

# Digital Asset Custody

## Issue 2: Regulation Matters

Results and charts from the Custody Database  
and Survey responses



# The Custody Database, Survey results and associated charts:

The database reflects the industry and is steadily expanding:

The total number of names included (115 as of this point) which is a net of closures, acquisitions and new entrants since July 2023.

The Survey numbers are based on two fairly recent questionnaires which generated 29 unique respondents. Most survey-based charts are based on N = 29. A few are based on additional questions only asked in the 2nd survey (i.e., bankruptcy remoteness) and N =17.

**Piers Cardew**  
**Head of Research**

## Charts:

### Business

Chart 1: Increase in the number of digital asset custody providers 2022-23

Chart 2: 2023 Database universe compared to Survey respondents

Chart 3: Distribution of Digital Asset Custodians by Continent

Chart 4: Describes the nature of a firm and its custody business

Chart 5: Year custodians founded

Chart 6: Year custody product offered to third party clients?

### Services

Chart 7: Digital asset classes supported

Chart 8: Services provided in addition to custody

Chart 9: Layer 1 blockchains supported

### Clients

Chart 10: Client type focus for digital asset custody services

### Security

Chart 11: Techniques used to keep private keys to digital assets safe

Chart 12: Accreditations

Chart 13: Use of insurance to cover the risk of loss of digital assets belonging to customers.

Chart 14: Provision of clients Comingled accounts or Segregated accounts

### Regulations

Chart 15: Total number of Licenses or Registrations held by Survey participants by country

Chart 16: Number of Licenses or Registrations held by individual custodians

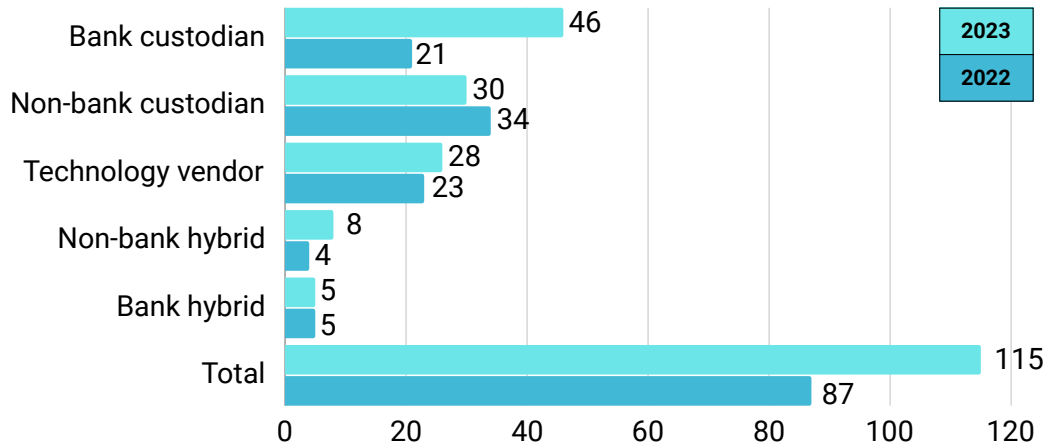


# Business

## Chart 1:

### Increase in the number of digital asset custody (“DAC”) providers 2022-23

There has been a significant growth in numbers mainly driven by more Bank custodians:

