

sBTC REWARDS PROGRAM SECURITY REVIEW

Conducted by:

KRISTIAN APOSTOLOV, ALIN BARBATEI (ABA), MARCHEV

JANUARY 5TH, 2025

CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings 8.1. Critical Findings	8 9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	9
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	4-
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	18
8.5. QA Findings [QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	_
[QA-05] Optimization Opportunities in Staking	2
Operations	_
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

1. About Clarity Alliance

Clarity Alliance is a team of expert whitehat hackers specialising in securing protocols on Stacks.

They have disclosed vulnerabilities that have saved millions in live TVL and conducted thorough reviews for some of the largest projects across the Stacks ecosystem.

Learn more about Clarity Alliance at clarityalliance.org.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary 8. Summary of Findings	7 8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	9
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	1!
[L-01] Inability to Stack STX in the Final Block of the Current Reward Cycle	1!
[L-02] Implement an Emergency Withdrawal	10
Mechanism	- 10
[L-03] Ambiguous Invocation of Finalize Reward	1
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	_
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	2
[QA-08] Reward Distribution Should Not Be Callable After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	_
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

2. Disclaimer

This report is not, nor should be considered, an "endorsement" or "disapproval" of any particular project or team. This report is not, nor should be considered, an indication of the economics or value of any "product" or "asset" created by any team or project that contracts Clarity Alliance to perform a security assessment.

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

This report should not be used in any way to make decisions around investment or involvement with any particular project. This report in no way provides investment advice, nor should be leveraged as investment advice of any sort. This report represents an extensive assessing process intending to help our customers increase the quality of their code while reducing the high level of risk presented by cryptographic tokens and blockchain technology.

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

The assessment services provided by Clarity Alliance are subject to dependencies and under continuing development. You agree that your access and/or use, including but not limited to any services, reports, and materials, will be at your sole risk on an as-is, where-is, and as-available basis.

Cryptographic tokens are emergent technologies and carry with them high levels of technical risk and uncertainty. The assessment reports could include false positives, false negatives, and other unpredictable results. The services may access, and depend upon, multiple layers of third parties. Notice that smart contracts deployed on the blockchain are not resistant from internal/external exploit. Notice that active smart contract owner privileges constitute an elevated impact to any smart contract's safety and security. Therefore, Clarity Alliance does not guarantee the explicit security of the audited smart contract, regardless of the verdict.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	_
8.2. High Findings	1
[H-01] Rewards Can Be Reduced Through	1
Cycle Conclusion Overloading	1
8.3. Medium Findings	1
[M-01] Changing Donors Reward Address Leaves Uncommitted Stakes	. '
[M-02] Entire Holdings System Is Vulnerable to	1
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	1
Balance	
8.4. Low Findings	1
[L-01] Inability to Stack STX in the Final Block of the	1
Current Reward Cycle	-
[L-02] Implement an Emergency Withdrawal	1
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	1
Distribution	
8.5. QA Findings	1
[QA-01] Typographical Errors	1
[QA-02] Remove Unused Constants	1
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	_
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

3. Introduction

A time-boxed security review of sBTC Rewards Program, where Clarity Alliance reviewed the scope and provided insights on improving the protocol.

4. About sBTC Rewards Program

The sBTC Rewards Program enables Bitcoin users to earn a 5% return on their holdings, paid in sBTC, without the need to stake or lock their assets. To participate, users can enroll through the sBTC Rewards Dashboard, which allows them to hold sBTC, earn sBTC, and unlock the full potential of their Bitcoin.

The program operates through a Contributor Smart Contract, which manages the delegation of stacking rewards. This contract allows contributors to delegate and revoke their staking rewards to the incentive program. It also enables the contract administrator to manage stack aggregation, including committing, extending, and increasing stack amounts for contributors.

To get started, users can follow the onboarding process outlined in the sBTC Incentive Protocol documentation. This process involves visiting the designated platform, navigating to the Yield section, enrolling to participate, and, upon transaction confirmation, beginning enrollment with the next cycle. Enrollment remains active for all future cycles unless the user opts out of the program.

Source: https://bitcoinismore.org/



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5 5
5.2. Likelihood	5
5.3. Action required for severity levels 6. Security Assessment Summary	о 6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	Ĭ
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	1!
[L-01] Inability to Stack STX in the Final Block of the	1!
Current Reward Cycle [L-02] Implement an Emergency Withdrawal	10
Mechanism	- 10
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	2
[QA-10] Improvements Needed for Yield	2

5. Risk Classification

Severity	Impact: High	Impact: Medium	Impact: Low
Likelihood: High	Critical	High	Medium
Likelihood: Medium	High	Medium	Low
Likelihood: Low	Medium	Low	Low

5.1 Impact

- · High leads to a significant material loss of assets in the protocol or significantly harms a group of users.
- Medium only a small amount of funds can be lost (such as leakage of value) or a core functionality of the protocol is affected.
- Low can lead to any kind of unexpected behavior with some of the protocol's functionalities that's not so critical.

