

Custody and administration policy of crypto-assets

CACEIS Bank

Summary

1. Nature of the service provided	3
2. Segregation	4
3. Responsibility in case of loss of crypto-assets or means to access crypto-assets.....	4
4. Insolvency of CACEIS Bank.....	4
5. Externalization	4
6. Administration of means of access to crypto-assets (administration of wallets and cryptographic keys).....	4
7. Exercise of rights attached to crypto-assets	5
8. Information on positions in crypto-assets held by customers.....	5

1. Nature of the service provided

The custody and administration of crypto-assets service on behalf of customers as offered by CACEIS Bank is provided in conformity with the legal and regulatory dispositions to the European Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets and its implementation measures relating to this regulated financial service.

CACEIS Bank offers this as well as the transfer service under the supervision of the French Financial Markets Authority.

This service is offered by CACEIS Bank as well as by certain of its branches located in the European Union (under the condition of notification in the framework of the principle of freedom of establishment enshrined in the fundamental treaty of the European Union).

CACEIS Bank offers the custody and administration of crypto-assets service on behalf of our clients under the form of guard and control of means of access to crypto-assets, through the custody and administration of private cryptographic keys allowing the transfer of crypto-assets to public addresses.

In this context, the custody and administration of crypto-assets service offered to our clients involves the recording of acquisitions/subscriptions, as well as the sale/redemption of crypto-assets, in a distributed ledger, in particular a blockchain, in conformity with the instructions of transfer of our clients.

The transfer service of crypto-assets is an inherent component of the custody and administration of crypto-assets service. This is only offered as part of the custody and administration of crypto-assets service to conduct operations of settlement/delivery of crypto-assets, inherent to the inscription of these assets in a distributed ledger, in particular a blockchain.

Regarding this, CACEIS Bank intervenes on instructions of transfers out (withdrawal), meaning from wallets provided to our customers. These transfers out are destined to external addresses, particularly external addresses not belonging to the customer or addresses of other wallets belonging to the customer that were not provided by CACEIS Bank. Further, CACEIS Bank operates internal transfers resulting from the setting up of multiple wallets, belonging to one single client of CACEIS Bank.

On the other hand, CACEIS Bank does not intervene on transfer instructions in (deposit), except if the client instructs the transfer instruction in our tools from his wallets not-provided by CACEIS Bank to wallets provided to our client by CACEIS Bank.

CACEIS Bank does not charge fees on the operations of transfer, but the operations of settlement/delivery of crypto-assets in the context of the custody and administration of crypto-assets service apart from basis points regarding the value of the crypto-assets in custody. The fees of delivery/settlement are billed on the basis of a fixed fee of 50 EUR per transaction, provided that the transaction has been entered without interruption with a FTP file. Transfer operations are not billed by CACEIS Bank if they do not result from a settlement/delivery operation of crypto-assets inherent to the service of custody.

Costs related to the functioning of the distributed ledger network, are always charged to the customer, either via a direct payment to an exchange or via rebilling.

The setting up of a wallet dedicated to crypto-assets of a client leads to the opening up of a cash account for his funds, allowing for deposits in fiat money.

At no point in time, crypto-assets belonging to our clients are owned by CACEIS Bank. CACEIS Bank is not the owner of crypto-assets of our clients and they are never part of the patrimony of the bank.

The means of access to the crypto-assets (cryptographic keys) are not at disposal to the clients. The means of access to the crypto-assets remain under control of CACEIS Bank.

Please refer to the custody agreement which details the missions and the responsibilities respective to CACEIS Bank and its clients in the context of the custody and the administration of crypto-assets service. This is an agreement to set up and provide the wallet and the cash account. This policy is not intended to reproduce all the provisions and information contained in the agreement.

The most recent version of the agreement and the policy of custody and administration of crypto-assets service is provided at any point in time on the request by a customer for the duration of the commercial relationship.

Please note that CACEIS Bank does not provide a wallet solution (non-hosted or self-hosted) as an alternative to this crypto-asset custody and administration service, except in the case of early termination of the custody and administration agreement as the case may be.

2. Segregation

At least one wallet for every distributed ledger, in particular a blockchain, is dedicated to every client, which corresponds to at least one address per client.

CACEIS Bank does not operate “omnibus” wallet(s), which means that a segregation of crypto-assets of every client is put into place in order to protect the clients of CACEIS Bank.

Further, CACEIS Bank does not operate trading activity of crypto-assets against funds, trading activity of crypto-assets against crypto-assets and does not execute orders on crypto-assets in the name of our clients. The bank does not intervene on its own on crypto-assets market for investments. The bank is authorized to hold a limited amount of crypto-assets to test its IT applications and the correct functioning of the processes put into place since the offering of the service to the clients. Another exception would be to pay network fees for the purpose of transfer of crypto-assets for our customers, which would then be rebilled to them.

