Custodians: The improbable catalysts of the token revolution?

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Future of Finance

APEX GK8 by galaxy CHECK POINT AON

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Digital Asset Custody
Setting the Benchmark for Institutional-Grade Security

The global digital asset ecosystem is rapidly maturing, with institutions seeking robust, scalable, and compliant security frameworks. For those managing billions in digital assets, institutional-grade security must combine advanced hardware protection, robust governance, and operational efficiency into a holistic, future-proof solution.

Why Standards Are Rising

Digital asset spot trading volumes now reach over $1 trillion a day, while Bitcoin and Ethereum ETFs have attracted billions in net inflows. At the same time, the asset tokenisation market is projected to grow from around $2 trillion in 2025 to over $13.5 trillion by 2030. This surge reflects rapidly growing institutional participation driven by mainstream adoption, client demand, and clearer regulation.

As this adoption accelerates, security risks have multiplied – not only from sophisticated external attacks, but also from insiders, governance gaps, and operational errors.

> **"Institutional investors are expressing a growing desire for exposure to digital assets, while the proportion of AUM allocated to cryptocurrencies is increasing all the time."**
>
> Sebastien Badault, Ledger VP of Enterprise

The New Threat and Governance Reality

Institutions face advanced cyber threats targeting key management infrastructure, including malware, zero-day exploits, and the persistent problem of blind signing . The Bybit hack in February 2025 – 401,000 ETH lost, worth $1.5bn – exposed how insecure, non-readable transaction screens and blind approvals can be catastrophic . At the same time, insider risks, weak segregation of duties, and poor approval workflows remain major vulnerabilities, alongside growing regulatory expectations for secure storage, auditability, and transparency.

Early approaches centred on fully air-gapped cold storage: highly secure but operationally cumbersome and hard to scale. Hybrid setups mixing cold and hot wallets improved usability but expanded the attack surface and added operational complexity. Modern frameworks resolve this by combining tamper-resistant hardware with governance by design: Hardware Security Modules (HSMs), Personal Security Devices (PSDs) with clear signing, embedded policies, and immutable audit trails .

Pillars of Institutional-Grade Security

1. Hardware-Backed Key Isolation
2. Embedded Governance
3. End-to-End Hardware Protection
4. Auditability and Resilience

Governance failures remain among the biggest risks. Best practice is to clearly define roles and separation of duties, tailor approval workflows (including emergency "break-glass" procedures), enforce rules at the hardware level to prevent circumvention, and continuously monitor with real-time and audit-ready logs .

Future-Proofing and Ledger Enterprise's Role

Institutional-grade security must evolve with emerging threats and standards. Key trends include preparing for post-quantum cryptography, applying zero-trust principles to key management, and adapting to more harmonised global regulation . These frameworks already underpin exchanges, asset managers, corporates, foundations, and custodians, each balancing liquidity, governance, and compliance.

Ledger Enterprise has spent the last decade building end-to-end hardware-based self-custody, using HSMs and PSDs to secure every critical operation and enforce governance directly in hardware . By avoiding the known weaknesses of some MPC-based approaches, it aims to deliver resilience without sacrificing usability, with intuitive workflows, customisable governance, and transparent, fault-tolerant architecture for institutional clients .

Click here to read the full article on our website

Enterprise

From Custody to Curation:
Asset managers are moving onchain as vault "curators." Here's why that matters in 2026

The Shift

Institutional crypto has largely solved custody. Assets can be held securely, segregated, and audited at scale.

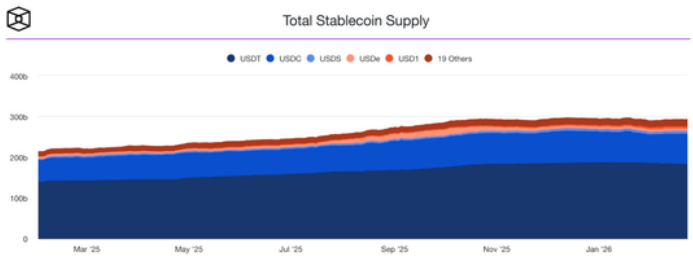
What's changing in 2026 is how owners of digital assets can utilise those same assets across the market to generate yield and, more importantly, who performs the asset management function on assets that have been deployed.