5.2 Likelihood

- · High attack path is possible with reasonable assumptions that mimic on-chain conditions, and the cost of the attack is relatively low compared to the amount of funds that can be stolen or lost.
- · Medium only a conditionally incentivized attack vector, but still relatively likely.
- · Low has too many or too unlikely assumptions or requires a significant stake by the attacker with little or no incentive.

5.3 Action required for severity levels

- Critical Must fix as soon as possible (if already deployed)
- High Must fix (before deployment if not already deployed)
- Medium Should fix
- Low Could fix



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary 7. Executive Summary	6 7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	_
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	1:
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance 8.4. Low Findings	1!
[L-01] Inability to Stack STX in the Final Block of the	1!
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	10
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	- 18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	_
[QA-05] Optimization Opportunities in Staking Operations	2
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	_
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

6. Security Assessment Summary

The primary emphasis was on deposit functionality, as the system was not yet live for withdrawals at the time of review.

- Initial analysis started at 89cf1de30fe3668ba8196fa1fc3418946d33cbdb89cf1de30fe36 68ba8196fa1fc3418946d33cbdb
- Subsequent analysis was conducted from a29794a3f16c92359d0c3bf5a29029888a04a00f



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	10
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	12
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	14
[M-03] Snapshot May Use Nonexistent sBTC Balance	14
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	13
[L-02] Implement an Emergency Withdrawal	16
Mechanism	10
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	"
B.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	20
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	22
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	24
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	25
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	
[QA-10] Improvements Needed for Yield	27
Contract Admin Update	

7. Executive Summary

Over the course of the security review, Kristian Apostolov, Alin Barbatei (ABA), Marchev engaged with - to review sBTC Rewards Program. In this period of time a total of **18** issues were uncovered.

Protocol Summary

Protocol Name	sBTC Rewards Program
Date	January 5th, 2025

Findings Count

Severity	Amount
Critical	1
High	1
Medium	3
Low	3
QA	10
Total Findings	18



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	Ę
5.1. Impact	
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	
8.2. High Findings	1
[H-01] Rewards Can Be Reduced Through	1
Cycle Conclusion Overloading	
8.3. Medium Findings	1
[M-01] Changing Donors Reward Address Leaves Uncommitted Stakes	1
[M-02] Entire Holdings System Is Vulnerable to	1
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	1
Balance	
8.4. Low Findings	1
[L-01] Inability to Stack STX in the Final Block of the	1
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	1
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	- 1
Distribution	
8.5. QA Findings	- 1
[QA-01] Typographical Errors	1
[QA-02] Remove Unused Constants	- 1
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	2
[QA-10] Improvements Needed for Yield Contract Admin Update	-
Contract Aurilli Opuate	

Summary of Findings

ID	Title	Severity	Status
[C-01]	Attacker Can Opt-Out Before Reward Distribution to Block Cycle Advancement	Critical	Resolved
[H-01]	Rewards Can Be Reduced Through Cycle Conclusion Overloading	High	Resolved
[M-01]	Changing Donors Reward Address Leaves Uncommitted Stakes	Medium	Resolved
[M-02]	Entire Holdings System Is Vulnerable to Griefing	Medium	Resolved
[M-03]	Snapshot May Use Nonexistent sBTC Balance	Medium	Resolved
[L-01]	Inability to Stack STX in the Final Block of the Current Reward Cycle	Low	Resolved
[L-02]	Implement an Emergency Withdrawal Mechanism	Low	Acknowledged
[L-03]	Ambiguous Invocation of Finalize Reward Distribution	Low	Resolved
[QA-01]	Typographical Errors	QA	Resolved
[QA-02]	Remove Unused Constants	QA	Resolved
[QA-03]	Inconsistent Donors Error Codes	QA	Resolved
[QA-04]	Restrict Multiple Calls to Set Reward Distribution Flag	QA	Resolved
[QA-05]	Optimization Opportunities in Staking Operations	QA	Resolved
[QA-06]	Inconsistent Event Strings in Yield Contract	QA	Acknowledged
[QA-07]	Computing Snapshot Balance Should Not Be Callable Between Cycle Snapshot Conclusion and New Cycle	QA	Acknowledged
[QA-08]	Reward Distribution Should Not Be Callable After All Participants Have Been Rewarded	QA	Acknowledged
[QA-09]	Yield Contract Contains Outdated or Incorrect Comments	QA	Acknowledged
[QA-10]	Improvements Needed for Yield Contract Admin Update	QA	Acknowledged



