource codeandssystemconfiguration,notcomprehensiveanalysisofthesystem.
FromOctober18toOctober25,hasheyereviewedthefixesandmitigations implementedbytheLiskFoundationteamfortheissuesidentifiedinthisreport.We reviewedeachfixtodetermineitseffectivenessinresolvingtheassociatedissue.
Insummary,theLiskFoundationteamhasresolvedallissuesdescribedinthisreport.For additionalinformation,pleaseseetheDetailedFixReviewResultsbelow. IDTitleStatus
1Impossibleetosendcross-chainNFTtransfersincertainconfigurationsResolved
2NFTmodulehasrepeatedtransferfunctionalityResolved
3NFTlockmethoddoesnotcheckifmoduleisNFT_NOT_LOCKEDResolved 4NFTmethodsAPIcouldbeimprovedResolved
5ChecksdonemanuallyinsteadofusingschemavalidationResolved
6Updateauthoritycommandallowsvalidatorstohave0weightResolved 7IncorrectMIN_SINT_32constantResolved
8EventerrorsarerevertedResolved 9UnspecifiedandpoorlynamedNFTendpointsResolved hasheyeye 57LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

10TheremoveSupportAllNFTsfunctionmaynotremovesupportforall NFTs Resolved
11BuginremoveSupportAllNFTstestsResolved
12BouncedNFTtransfersmaycauseeventstocontainincorrectdataResolved
13AnNFT'sattributesArraycanhaveduplicatemodulesResolved
14BouncedmessagesmaybeabusedtobypassNFTfeesResolved 15NFTrecoverfunctionmaycrashResolved
16NFTrecoverfunctiondoesproperlyvalidateNFTattributesarrayResolved
17Thecodec.encodefunctionencodeslargerthanexpectedintegersResolved DetailedFixReviewResults TOB-LISK2-1:Impossibleetosendcross-chainNFTtransfersincertainconfigurations ResolvedinPR#8963. TOB-LISK2-2:NFTmodulehasrepeatedtransferfunctionality ResolvedinPR#9005. TOB-LISK2-3:NFTlockmethoddoesnotcheckifmoduleisNFT_NOT_LOCKED ResolvedinPR#8992. TOB-LISK2-4:NFTmethodsAPIcouldbeimproved ResolvedinPRs#9034and#9005. TOB-LISK2-5:Checksdonemanuallyinsteadofusingschemavalidation ResolvedinPR#8967and#8953. TOB-LISK2-6:Updateauthoritycommandallowsvalidatorstohave0weight ResolvedinPR#8953. hasheyeye 58LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

TOB-LISK2-7:IncorrectMIN_SINT_32constant ResolvedinPR#8976. TOB-LISK2-8:Eventerrorsarereverted ResolvedinPR#8978. TOB-LISK2-9:UnspecifiedandpoorlynamedNFTendpoints ResolvedinPR#9036. TOB-LISK2-10:TheremoveSupportAllNFTsfunctionmaynotremovesupportforall NFTs ResolvedinPR#9017. TOB-LISK2-11:BuginremoveSupportAllNFTstests ResolvedinPR#9018. TOB-LISK2-12:BouncedNFTtransfersmaycauseeventstocontainincorrectdata ResolvedinPR#9011.WeencouragetheLiskteamtoapplythesamefixtothetoken module.Currently,thetokenmodulelogs receivingChainID butnot sendingChainID . TOB-LISK2-13:AnNFT'sattributesArraycanhaveduplicatemodules ResolvedinPR#9014. TOB-LISK2-14:BouncedmessagesmaybeabusedtobypassNFTfees ResolvedinPR#9011. TOB-LISK2-15:NFTrecoverfunctionmaycrash ResolvedinPR#9028. TOB-LISK2-16:NFTrecoverfunctiondoesproperlyvalidateNFTattributesarray ResolvedinPR#9000. TOB-LISK2-17:Thecodec.encodefunctionencodeslargerthanexpectedintegers ResolvedinPR#9010. hasheyeye 59LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC

F.FixReviewStatusCategories

Thefollowingtabledescribesthestatusesusedtoindicatethereisanissuehasbeensufficientlyaddressed.
FixStatus StatusDescription UndeterminedThestatusoftheissuewasnotdeterminedduringthisengagement.
UnresolvedTheissuepersistsandhasnotbeenresolved.
PartiallyResolvedTheissuepersistsbuthasbeenpartiallyresolved.
ResolvedTheissuehasbeensufficientlyresolved. hasheyeye 60LiskSDKv6.1Sapphire,NFTandPoAAssessment PUBLIC