A growing number of asset management firms are stepping on-chain not merely as allocators, but as vault "curators," designing strategies, set risk parameters and package yield exposures into asset management mandate-like products.

> "The first era of institutional crypto was about custody.
> The second era is about curation."

Why Now

Total stablecoin supply now sits at more than US$300 billion, and functions increasingly as a transactional and settlement infrastructure.



As supply scales, Stablecoins begin to resemble treasury capital. Treasury capital seeks structured yield.

There are hundreds of blockchain protocols and thousands of yield opportunities with constantly fluctuating yields. It is impossible for a treasury manager to analyse each opportunity individually. This is where "curators" can add value.

The Opportunity

With Stablecoin and RWA issuance rising, institutions require curated packages, not one-off exposures.

This shift is not simply about attracting customers by chasing yield. It's about increased distribution and operational efficiency.

How Summer.fi Supports This

Summer.fi Institutional is an institutional infrastructure that enables asset managers, custodians, family offices, fintechs, and other professional allocators to deploy capital to capture on-chain yield exposures.

Summer.fi vaults map to institutional mandates, with integrated compliance controls and risk management, automated execution within the constraints set, and reporting compatible with back-office workflows.

The service recognises that asset managers are not merely connectors to yield markets, but curators of capital.

> **"The question is no longer whether institutions can access on-chain yield. It is whether they can 'curate' it with governance, transparency, and discipline."**

Asset managers are no longer simply allocating to protocols. They are packaging mandates using programmable vault infrastructures that integrate custody, policy, automation, and reporting into a coherent institutional framework.

In 2026, the question is no longer whether institutions can access on-chain yield. It is whether they can "curate" it with governance, transparency, and discipline. The managers who master that model will define the next phase of digital asset capital flows.

[Click here to read the full article on our website]

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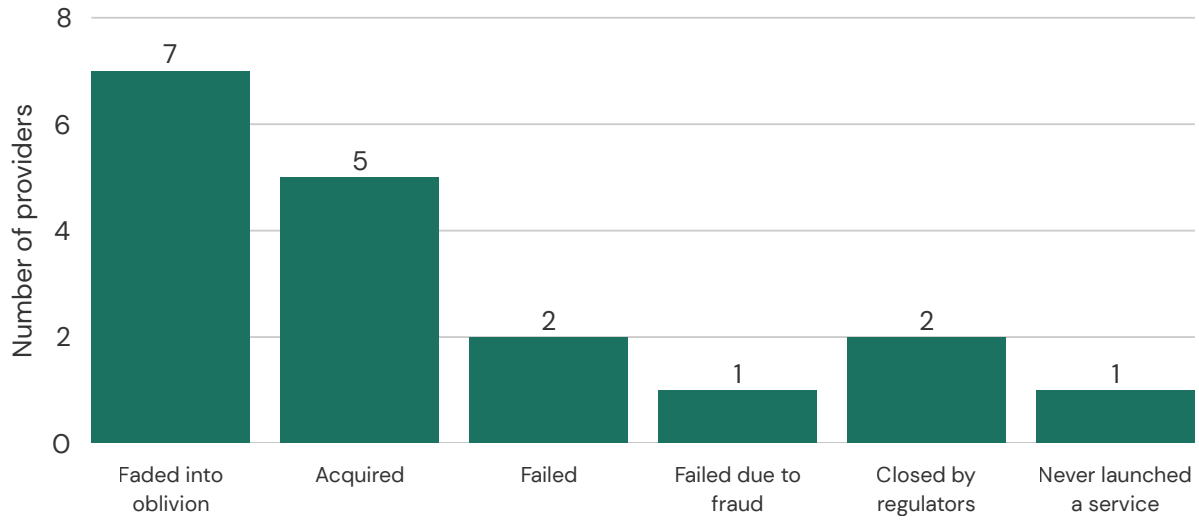
Introduction