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary 7. Executive Summary	6 7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	_
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	1:
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance 8.4. Low Findings	1!
[L-01] Inability to Stack STX in the Final Block of the	1!
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	10
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	- 18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	_
[QA-05] Optimization Opportunities in Staking Operations	2
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	_
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

8. Findings

8.1. Critical Findings

[C-01] Attacker Can Opt-Out Before Reward Distribution to Blocking Cycle Advancement

Description

During the reward distribution process, the current logic retrieves the participant (holder) state from the time the snapshot was taken but fetches the current reward address.

```
(participant-state (unwrap!
  (map-get? participants {address: user}) ERR_NOT_ENROLLED))
```

Retrieving the current reward address from participants may fail if the user is no longer participating. If, during cycle advancement, a user has opted out or has been blacklisted by the admin, retrieving the reward address results in the ERR_NOT_ENROLLED error code. This blocks the cycle advancement because the rewarded counter is not incremented.

Without incrementing the rewarded counter, advancing cycles via the head-to-next-cycle function reverts with ERR NOT REWARDED ALL.

An attacker can exploit this issue by spamming several hundred principals with no sBTC, having them all enroll, and then opting out before the final reward distribution.

The admin would need to call the enroll-dex function on several hundred functions at a time and then call distribute-rewards afterward. At any point, the attacker can re-opt out, causing a continuous denial of service (DOS).

Recommendation

If the intention is to use the most recent reward address, then, in its absence, default to using the address from the snapshot moment.

This issue was also identified by the **SBTC** yield smart contract developers and resolved before deployment.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings 8.1. Critical Findings	8 9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	9
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	4-
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	18
8.5. QA Findings [QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	_
[QA-05] Optimization Opportunities in Staking	2
Operations	_
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

8.2. High Findings

[H-01] Rewards Can Be Reduced Through Cycle Conclusion Overloading

Description

At the end of a cycle, the snapshot must be concluded before a new one begins. This is achieved through the yield::conclude-cycle-snapshots
function call, which sets the concluded-snapshots
flag and updates the current cycle's total balance with the last snapshot balance.

However, the function does not verify whether it has already been called, allowing an attacker to invoke it multiple times. This results in the artificial inflation of the snapshot balance with each call:

```
(var-set current-cycle-total (+ (var-get current-cycle-total)
  (var-get current-snapshot-total)))
```

Although the overall cycle balance increases, users maintain the same absolute balance. Consequently, <u>fewer rewards are distributed</u> because their share of the total amount is artificially reduced.

An attacker can exploit this to deliberately decrease user rewards.

Recommendation

Ensure that when yield::conclude-cycle-snapshots is called, it is verified that the function has not already been executed.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary 8. Summary of Findings	7 8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	9
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	1!
[L-01] Inability to Stack STX in the Final Block of the Current Reward Cycle	1!
[L-02] Implement an Emergency Withdrawal	10
Mechanism	- 10
[L-03] Ambiguous Invocation of Finalize Reward	1
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	_
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	2
[QA-08] Reward Distribution Should Not Be Callable After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	_
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

8.3. Medium Findings

[M-01] Changing Donors Reward Address Leaves Uncommitted Stakes

Description

The pox-4 stacking contract identifies partially stacked STX (after the delegate-stack-stx function is invoked) using a lookup key composed of: (pox-addr, stx-address, reward-cycle)

The donors contract encapsulates all the pox-4 functions that manage the delegated stake:

```
    donors::admin-stack-extend → pox-4::delegate-stack-extend
    donors::admin-stack → pox-4::delegate-stack-stx
    donors::admin-stack-increase → pox-4::delegate-stack-increase
```

In each instance, these functions are executed with their respective arguments, but they all maintain the same Bitcoin reward address recipient (rewards-address).

The donors contract also includes functions that commit the partially locked STX to the reward cycle, a necessary step to ensure rewards are provided:

```
    donors::admin-aggregation-commit → pox-4::stack-aggregation-commit-indexed
    donors::admin-aggregation-increase → pox-4::stack-aggregation-increase
```

Additionally, the Bitcoin reward address can be altered through admin intervention by calling donors::update-rewards-address.

A problem arises with the current design: reward cycles may be skipped if the rewards-address, which identifies the partially locked delegated STX, is changed without committing the previous rewards via a pox-4::stack-aggregation-commit-indexed call.

If the rewards address is changed before a commit call is made, the previous delegation is essentially discarded, leading to no rewards and necessitating re-delegation. <u>Reference</u>.