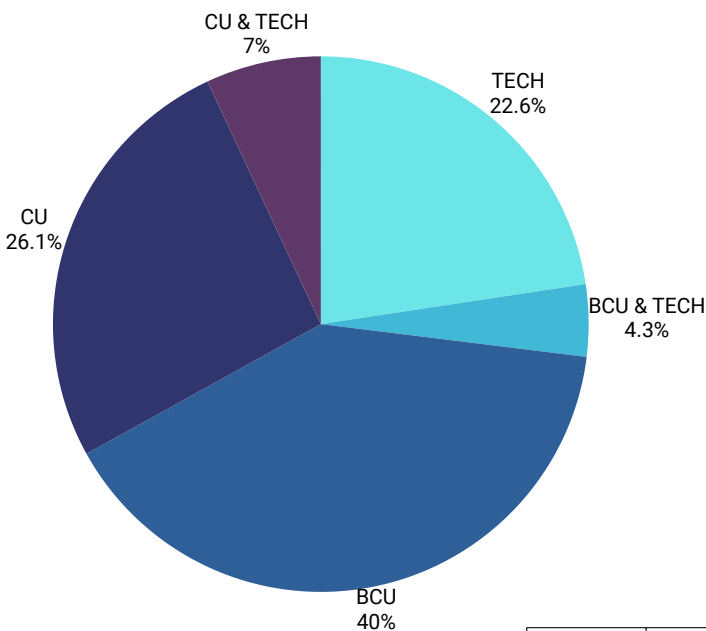


## Chart 2:

### 2023 Database universe compared to Survey respondents

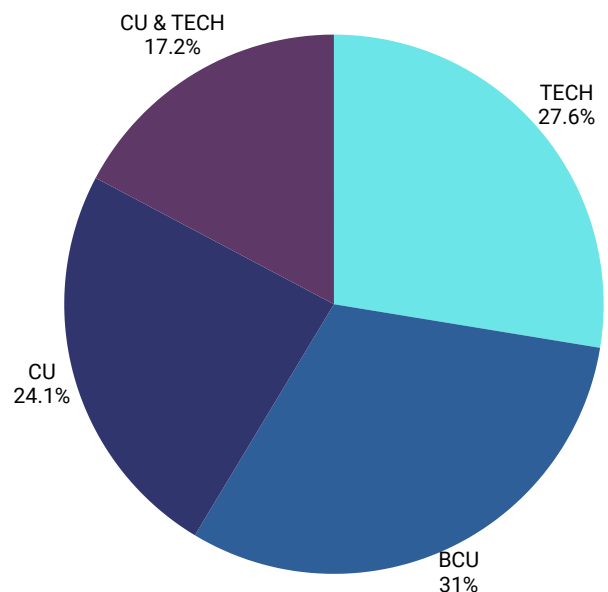
The Survey respondents are more weighted to Tech and custodians offering Tech than the broader set. The 2023 universe has a broader data set with many more bank custodians.

#### Firm Class - 2023



DACG Database N = 115

#### Firm Class - Survey Responses



Survey N = 29

BCU	Bank Custodian
CU	Custodian
TECH	Technology
CU & TECH	Custodian and Technology
BCU & TECH	Bank Custodian and Technology

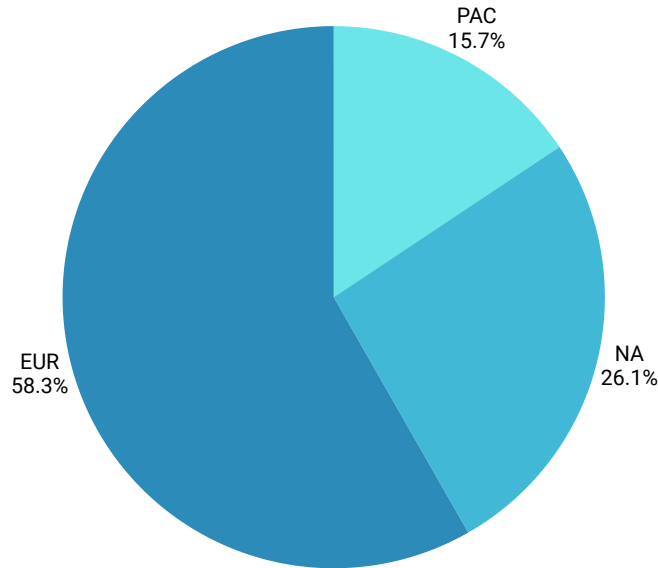
### Chart 3:

#### Distribution of Digital Asset Custodians by Continent

There is a broad geographic spread of custodians but with the majority in Europe, and over 20 countries in total. It is worth noting that the North American custodians hold the most assets.

