

Crypto Custody

Building bridges to digital asset market

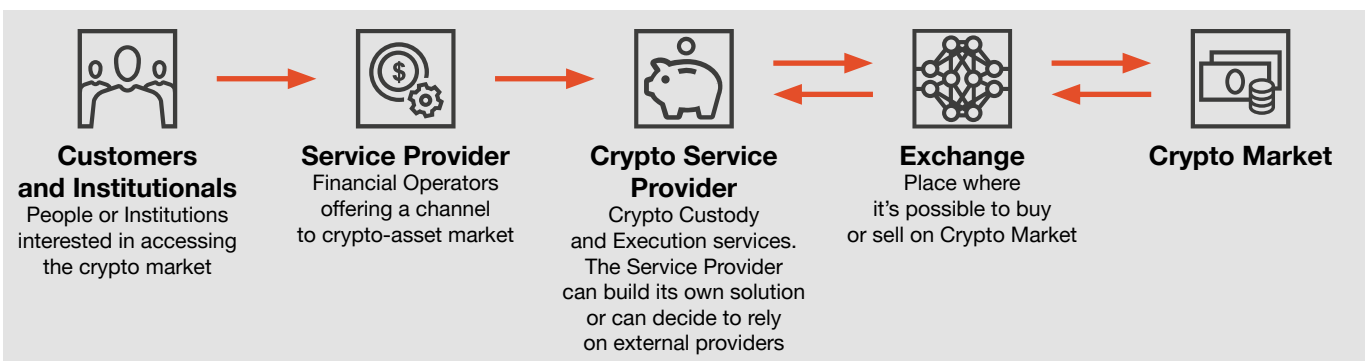


What is Crypto Custody?

“ **Crypto custody** refers to storing, transferring and protecting crypto-assets. To ensure the efficiency and safety of the crypto-assets transfer and storage processes, **new financial operators** can enter the market to **establish a communication channel** between the world of traditional investors and the crypto-assets market.



The ecosystem growth and the massive adoption of Crypto-assets enabled **new operators** to offer services that allow **institutional and private players** to access and operate on the crypto market to safely store and use their fund.



This ecosystem raises some **new risks** specific to the Crypto market: **compliance constraints** and **keys management** for digital assets.

Why offer Crypto Custody services

At PwC, we believe that **Crypto Custody services** are essential for entities looking to build bridges to the digital asset market. The offer of Crypto Custody services becomes fundamental to meet the needs of the various market stakeholders interested in using crypto services and to capture the new business opportunities of a market with ample room for growth, also considering the recent developments.

Strong demand from:

- **Institutional investors:** asset storage, brokerage, investment agency, security token management.
- **Corporate:** asset storage, investment agency.
- **Exchange:** asset storage.
- **Individuals:** asset storage, brokerage, investment agency.
- **Crypto Miners**

There are new business opportunities on the horizon:

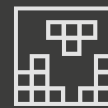
- **Stablecoin/Central Bank Digital Currency (CBDC):** custody services can act as a trust for the storage of Stablecoins and/or Central Bank Digital Currencies.
- **Security Tokens:** Custody services are very important when it comes to tokenized financial products with additional caveats.
- **Non-fungible token (NFT):** a rising market where custody services are one of the most important aspects to be taken in consideration.



Development
of a Custody solution



Acquisition and investment
in a Custody solution



Active dialogue
with the appropriate authorities

Why you should focus on Crypto Custody

Time to enter crypto-assets
market and benefit from first
mover advantages

- **Customer's demand for a new asset class on the rise.**
- **Market with ample room for growth.**
- **Cutting-edge technology improving financial efficiency.**
- **Large profit margin compared to traditional asset classes.**
- **Small entities threaten the big financial players.**

It is no longer an environment for retailers only

- Asset managers, investment banks and hedge funds are exploring the cryptocurrency custody market driven by strong customers demand: **your competitors are moving on and you?**
- Financial Institutions are implementing cryptocurrency strategies to seize new business opportunities and revenue streams: **short-term opportunities or long-term precursors?**
- Enterprises and their CFOs are turning part of their treasury into cryptocurrencies in order to hedge and protect their cash reserves from inflation risks: **risky or brilliant move?**



Business Cases for Crypto Custody

1



Investment Funds

Custody of individual assets with the ability to offer execution on the markets only for corporate customers.

2



Corporate Treasury

Companies that invest their liquidity in crypto-assets: opening of corporate accounts with the possibility of dynamic splitting of reserves in crypto-assets.