Recommendation

Do not allow donors::update-rewards-address to be called without first committing the existing delegation.

A flag can be implemented, which is set whenever any function influencing delegation is called and is unset only when a commit is executed. Ensure update-rewards-address checks this flag and only permits the call if it is unset. This approach prevents the admin from inadvertently changing the reward address before committing the delegation.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5 6
6. Security Assessment Summary 7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	٠
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	40
[L-02] Implement an Emergency Withdrawal Mechanism	16
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	17
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	20
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	22
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	24
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	25
After All Participants Have Been Rewarded	0.1
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	27
[QA-10] Improvements Needed for Yield Contract Admin Update	21
CONTRACT AUTIII OPUATE	

[M-02] Entire Holdings System Is Vulnerable to Griefing

Description

The current serce reward strategy allows holders to enroll without incurring any cost. Although there is no direct cost to the holders, the more participants that enroll, the more expensive it becomes to iterate through every snapshot and cycle. This is because a new cycle or snapshot cannot commence until all participants from the previous ones have been accounted for.

Bulk accounting functions can process up to 900 participants and are permissionless, meaning anyone can call them as long as they are willing to pay the gas fees. However, due to current Stacks block limitations and costs, performing a bulk compute snapshot call for 600 principals already uses up almost the entire block read count (92%), and distributing rewards to the same number of principals uses 84%.

Function call (# of principals passed)	write_length	write_count	read_length	read_count	runtime
compute-current-snapshot-balances (600)	109256	1202	3018811	13808	39372434
distribute-rewards (600)	170438	3001	3010413	12608	37531752

Function call (# of principals passed)	write_length	write_count	read_length	read_count	runtime
compute-current-snapshot-balances (600)	0.73%	8.01%	3.02%	92.05%	0.79%
distribute-rewards (600)	1.14%	20.01%	3.01%	84.05%	0.75%

The absence of a minimum threshold allows an attacker to:

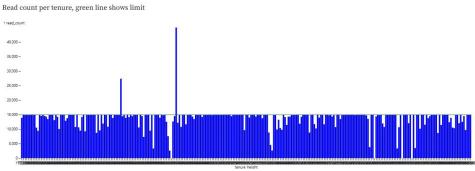
- Create a large number of principals, e.g., 100,000.
- Transfer just enough STX to enable them to call enroll.
- (Optional) Transfer 1 satoshi to keep the reward distribution cost high.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement 8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	10
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	20
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag [QA-05] Optimization Opportunities in Staking	22
Operations	22
[QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	24
Callable Between Cycle Snapshot Conclusion and	2
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	25
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	
[QA-10] Improvements Needed for Yield	27
Contract Admin Update	

By doing this, users will be forced to pay very high execution fees just to ensure that the reward cycles continue. This issue is exacerbated because read counts are <u>currently the main bottleneck in processing blocks</u>, with nearly 100% usage in each tenure.

Read Count



Recommendation

Introduce a minimum SBTC amount threshold that must be held when computing stats for the current cycle. This minimum can initially be set to 0 and gradually increased if necessary.

Additionally, implement a bulk blacklist functionality. While admins can manually opt-out users, doing so one transaction at a time is impractical in the event of an attack.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings 8.1. Critical Findings	8 9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	9
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	4-
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	18
8.5. QA Findings [QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	_
[QA-05] Optimization Opportunities in Staking	2
Operations	_
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

[M-03] Snapshot May Use Nonexistent sBTC Balance

Description

User snapshots are currently taken using the settle snapshots are currently taken using the settle snapshots are currently taken using the settle state snapshots are currently taken using the settle snapshots are snapshots a

Although this is not an immediate issue since setc withdrawals will not be activated until the first quarter of 2025, it could result in incorrect reward balances once withdrawals are enabled.

Recommendation

To prevent this issue, use the <u>set-balance-available</u> function instead of the basic <u>get-balance</u>.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer 3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1.Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	Ĭ
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	20
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag	20
[QA-05] Optimization Opportunities in Staking	22
Operations [QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	24
Callable Between Cycle Snapshot Conclusion and	2.
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	25
After All Participants Have Been Rewarded	-
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	
[QA-10] Improvements Needed for Yield	27
Contract Admin Undate	

8.4. Low Findings

[L-01] Inability to Stack STX in the Final **Block of the Current Reward Cycle**

Description

```
When the donors contract administrator initiates a STX stack, they
invoke the admin-stack function, which subsequently calls the
pox-4::delegate-stack-stx function with specific parameters.
```

One of these parameters, the start burn height, which indicates when staking should commence, is set to the current burnchain block height plus one.

```
(let ((start-burn-ht (+ burn-block-height u1)))
```