DACG Database N = 115

NA	North America
PAC	Asia
EUR	Europe

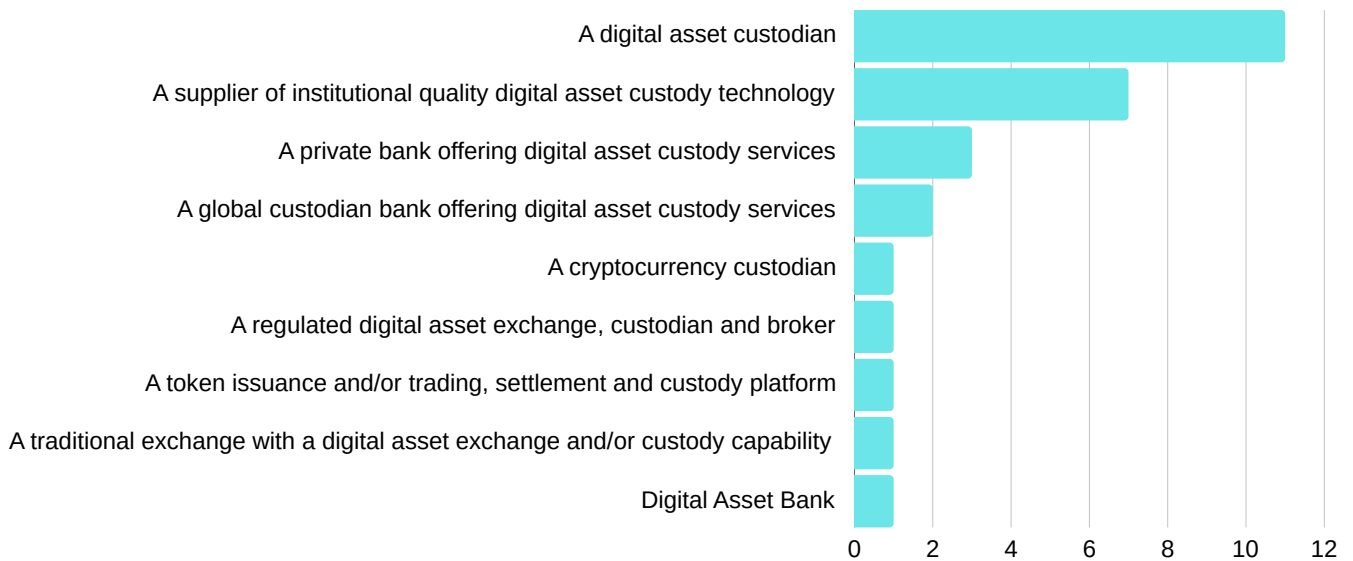


### Chart 4:

#### Describe the nature of the firm and its custody business

This asked the Survey respondents to choose one description from 9 offered as to what label best describes their business.

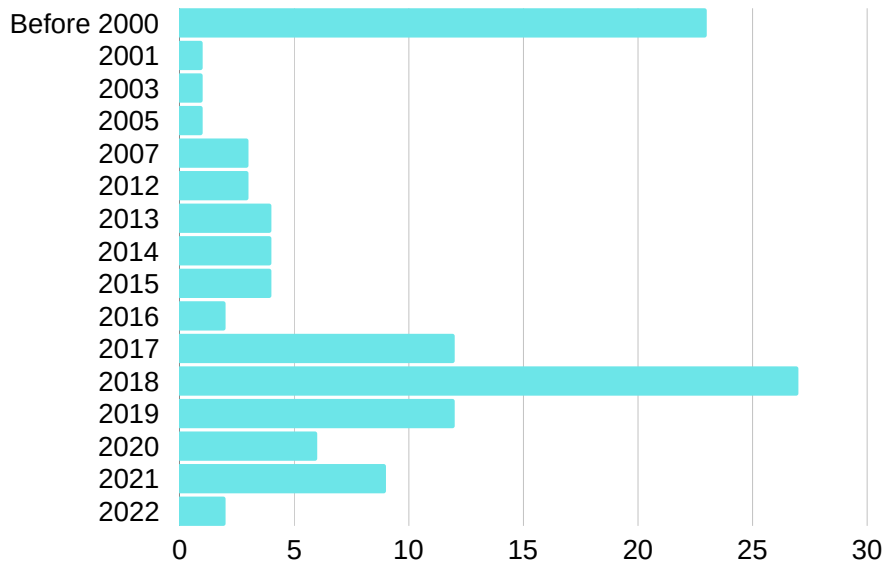
Survey N = 29



## Chart 5: Year custodians founded

This asks what year the firm or relevant subsidiary was founded.

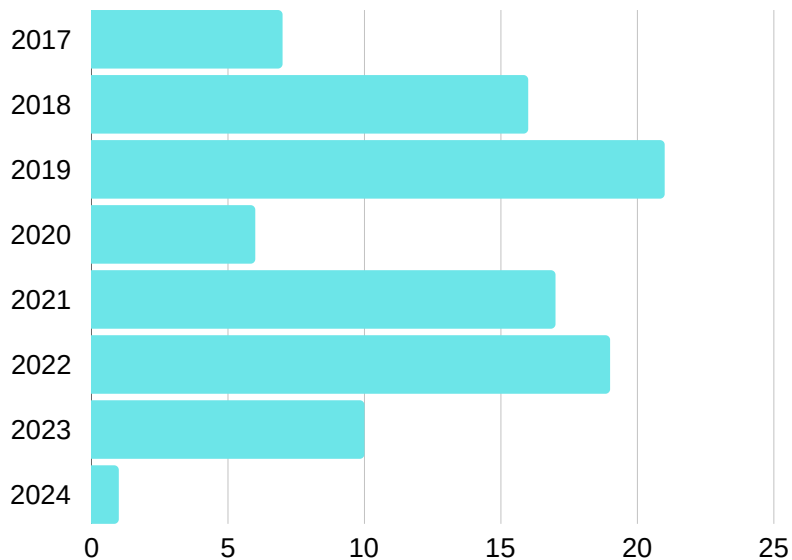
DACG Database N = 115



## Chart 6: Year custody product offered to third party clients?

This charts when a commercial external institutional product was introduced as opposed to internal or development models. For example, Coinbase founded in 2012 had major custody operations for exchange clients including institutions. It was only in 2018 that a separate fiduciary entity was established to offer institutional custody.