Custody is not glamorous work. Settling securities transactions, safekeeping customer assets and collecting entitlements owed to the owners of those assets cannot compare, in terms of column inches and personal rewards, with mergers and acquisitions or the trading floor. Yet custodians have emerged, ironically in an industry created specifically to bypass intermediaries, as the single most important guarantors of investment and trading activity in the cryptocurrency markets.

As the technologies and techniques pioneered by the cryptocurrency industry spread to the traditional money and securities markets, the ability of custodians to keep digital assets safe proved the *sine qua non* of institutional engagement with tokenised assets. Inevitably, this opportunity spawned a host of new independent and exchange-owned digital asset custodians and encouraged the more adventurous traditional custodian banks to develop services to support institutions investing in cryptocurrencies and tokenised assets.

The Future of Finance Digital Asset Custody Directory lists more than 100 digital asset custodians and distinguishes between them by measuring their strengths and weaknesses against more than 80 criteria. The Directory tracks exits as well as entrances (see the chart below) and provides a moving map of an industry apparently in flux yet demonstrably set on a course of convergence between the innovations of the cryptocurrency industry and the experience of traditional custodians.

Reasons Behind the Disappearance of Digital Asset Custodians 2023-25



Nihil sub sole novum, said the Preacher. And much of what passes for innovation in digital asset markets, such as lending customer assets to third parties for gain or posting them as collateral for credit, is long familiar in traditional securities markets. Custodian banks were managing money and securities for their own profit, as well as that of their customers, long before digital asset custodians began to claim that they are in practice asset managers.

So it is not surprising that the annual Future of Finance Digital Asset Custody event, hosted at the Aon Centre in the City of London on 3 December 2025, looked backwards as well as forwards. Panels explored how traditional and digital asset custodians are both different and similar, how custodians support the trading of digital as well as conventional assets, whether digital identities can solve the longstanding problem of clumsy and expensive customer on-boarding, how regulation hinders as well as helps, and how and why the industry is converging on a single model. We hope you find this summary of the day useful and interesting.

Dominic Hobson
Co-founder, Future of Finance

Wendy Gallagher
Co-founder, Future of Finance

Panel 1

Not all digital asset custodians are created equal

This panel considered an important question: Are traditional custodians aping digital asset custodians or vice-versa? As in most aspects of the digital asset markets, what is really happening is convergence. Digital asset custodians are learning the value of longstanding practices such as asset segregation and sub-custodian network management while traditional custodians are buying specialist safekeeping technologies and developing staking services. But intelligent and informed discrimination still matters. Independent non-bank custodians, for example, have a much stronger track record (the 2023 failure of Prime Trust apart) than digital asset exchanges that provide a custody service (which have lost customer assets on several occasions). And traditional bank-owned custodians, all of which have reassuring financial strength, and some of which are learning fast, have yet to fully adapt to the demands of digital asset markets.

Key Insights

1. Traditional custodians have strong controls, but many are still not fully equipped for the speed and structure demanded by digital assets.
2. Digital assets work differently from traditional securities, with instant ownership and real-time data that reshape risk and operations.
3. Banks can win in digital custody, but only if they bridge legacy systems with new infrastructure.
4. Tech-native firms innovate quickly yet often lack the mature governance clients expect.
5. Private-key protection remains at the core of asset safety, and failures here are catastrophic.

6. Self-custody and third-party custody will coexist, with assets moving fluidly between models depending on how the digital assets are being used.
7. The biggest risks remain security, operational resilience, and asset safety: custodians must prove that they can safeguard what they hold on behalf of investors.