However, the pox-4 implementation mandates that the start-burn-ht must correspond to the next reward cycle when utilized.

```
(let ((first-reward-cycle (+ u1 (current-pox-reward-cycle)))
     (specified-reward-cycle (+ u1
       (burn-height-to-reward-cycle start-burn-ht)))
     (unlock-burn-height (reward-cycle-to-burn-height (+
       (current-pox-reward-cycle) u1 lock-period))))
    ;; the start-burn-ht must result in the next reward cycle, do not allow stackers
 ;; to "post-date" their `stack-stx` transaction
 (asserts! (is-eq first-reward-cycle specified-reward-cycle)
           (err ERR_INVALID_START_BURN_HEIGHT))
```

This creates a specific issue when administrators call admin-stack during the last block of the current reward cycle. In such cases, the operation reverts with **ERR INVALID START BURN HEIGHT**, forcing the administrator to wait until the next cycle to stake, resulting in missed rewards for stakers.

Recommendation

Invoke the pox-4::delegate-stack-stx function directly with burn-blockheight as the start-burn-ht parameter.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement 8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	- 10
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	-
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors [QA-02] Remove Unused Constants	18
[QA-03] Inconsistent Donors Error Codes	19
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	_
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

[L-02] Implement an Emergency Withdrawal Mechanism

Description

In the event that the smart contract's reward distribution is deemed closed while an serce balance still exists, there is currently no mechanism to withdraw and transfer the remaining serce to a new contract.

Recommendation

Introduce an emergency sBTC withdrawal function to handle any sBTC left in the contract. Consider incorporating this as part of an emergency state, which would temporarily halt contract operations.

While this approach may not align with the principles of decentralization, it would ensure that no Bitcoin is permanently lost in the event of an emergency.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	44
8.3. Medium Findings	11 11
[M-01] Changing Donors Reward Address Leaves Uncommitted Stakes	- 11
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	12
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	14
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	20
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	22
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	24
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	25
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	
[QA-10] Improvements Needed for Yield	27

[L-03] Ambiguous Invocation of Finalize Reward Distribution

Description

Once a cycle is finalized and all participants have been enrolled, the yield::finalize-reward-distribution function must be invoked to update the distribution-finalized-stx-block-height-when-called map.

There are two scenarios where this function can be called inappropriately:

- There is no restriction on multiple invocations, allowing the function to be called even after the initial call. The only consequence is altering the stx-block-height recorded as the ending block. While not critical, this issue should be addressed.
- 2. The <u>finalize-reward-distribution</u> function can be invoked from the beginning to the end of a new cycle when the number of participants is zero, due to the condition:

```
(asserts! (is-eq (var-get current-cycle-participants-count)
  (var-get rewarded-count)) ERR_NOT_REWARDED_ALL)
```

being satisfied.

Setting distribution-finalized-stx-block-height-when-called prematurely impacts external integrators, as anyone relying on yield::stx-block-height-distribution-finalized will perceive the cycle as finalized as soon as it begins. However, in reality, the transition to the next cycle does not occur until the tenure reaches the required height.

Recommendation

Eliminate the finalize-reward-distribution function and integrate its functionality into the distribute-rewards function. Before exiting distribute-rewards, in each branch, verify if all participants have been rewarded and set the distribution-finalized-stx-block-height-when-called within this function.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	
8.2. High Findings	1
[H-01] Rewards Can Be Reduced Through Cycle Conclusion Overloading	1
8.3. Medium Findings	1
[M-01] Changing Donors Reward Address Leaves	1
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	1
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	1
Balance	
8.4. Low Findings	1
[L-01] Inability to Stack STX in the Final Block of the	1
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	1
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	-1
Distribution	
8.5. QA Findings	1
[QA-01] Typographical Errors	1
[QA-02] Remove Unused Constants	1
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	_
[QA-08] Reward Distribution Should Not Be Callable After All Participants Have Been Rewarded	2
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	-
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	_

8.5. QA Findings

[QA-01] Typographical Errors

Description

There are several typographical errors and opportunities for slight wording improvements throughout the codebase within scope:

• yield **L401:** number of should be corrected to number of. • **L530:** alredy-rewarded-amount should be corrected to already-rewarded-amount

Recommendation

Implement all the indicated changes.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	- 18
[QA-01] Typographical Errors	-18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

[QA-02] Remove Unused Constants

Description

There are instances of unused constants within the codebase:

In donors : err-donors-contract-not-allowed

Recommendation

Remove the unused constant to enhance code readability, reduce clutter, and slightly decrease runtime read counts and costs. Additionally, after removal, rebase the error codes to eliminate any gaps.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	47
[L-03] Ambiguous Invocation of Finalize Reward Distribution	17
	40
8.5. QA Findings	18 18
[QA-01] Typographical Errors [QA-02] Remove Unused Constants	
[QA-03] Inconsistent Donors Error Codes	19 20
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag	21
[QA-05] Optimization Opportunities in Staking	22
Operations	22
[QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	24
Callable Between Cycle Snapshot Conclusion and	24
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	25
After All Participants Have Been Rewarded	25
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	20
[QA-10] Improvements Needed for Yield	27
Contract Admin Update	-/

[QA-03] Inconsistent Donors Error Codes

Description

The donors contract captures error codes from pox-4 calls, wraps them, and re-emits them.