DACG Database N = 115



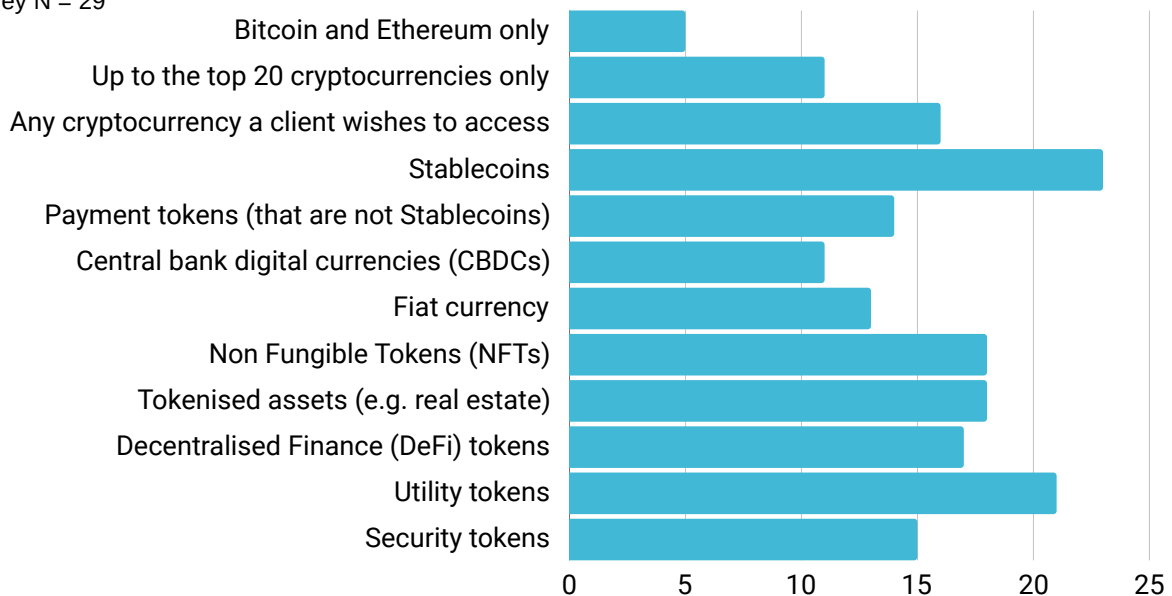
# Services

## Chart 7:

### Digital asset classes supported

Survey respondents were asked to identify which digital assets they supported from a wide range of choices per the chart.