The panellists were **Dominic Longman**, Global Head of Markets at Zodia Custody; **Doug Bambrick**, Head of Custody Product, UK and Middle East, at BNP Paribas Securities Services; **John Hallahan**, Head of Business Solutions and Advisory at Fireblocks; **Kasper Luyckx**, Head of EMEA and Financial Institutions at Ledger Enterprise; and **Zahid Mustafa**, Managing Director, Head of Digital Custody, Product Development at State Street.

What the Audience Said

What is Most Important to Institutional Buyers of Digital Asset Custody Services?

Panel 2

How digital asset custodians can facilitate trading

Cryptocurrencies are high-risk assets but market participants have developed sophisticated trading techniques that are familiar in traditional money and securities markets. Bitcoin futures, which allow traders to hedge positions, will celebrate their tenth anniversary next year. Stablecoins have solved the inhibiting absence of money on-chain, and tokenised money market funds are being used as collateral as well as deposit account substitutes. The approval of spot Bitcoin exchange-traded funds (ETFs) in 2024 attracted a wall of retail and institutional money. Trading platforms and data vendors abound. Although the fall in the price of Bitcoin has decreased trading activity, market participation is now underpinned by a deregulatory drive. Digital asset custodians are responding with staking and lending services and especially "prime brokerage" services, though these vary from traditional FX or securities or synthetic prime brokerage. However, they are also under pressure to deliver the basics of settlement and safekeeping.

Key Insights

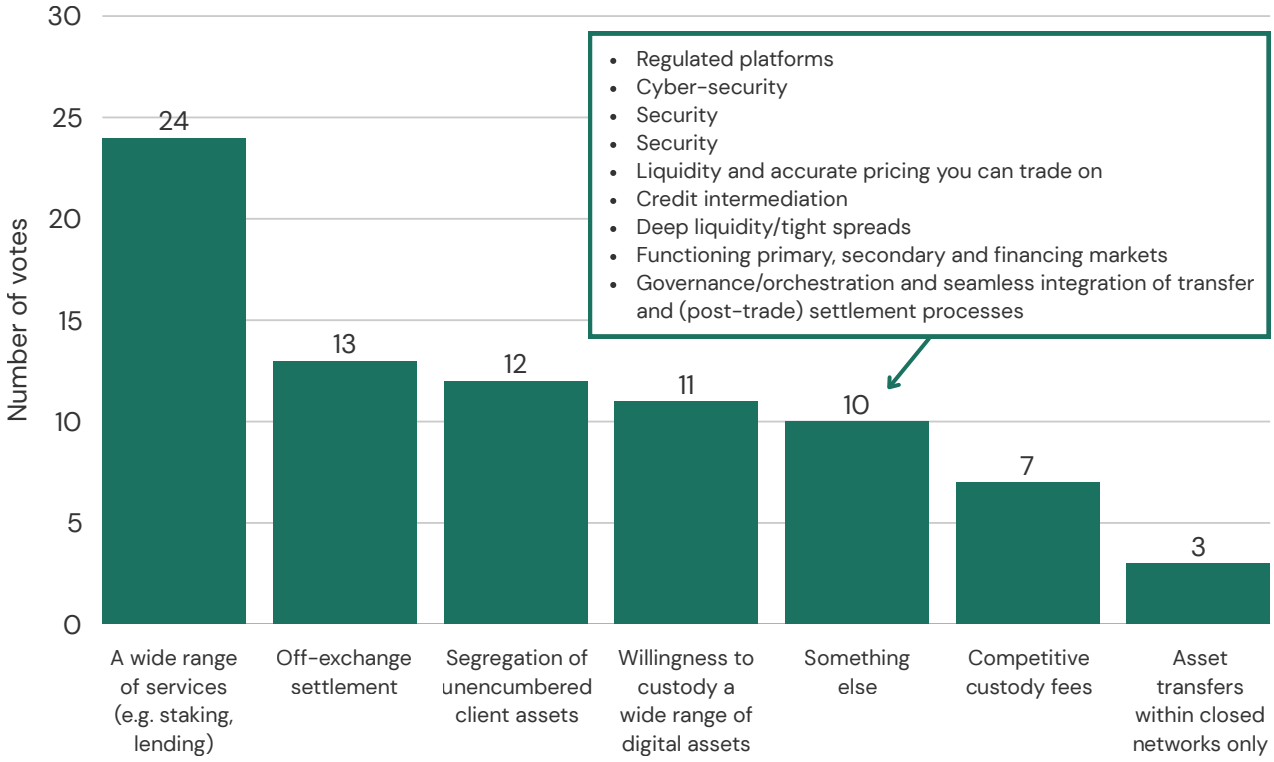
1. Banks and custodians will play a key role in keeping digital asset markets safe as trading volume grows, especially when regulators tighten rules on counterparty due diligence and asset transfers.
2. Moving to near-instant settlement creates real operational challenges, because current systems and approval processes were built for slower timelines.
3. Faster settlement is useful only if the surrounding ecosystem (funding as well as settlement instructions and confirmations) can keep up.
4. Using Stablecoins or tokenised cash deposits can help to free up liquidity and keep trading moving around the clock, especially across national borders.