Since pox-4 error codes are integers, not unsigned integers, they are converted to unsigned integers and offset.

The inconsistency arises in the offsetting process. In some cases, the error codes are redundantly offset by multiplying by 1, effectively applying no offset, while in other cases, they are offset by 1000:

```
(define-public (admin-stack (stacker principal) (amount-ustx uint)
  (lock-period uint))
 ;; ... code ...
    error (err (* ul (to-uint error))))))
;; Private functions
(define-private (donor-delegate-inner (amount-ustx uint)
 (delegate-to principal) (until-burn-ht (optional uint)))
 ;; ... code ...
   error (err (* u1000 (to-uint error))))))
;; Private functions
(define-private (contributor-delegate-inner (amount-ustx uint)
 (delegate-to principal) (until-burn-ht (optional uint)))
(let ((result-revoke
       ;; Calls revoke and ignores result
          (contract-call? 'ST000000000000000000002AMW42H.pox-4 revoke-delegate-stx)))
 ;; Calls delegate-stx, converts any error to uint
   (contract-call? 'ST00000000000000000000002AMW42H.pox-4 delegate-stx amount-ustx dele
   success (ok success)
   error (err (* u1000 (to-uint error))))))
```

This inconsistency reduces code readability, complicates debugging for external integrators in case of errors, and is slightly more costly to execute.

Recommendation

Standardize the error handling by either consistently applying a non-one offset or not offsetting at all, as the error code ranges for the pox-4 contract do not overlap with those of the donors contract.



CONTENTS	
1. About Clarity Alliance 2. Disclaimer 3. Introduction 4. About sBTC Rewards Program 5. Risk Classification 5.1. Impact 5.2. Likelihood 5.3. Action required for severity levels 6. Security Assessment Summary 7. Executive Summary	2 3 4 4 5 5 5 6 7
8. Summary of Findings 8.1. Critical Findings [C-01] Attacker Can Opt-Out Before Reward Distribution to Block Cycle Advancement	9
8.2. High Findings [H-01] Rewards Can Be Reduced Through Cycle Conclusion Overloading 8.3. Medium Findings	10
[M-01] Changing Donors Reward Address Leaves Uncommitted Stakes [M-02] Entire Holdings System Is Vulnerable to	11
Griefing [M-03] Snapshot May Use Nonexistent sBTC Balance 8.4. Low Findings	14
[L-01] Inability to Stack STX in the Final Block of the Current Reward Cycle [L-02] Implement an Emergency Withdrawal Mechanism	19
[L-03] Ambiguous Invocation of Finalize Reward Distribution 8.5. QA Findings	17
[QA-01] Typographical Errors [QA-02] Remove Unused Constants [QA-03] Inconsistent Donors Error Codes [QA-04] Restrict Multiple Calls to Set Reward Distribution Flaq	18 19 20 21
[QA-05] Optimization Opportunities in Staking Operations [QA-06] Inconsistent Event Strings in Yield Contract	2:
[QA-07] Computing Snapshot Balance Should Not Be Callable Between Cycle Snapshot Conclusion and New Cycle [QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded [QA-09] Yield Contract Contains Outdated or Incorrect Comments	2
[QA-10] Improvements Needed for Yield Contract Admin Update	2

[QA-04] Restrict Multiple Calls to Set Reward Distribution Flag

Description

Once a cycle concludes, the function yield::set-can-distribute-rewards should be invoked to initiate reward distribution, provided all operations are complete.

This function sets the **can-distribute-rewards** flag, which is essential for commencing the actual reward distribution process.

Currently, the function can be called multiple times without restriction until the cycle is finalized.

Although the function's side effects are deterministic and occur only once, making multiple calls inconsequential, it is generally advisable to prevent such functions from being executed multiple times.