Survey N = 29

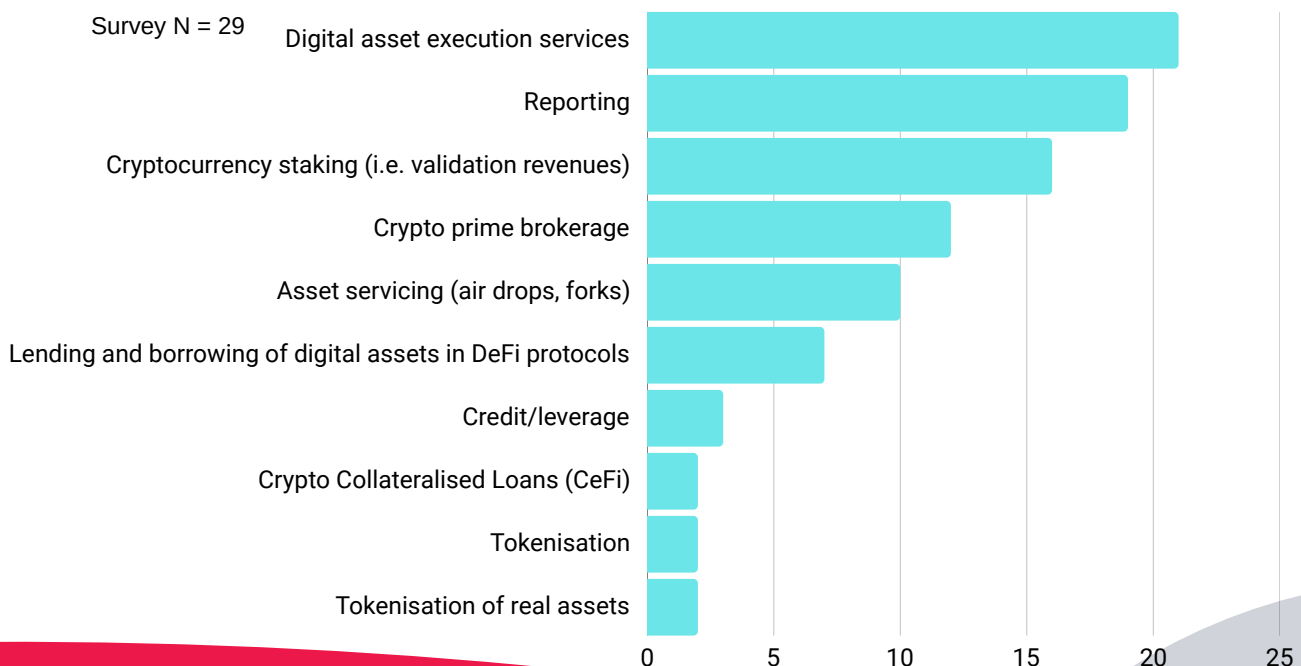


## Chart 8:

### Services provided in addition to custody

Digital asset custodians provide a notably wider set of activities than custodians in traditional markets. As well as Reporting, asset servicing many DACs provide: staking services; Lending and borrowing in Defi; and given the absence of trusted infrastructure the provision of links to exchanges and execution services is pretty universal and many DACs provide prime services:

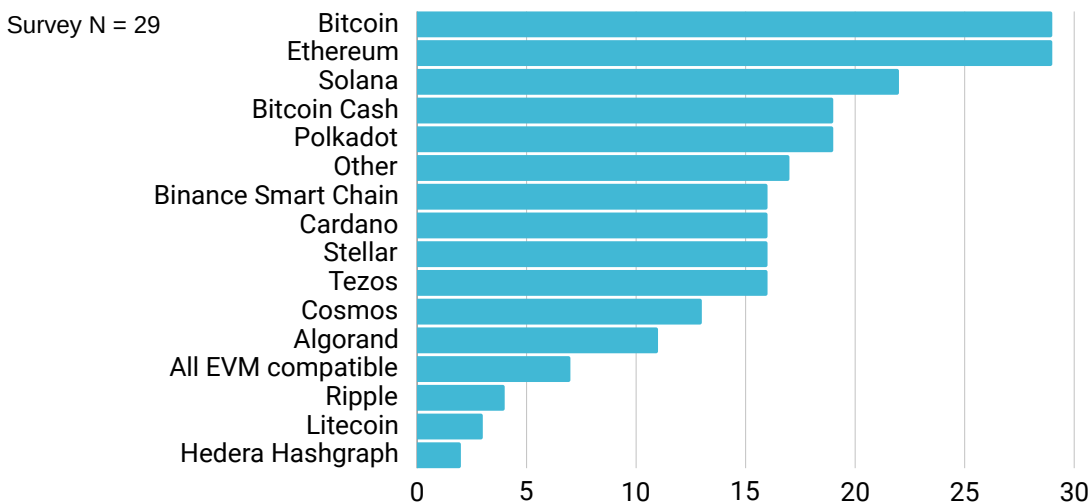
Survey N = 29



## Chart 9:

### Layer 1 blockchains supported

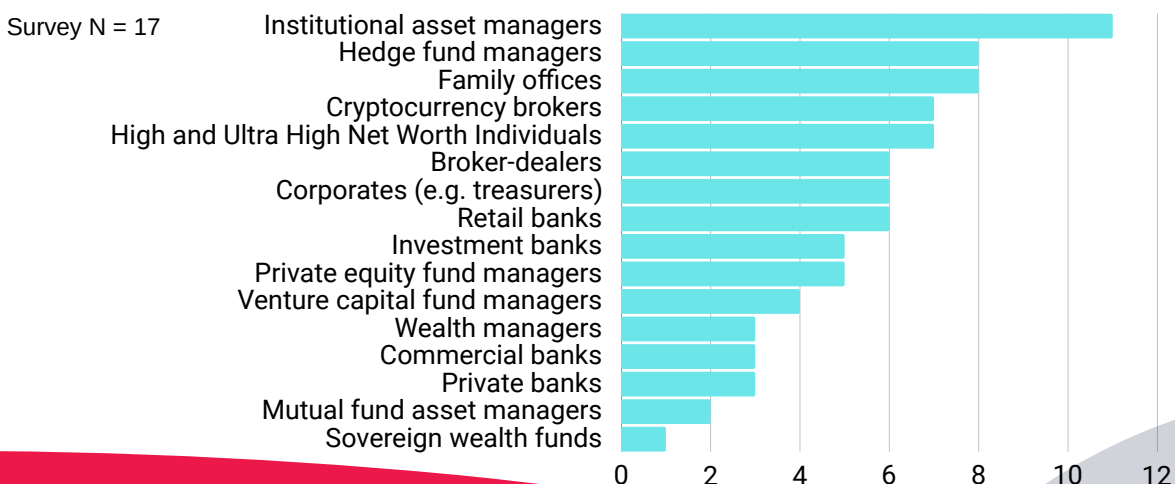
There is huge variation in the number of Layer 1 and other tokens supported. This reflects the DAC's focus and client base. There are many DACs that only offer BTC and ETH (or a small additional number): this matches a wide group of clients who want crypto exposure but only in a few names – BTC only holdings are common. At the other end are those DACs trying to cover all cryptoassets: DACs may claim to support 20+ Layer 1 and all EVM blockchains and hundreds of different tokens. Given the due diligence and technical issues involved with each token this requires resources.



## Chart 10:

### Client type focus for DAC services (top 5 only)

This data set is still being developed. Survey respondents given a long list, tended to pick all the options and assessing this from public information is hard unless the DAC has a very clear focus. So, this chart is based on the set of 17 respondents to our second survey who could only pick 5 choices. The results we believe are probably consistent with the current market: while Institutional asset managers get most votes it is the Crypto “adopters” who are prominent - hedge funds, Family offices, rich individuals. No one chose Pension funds, and Mutual Fund managers only got two votes, but these groups are the “serious money”.



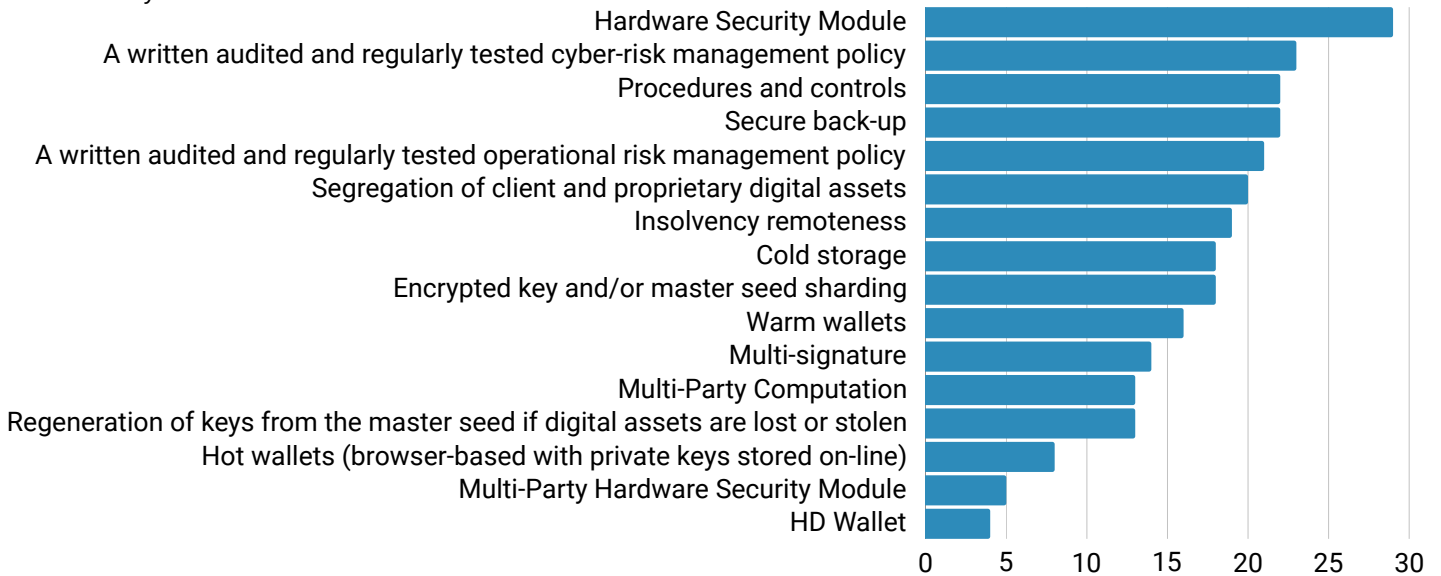
# Security

## Chart 11:

### Techniques used to keep private keys to digital assets safe

DACs were asked to choose the methods and technologies chosen to protect assets. Notably for all the technology focus in this area, 3 of the top 5 answers were about procedure and control focused issues.