5. Custodians need strong, real-time risk checking procedures because digital assets introduce new risks, including cyber-threats and vulnerabilities in smart contract code.
6. Trading firms want certainty that a digital asset exists, is controllable and can be delivered immediately, which puts pressure on custodians.
7. Clear regulation and consistent standards are still lacking, so greater regulatory clarity will help more institutions engage in digital trading with confidence.

The panellists were **Andy Do Tuan**, Senior Business Development Manager at 21X; **Brett Reeves**, Head of Europe at BitGo; **Liran Kogan**, Head of Product, Blockchain Security, at Check Point Software Technologies Ltd; **Anthony Fernandez**, Head of Business Development at Summer.fi; and **Waqar Chaudry**, Director, Head of Head Digital Assets Financing and Securities Services in the Corporate and Investment Banking division of Standard Chartered Bank.

What the Audience Said

What is Most Important to Professional Traders of Digital Assets?



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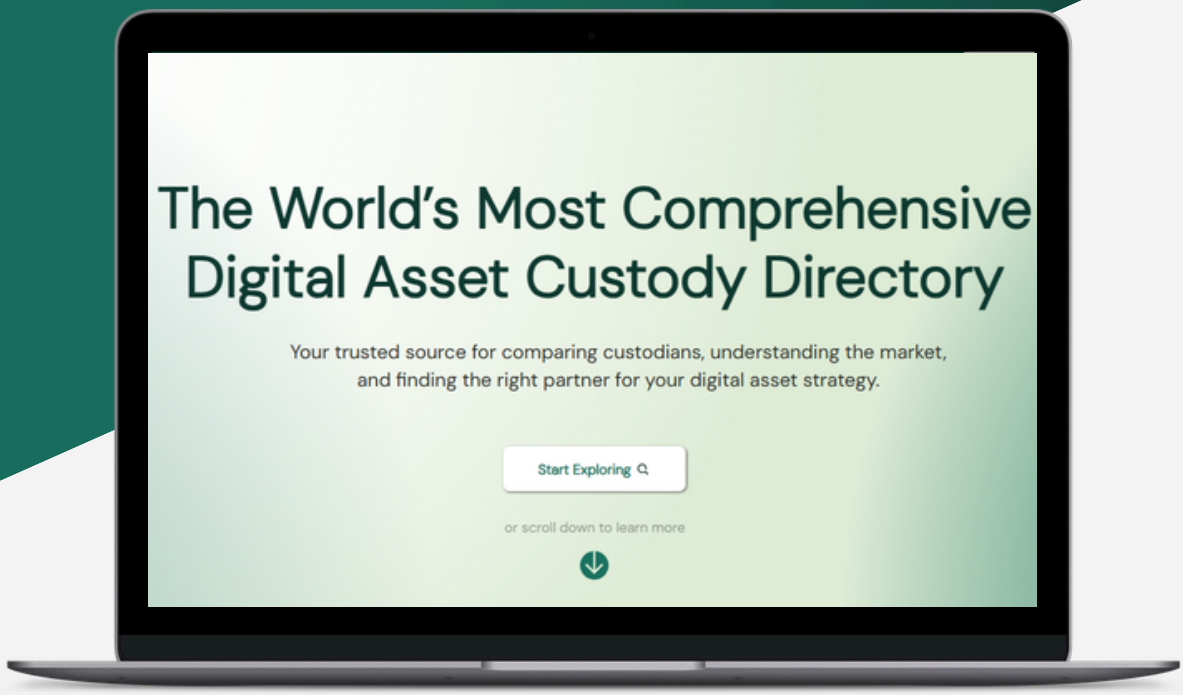
Find Your Perfect Digital Asset Custodian With Our Directory of 110+ Names