Recommendation

Ensure that yield::set-can-distribute-rewards cannot be called if
can-distribute-rewards is already set to true.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5 5
5.3. Action required for severity levels 6. Security Assessment Summary	6
o. Security Assessment Summary 7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	Ŭ
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	10
[L-02] Implement an Emergency Withdrawal Mechanism	16
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	- 17
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments [QA-10] Improvements Needed for Yield	2
Contract Admin Update	-

[QA-05] Optimization Opportunities in **Staking Operations**

Description

Within the yield contract, there are several minor optimizations that can enhance execution efficiency and improve code readability:

- In compute-and-update-balances-one-user :
 - The is-enrolled-this-cycle function is invoked twice for new addresses. Consider storing its result in a let declaration and reusing that variable.
 - Reuse local-current-snapshot-index for printing instead of repeatedly calling (var-get current-snapshot-index) .
 - Create a variable for the cycle-id since (var-get cycle-id) is called three times.
- In update-snapshot-for-new-cycle , the let can be eliminated by directly setting current-snapshot-tenure-height to the value of (var-get current-cycle-tenure-height) .
- Several functions that return (ok true) can utilize the result of the preceding command instead of the hardcoded true value:
 - In conclude-cycle-snapshots , use the return value of (var-set concluded-snapshots true)
 - In initialize-contract , use the return value of (var-set iscontract-active true)
 - In enroll and enroll-dex , use the return value of (map-set participants ...
 - o In check-new-cycle-valid-stacks-block-height and check-newsnapshot-valid-stacks-block-height, use the return value of the previous asserts! .
 - In finalize-reward-distribution , use the return value of the preceding map-set .
 - In head-to-next-cycle , use the return value of the preceding map-set .
 - In set-can-distribute-reward , use the return value of the (var-set can-distribute-rewards true) Call.
- In distribute-reward-user , (var-get cycle-id) is called five times. Store it in a let variable and reuse it.

Recommendation

Implement the suggested changes.



Contract Admin Update

CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	1:
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	1
[L-01] Inability to Stack STX in the Final Block of the	1
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	10
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	_
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	_
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	2

[QA-06] Inconsistent Event Strings in **Yield Contract**

Description

In the yield contract, some functions consistently print events using the **function-name** as the primary entry point name. However, there are three instances where inconsistencies occur:

- The event string associated with compute-current-snapshot-balances lacks the leading s , appearing as function-name: "compute-currentsnapshot-balance" .
- The enroll-defi function uses the same "enroll" message as the enroll function, which can cause confusion.
- Similarly, the opt-out-defi function shares the "opt-out" message with the opt-out function, leading to potential misunderstandings.

Recommendation

Adjust the specified event strings to eliminate these inconsistencies.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	-
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	44
8.3. Medium Findings [M-01] Changing Donors Reward Address Leaves	11 11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	- 14
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors	18
[QA-02] Remove Unused Constants	19
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	2
[QA-10] Improvements Needed for Yield Contract Admin Update	2
CONTRACT AUTIII OPUATE	

[QA-07] Computing Snapshot Balance Should Not Be Callable Between Cycle Snapshot Conclusion and New Cycle

Description

During the transition of the yield contract through various states, there is a point where the current cycle is concluded by invoking the conclude-snapshots flag.

From this point, there are four additional phases before the next cycle begins. Throughout these phases, the compute-current-snapshot-balances function can still be called arbitrarily.

While multiple calls to **compute-current-snapshot-balances** after all users have been accounted for do not produce side effects, it is generally not advisable for state-machine-like systems to permit unnecessary cross-state calls. This practice helps prevent any unforeseen or unaccounted-for situations.

Recommendation

In the compute-current-snapshot-balances function, ensure that
current-snapshot-count is not already equal to current-cycleparticipants-count.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7 8
8. Summary of Findings 8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	9
8.2. High Findings	10
[H-01] Rewards Can Be Reduced Through	10
Cycle Conclusion Overloading	
8.3. Medium Findings	11
[M-01] Changing Donors Reward Address Leaves	11
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	12
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	14
Balance	
8.4. Low Findings	15
[L-01] Inability to Stack STX in the Final Block of the	15
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	16
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	17
Distribution	
8.5. QA Findings	18
[QA-01] Typographical Errors [QA-02] Remove Unused Constants	18
[QA-03] Inconsistent Donors Error Codes	19
[QA-04] Restrict Multiple Calls to Set Reward	21
Distribution Flag	-
[QA-05] Optimization Opportunities in Staking	22
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	23
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	
[QA-09] Yield Contract Contains Outdated or	26
Incorrect Comments	
[QA-10] Improvements Needed for Yield	27
Contract Admin Update	

[QA-08] Reward Distribution Should Not Be Callable After All Participants Have Been Rewarded

Description

During the transition of the yield contract through various states, rewards for the current cycle are distributed via calls to the distribute-rewards function.

Once all rewards have been distributed (i.e., when rewarded-count equals current-cycle-participants-count), the subsequent and final two phases can proceed.