Survey N = 29



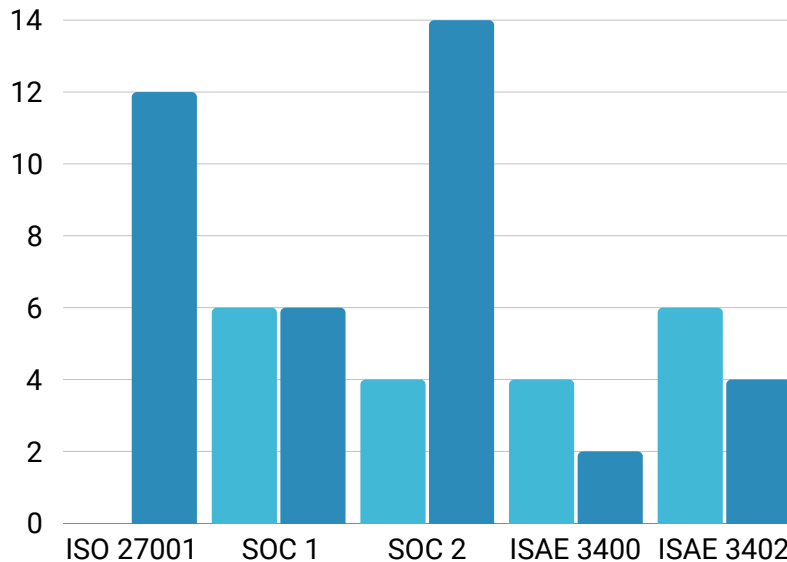
## Chart 12:

### Accreditations

Perhaps reflecting the emphasis on controls above the ISO 27001/SOC type credentials to demonstrate quality operational and risk controls are becoming a requirement.

Number of respondents holding:

Survey N = 29



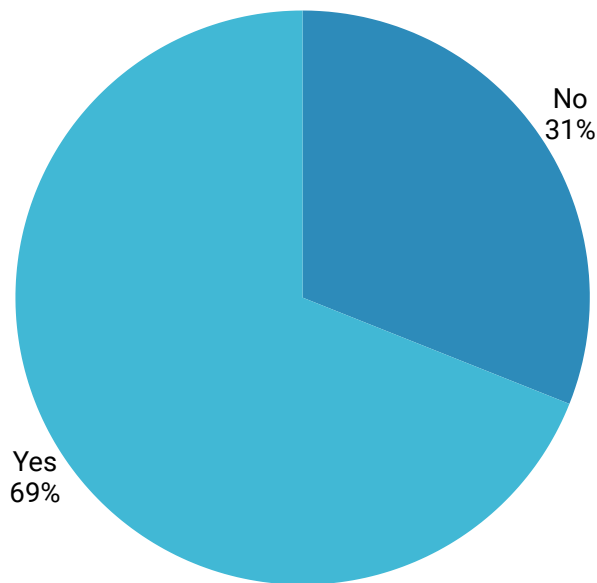
### Chart 13:

#### Use of insurance to cover the risk of loss of digital assets

The question “Have you purchased insurance to cover the risk of loss of digital assets belonging to customers?” gets a mixed reception.

Partly this reflects the product immaturity and difficulty of understanding what insurance coverage is being provided exactly. Another issue is scepticism about whether this is being used to obscure lack of capital which is, after all, the best insurance of all.

Survey N = 29



### Chart 14:

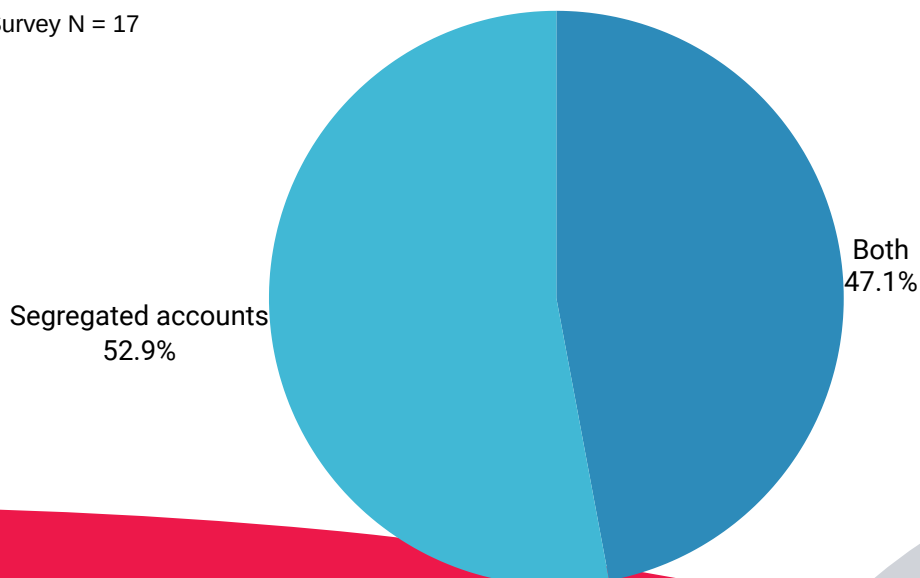
#### Provision of Comingled accounts or Segregated accounts