www.futureoffinance.biz/custody-directory



80+ key parameters | 5 core categories | 5+ years of continuous data collection and analysis

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Panel 3

Is digital identity the killer app for digital asset custodians?

The enduring absurdity of trying to identify financial criminals laundering money, financing terrorism or evading sanctions by filtering names through vast and variegated data sets - both structured and unstructured, but always out-of-date - is one of the great commercial mysteries of our time. Its combination of enormous cost (financial institutions are spending US$1.28 trillion trying to identify money launderers, terrorist financiers and sanctions evaders) and utter ineffectiveness (less than 1 per cent of laundered money is seized or recovered, according to the UN) ought to be enough to condemn the present approach. But what makes financial crime compliance truly farcical is the availability of a much cheaper and more effective alternative: digital identity. This panel explored the obstacles to adoption of digital identities, which include the vested interests of data vendors, institutional inertia, fragmentation, objections to the large subsidising the small, misplaced conceit about the excellence of internal processes, and the usual regulatory ignorance, indifference and incompetence.

Key Insights

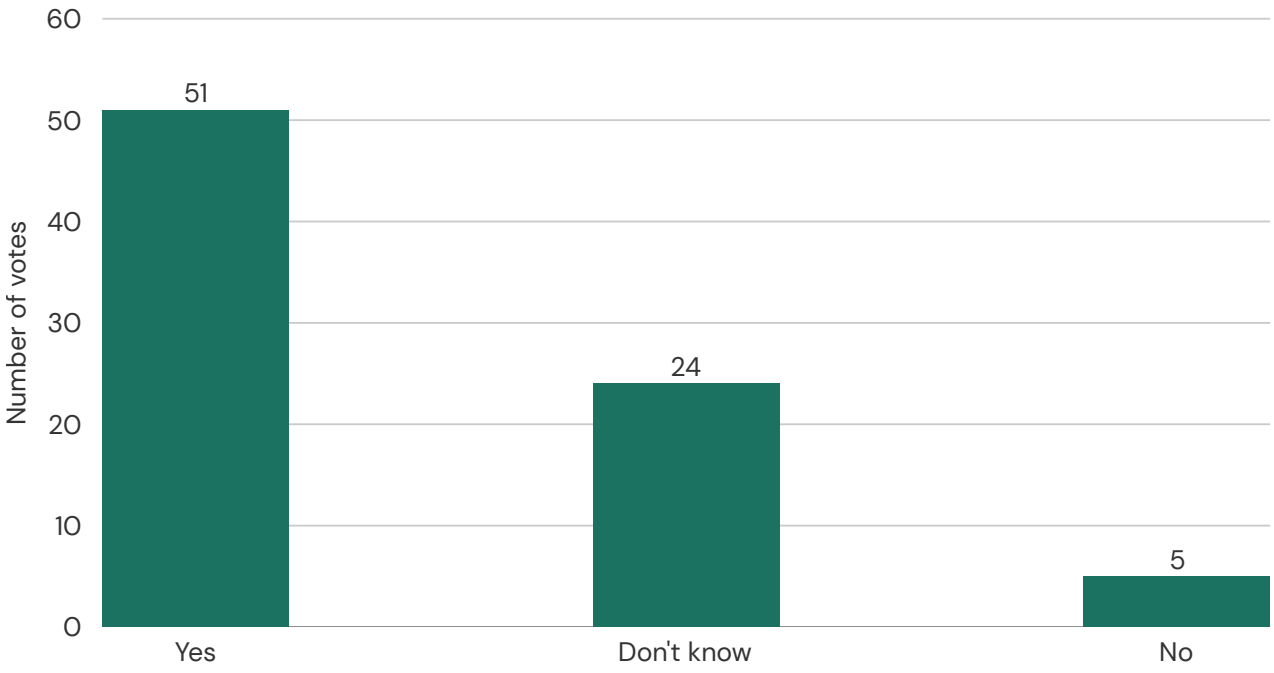
1. Digital identity needs to cover individuals, entities and delegated authorities, ensuring not only who someone is but also who is acting on behalf of whom in digital transactions.
2. Despite the global consistency and widening adoption of Legal Entity Identifiers (LEIs), digital asset markets require additional layers of verifiable authority that are useable across any platform or jurisdiction.
3. Banks and other firms still impose slow, paper-heavy onboarding procedures on investors because regulatory demands and internal processes vary widely across markets and jurisdictions.