From that point until a new cycle begins, the distribute-rewards function can still be called arbitrarily.

Although multiple calls to distribute-rewards after full reward distribution do not cause side effects, it is not advisable for state-machine-like systems to permit unnecessary cross-state calls, as this could lead to unforeseen or unaccounted situations.

Recommendation

In the distribute-rewards function, ensure that rewarded-count is not already equal to current-cycle-participants-count, indicating that this further execution is unnecessary.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary 8. Summary of Findings	7
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	3
8.2. High Findings	1
[H-01] Rewards Can Be Reduced Through	1
Cycle Conclusion Overloading	
8.3. Medium Findings	1
[M-01] Changing Donors Reward Address Leaves	1
Uncommitted Stakes	
[M-02] Entire Holdings System Is Vulnerable to	1
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	1
Balance	
8.4. Low Findings	1
[L-01] Inability to Stack STX in the Final Block of the	1
Current Reward Cycle	
[L-02] Implement an Emergency Withdrawal	1
Mechanism [L-03] Ambiguous Invocation of Finalize Reward	1
Distribution	
8.5. QA Findings	1
[QA-01] Typographical Errors	1
[QA-02] Remove Unused Constants	1
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	_
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	-
[QA-10] Improvements Needed for Yield Contract Admin Update	2
CONTRACT AUTHIT OPUBLE	

[QA-09] Yield Contract Contains Outdated or Incorrect Comments

Description

The yield contract includes several outdated comments that should be updated or removed:

```
    L36: The comment ;; 8% APR - 0,1 * 10^8 contains an incorrect calculation. It should be 0,08 * 10^8 instead of 0,1.
    L38: The comment ;; Modularize the variables for different networks is outdated.
    L48: The comment ;; For Testnet is no longer relevant.
    L103: The comment mentions verify at get-burn-block-info state of map when doing calculations , but in practice, get-stacks-block-info? is used instead of get-burn-block-info.
    L232: The comment ;; enroll-for-rewards is outdated as the function is now called enroll.
```

Recommendation

Address the identified issues or inconsistencies.



CONTENTS	
1. About Clarity Alliance	2
2. Disclaimer	3
3. Introduction	4
4. About sBTC Rewards Program	4
5. Risk Classification	5
5.1. Impact	5
5.2. Likelihood	5
5.3. Action required for severity levels	5
6. Security Assessment Summary	6
7. Executive Summary	7
8. Summary of Findings	8
8.1. Critical Findings	9
[C-01] Attacker Can Opt-Out Before Reward	9
Distribution to Block Cycle Advancement	_
8.2. High Findings	1
[H-01] Rewards Can Be Reduced Through	1
Cycle Conclusion Overloading	1
8.3. Medium Findings	1
[M-01] Changing Donors Reward Address Leaves Uncommitted Stakes	. '
[M-02] Entire Holdings System Is Vulnerable to	1
Griefing	
[M-03] Snapshot May Use Nonexistent sBTC	1
Balance	
8.4. Low Findings	1
[L-01] Inability to Stack STX in the Final Block of the	1
Current Reward Cycle	-
[L-02] Implement an Emergency Withdrawal	1
Mechanism	
[L-03] Ambiguous Invocation of Finalize Reward	1
Distribution	
8.5. QA Findings	1
[QA-01] Typographical Errors	1
[QA-02] Remove Unused Constants	1
[QA-03] Inconsistent Donors Error Codes	2
[QA-04] Restrict Multiple Calls to Set Reward	2
Distribution Flag	
[QA-05] Optimization Opportunities in Staking	2
Operations	
[QA-06] Inconsistent Event Strings in Yield Contract	2
[QA-07] Computing Snapshot Balance Should Not Be	2
Callable Between Cycle Snapshot Conclusion and	
New Cycle	
[QA-08] Reward Distribution Should Not Be Callable	2
After All Participants Have Been Rewarded	_
[QA-09] Yield Contract Contains Outdated or	2
Incorrect Comments	_
[QA-10] Improvements Needed for Yield	2
Contract Admin Update	

[QA-10] Improvements Needed for Yield Contract Admin Update

Description

In the <u>yield</u> contract, the process of changing or updating the admin is carried out through the <u>update-admin</u> function. There are two enhancements that can be made to this function:

- Validate that the provided address is appropriate for the current network by using the <u>is-standard</u> function.
- Implement a two-step transfer mechanism, where the current admin initiates the update, setting a pending-admin principal. In the second step, the pending-admin must call a corresponding accept-admin function.

Both validations significantly reduce the risk of errors when updating the admin.

Recommendation

Implement a two-step admin transfer mechanism and incorporate a is-standard principal check.