The issues of bankruptcy remoteness and availability of segregated accounts was only asked on our 2nd Survey.

Encouragingly 100% of respondents claim to offer bankruptcy remote structures.

And as the chart shows all are offering segregated accounts or a choice of comingled or segregated. No one requires acceptance of Comingled accounts.

Second Survey N = 17

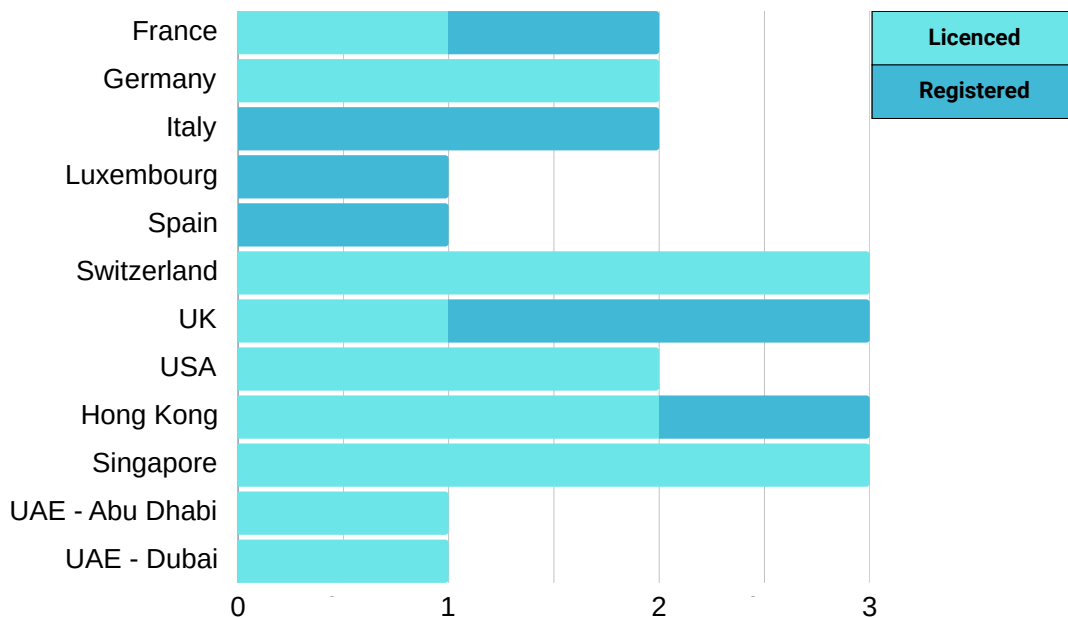


## Chart 15:

### Total number of Licenses or Registrations held by Survey participants by country

This shows how many licenses or registrations were held by our respondents. The next iteration of Charts 15 & Chart 16 will cover the entire database.

Survey N = 29



## Chart 16:

### Number of Licenses or Registrations held by individual custodians

This shows how a number of custodians from the Survey (and this is true more broadly) are accumulating multiple regulatory approvals. A European country/UAE/Singapore or Hong Kong seems to be a template. On the other hand, 11 DACs have just one approval and 5 (while all are Tech vendors, some Tech vendors are getting approvals).

Survey N = 29

Number of custodians with	Registration	Licence	Total
1	2	3	5
2	0	3	3
2	0	2	2
2	1	1	2
11	0	1	1
1	3	0	3
1	2	0	2
4	1	0	1



For more information please contact

**James Blanche**  
**Head of Business Development**

Email: [james.blanche@futureoffinance.biz](mailto:james.blanche@futureoffinance.biz)  
Mobile: +44 7897 026508

**Wendy Gallagher**  
**Co-Founder and Commercial Director**

Email: [wendy.gallagher@futureoffinance.biz](mailto:wendy.gallagher@futureoffinance.biz)  
Mobile: +44 7725 160903