4. The real barriers to adoption of digital identities are a lack of common standards and commercial incentives, not technology or data.
5. Digital identity can dramatically improve Know Your Client (KYC), trust frameworks, authentication, and customer lifecycle management, enabling single sign-on, secure digital signatures, and more seamless interactions.
6. Progress depends on trusted credentials and regulatory recognition of reliable data sources, and a shift toward models where individuals and companies control and selectively share their own data.
7. Adoption will grow as banks, governments, wallet providers and others offer interoperable IDs, driven by regulation, convenience, and the need for stronger security in an increasingly digital ecosystem.

The panellists were **Alexandre Kech**, CEO of the Global Legal Entity Identifier Foundation (GLEIF); **Cristiano Ventricelli**, Vice President, Decentralised Finance and Digital Assets at Moody's Ratings; **Gareth Narinesingh**, builder of the Select ID network of digital ID providers; **Giles Elliott**, Head of Business Development, Capital Markets at TCS, and a member of the ISSA Digital Identity and Onboarding Working Group; and **Jason Shubrook**, CEO at Cryptodata Live.

What the Audience Said

Should Digital Asset Custodians Embrace Digital Identities for Customer Onboarding?



Panel 4

America versus Europe versus Asia: The current state of digital asset custody law and regulation

Regulatory arbitrage is a temptation for jurisdictions as well as market participants, and the impulse is reinforced in digital assets by frustration in the face of opportunity. The deregulation of the cryptocurrency markets in the US is designed to make the country the "crypto capital of the world," while the UK continues to gold-plate regulation (a habit learned as a member of the EU which Brexit has not dislodged) in the self-satisfied belief that setting high regulatory hurdles increases the value of a licence to operate. The fact that the cost of clearing those hurdles erects barriers to entry for innovators and anti-competitive moats for incumbents does not seem to have occurred to British regulators. But at least custodians based in Britain, unlike those in the EU, are not liable for loss of customer assets they do not control. This panel reminded custodians and their customers that the jurisdiction that issues a licence to provide custody services matters greatly when it comes to asset safety.