3



Collateralised Loans

Secured loans allow clients to continue investing in crypto-assets while having fiat liquidity.

4



Retail Offering

Custody and execution aimed at the retail market, offering services that assist the access to the crypto-asset market.

5

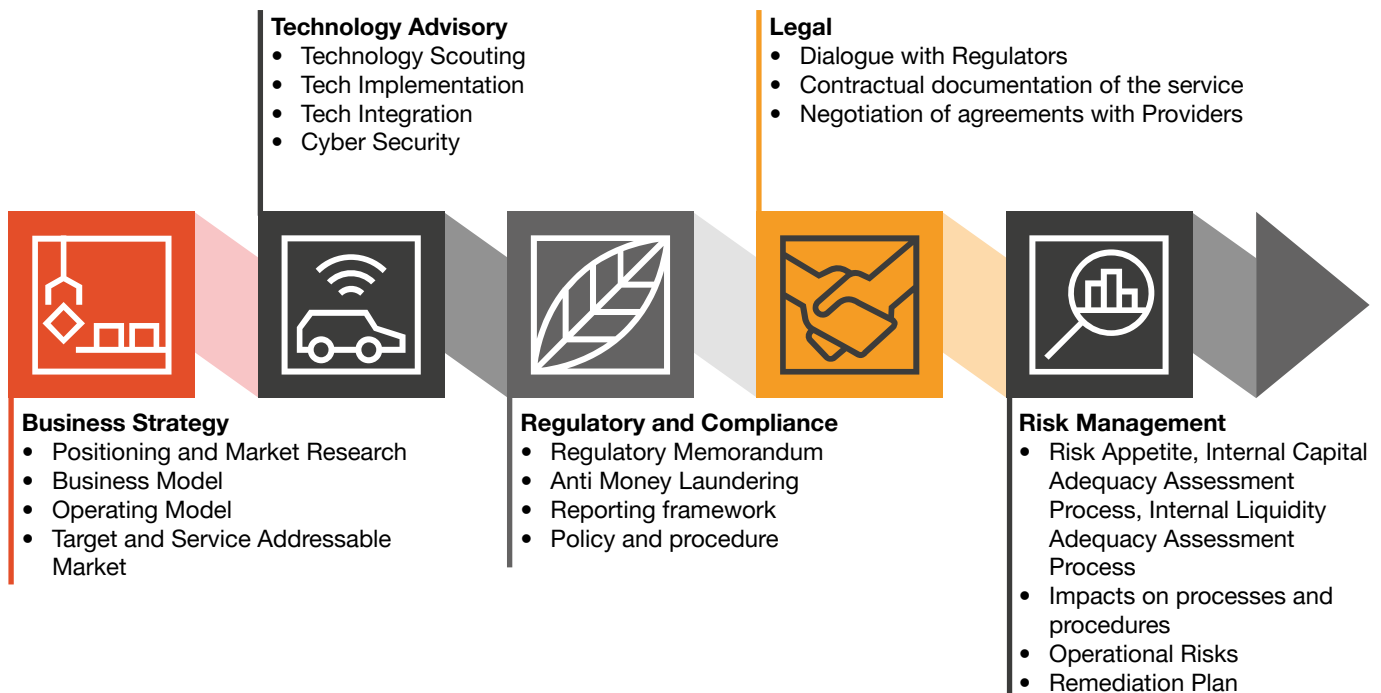


Crypto Staking

On-chain staking solution providing a way to earn passive income by locking up a portion of tokens.

PwC modular approach: one stop shop solution

PwC's level of involvement can be customized and adapted to the customer's needs and requirements.



Crypto Custody: PwC expertise

PwC X-LoS Expertise	Blockchain	<ul style="list-style-type: none">• Business model definition, market analysis and scouting for new business opportunities• Support in defining strategic plans to approach new innovations in the digital asset sector• Technology Assessment and Development
	Cyber Security	<ul style="list-style-type: none">• Technology risk management architecture and processes design review• IT governance and review• Key management advisory• Wallet management advisory
	Compliance and Accounting	<ul style="list-style-type: none">• Standards and Compliance, Policy and Process• Assurance• Accounting
	Legal and Tax	<ul style="list-style-type: none">• Analysis of tax profiles• Analysis of VAT profiles related to the transfer of cryptocurrency• Regulatory compliance advice on CBDC-related regulations
	Risk	<ul style="list-style-type: none">• Governance and controls review• Risk management policy• Management of liquidity risk review• Third-party assurance SOC reporting
	Asset & Wealth	<ul style="list-style-type: none">• Feasibility study and business model definition• Asset Management support

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