The crypto-assets of our clients are not mixed with the limited amount of crypto-assets of the CACEIS Bank and thus fulfills the segregation obligation of assets that the bank hold versus assets that our clients hold.

3. Responsibility in case of loss of crypto-assets or means to access crypto-assets

The agreement of custody and administration of crypto-assets service of CACEIS Bank includes liability provisions in connection with the custody and administration services of crypto-assets.

4. Insolvency of CACEIS Bank

CACEIS Bank's creditors, if any, have no claim on the crypto-assets held in custody on behalf of our customers in the event of insolvency.

The provisions relating to the Deposit Guarantee and Resolution Fund (FGDR), which protects customers in the event of the failure of their banking institution, does not apply to the custody and administration of crypto-assets service.

The same applies to CACEIS Bank branches headquartered in the countries of the European Economic Area (European Union countries plus Iceland, Norway and Liechtenstein).

5. Externalization

CACEIS Bank doesn't delegate to one or more crypto-asset service providers all or part of the custody or administration of crypto-assets service provided to its customers.

6. Administration of means of access to crypto-assets (administration of wallets and cryptographic keys)

At the initialization on our technical platform for the custody service and transfer of crypto-assets, a key ceremony is conducted.

The presence of an external auditor is required for this process under the framework of the ISAE 3000 certification.

CACEIS Bank stores fragments of the secrets in physical vaults of banks. The Master cryptographic keys are generated with the secrets in an offline environment and stored in Hardware Security Modules (HSM). The wallets are able to be recovered with seeds of the cryptographic keys protected by the Master key.

Regarding the protection of private keys created by CACEIS Bank, the private keys are stored in Hardware Security Modules (HSM). These physical servers are deployed in distinct and distant data servers, and used in load balancing to ensure the continuity of services in the case of a disaster.

The HSMs are equipped with a customized computer code to derive and generate the private keys and addresses and to sign the transactions. The HSMs are fully owned by CACEIS, who holds the password which allows to add or delete the private keys.

The wallets created by CACEIS Bank for our clients are secured conforming to the norms of BIP 32/39/44. CACEIS Bank provides its clients with wallets of the type “warm wallets”. Meaning this is a hybrid solution between institutional custody services of crypto-assets for third parties between “cold” and “hot”. The location of storage of the keys, meaning of the HSM, are connected to a software solution for the administration of wallets provided by Taurus S.A., but the access to the resources for the functioning of the wallets keys are done intermittently.

Only the employees of CACEIS Bank are able to connect themselves to the software of TAURUS S.A., our software service provider, precisely for the provision of the wallet software solution that CACEIS Bank provides to its clients, which is integrated into the system of authentication and centralized authorization of CACEIS Bank to realize the custody services and transfers of crypto-assets.

At no moment in time, our wallet software provider, Taurus S.A., is able to directly access or know the private keys associated to the public keys communicated to the client. The control of the crypto-assets is not transferred to Taurus S.A. – neither via the wallet, nor via the private key.

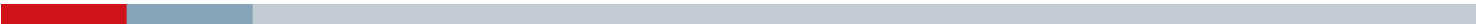
7. Exercise of rights attached to crypto-assets

Conform to the agreement of custody and administration of crypto-assets service, signed by the customer, CACEIS Bank does not take any responsibility to allow the client to acquire, to possess, or to exchange crypto-assets issued due to forks, or to use protocols issued due to these forks or other events affecting substantially the distributed ledger, in particular a blockchain. Further, CACEIS Bank does not manage the airdrops of crypto-assets belonging to the client.

CACEIS Bank is committed to inform the customers affected by the existence of a fork without the obligation of results and, as the case may be, to incentivize them to conduct a withdrawal of their crypto-assets to allow them to manage themselves the access to the rights derived from the fork. CACEIS Bank does not manage the airdrops of crypto-assets belonging to the client.

8. Information on positions in crypto-assets held by customers

CACEIS Bank provides its clients with multiple types of communication channels and formats for the need of reporting on the positions held in crypto-assets, but also on the status of transactions before being registered in the distributed ledger, in particular a blockchain.



The client reporting is provided alternatively und the formats (SWIFT message, via the OLIS portal, flat file, ...) chosen by the client and determined by the contract in function of the chosen subscription.

By default, the client is informed and the positions held in crypto-assets via the client extranet (OLIS portal).

It should be noted that the customer has access to information concerning the public addresses of the wallets created and made available to the customer as part of the custody and administration of crypto-assets service. The customer therefore has the ability to check the status of their positions directly on a distributed ledger, particularly a blockchain, via an explorer.

The client is informed on the OLIS portal of changes in status related to the finality of the transaction, of the crypto-assets at the public addresses/digital asset account specified in his transfer instruction.

Finally, transaction notifications are sent to the customer via the OLIS portal.

CACEIS Bank will review its custody services and administration of crypto-assets policy at least once a year and as soon as necessary in the event of significant changes to these processes.