Key Insights

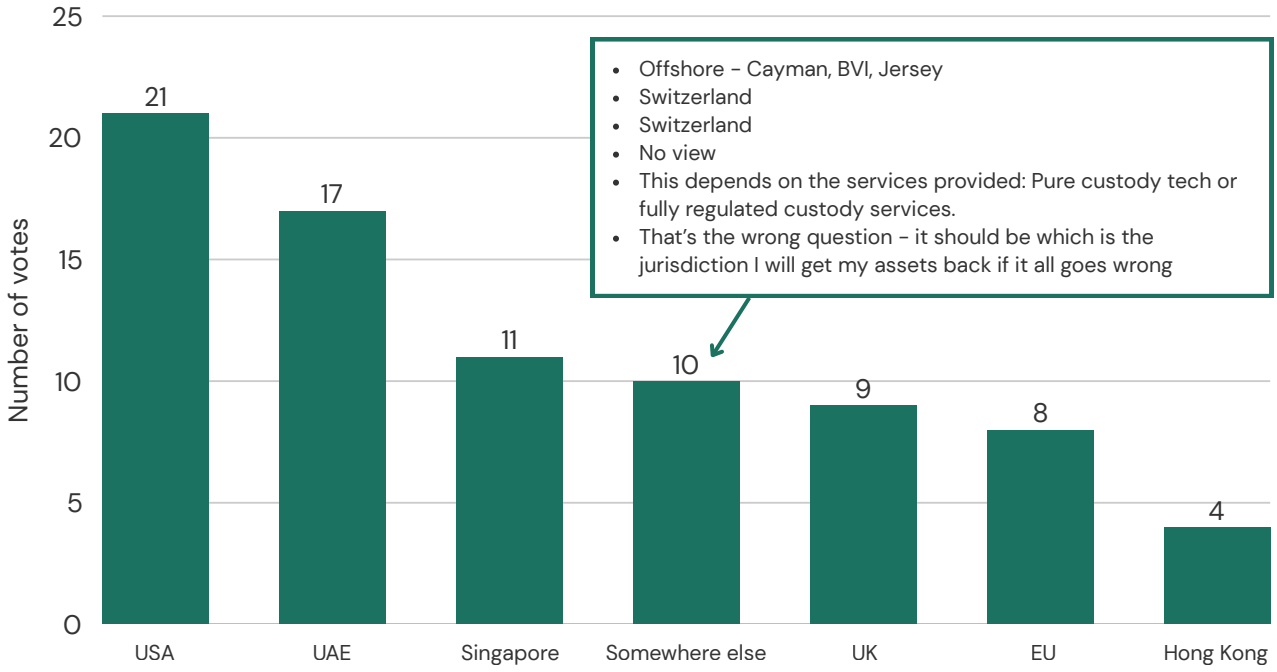
1. Jurisdiction matters for insurers, clients, and regulators, who place significant weight on where a custodian is licensed, with major differences in credibility, regulatory rigour, and market perception across the US, UK, EU, and offshore centres.
2. Well-structured regulatory frameworks make risks easier for insurers to assess and materially improve institutional comfort with a custodian.
3. Offshore centres can offer operational flexibility and neutrality, but many sophisticated clients prefer established, reputable regulatory regimes due to trust and enforceability considerations.

4. In the US, recent OCC guidance, the evolving SEC posture, and new legislative efforts (such as the GENIUS and Clarity Acts) signal growing institutional acceptance of digital asset custody within traditional banking constraints.
5. The Property (Digital Assets etc.) Act of 2025 and political pressure to boost competitiveness are pushing the UK toward greater certainty, especially on digital asset property rights and custody obligations.
6. Global custody remains fragmented with conflicting rules across jurisdictions (spanning property law, securities law, tax, and stablecoin regulation) that make it challenging to deliver a unified global custody model similar to traditional finance.
7. Cross-border fraud, jurisdictional uncertainty and complex recovery routes highlight the gap between regulatory ambitions and practical investor protection.

The panellists were **Romin Dabir**, a partner at Reed Smith; **John Siena**, Associate General Counsel and Co-Head of Regulatory Strategy at Brown Brothers Harriman; **Chris Hutley-Hurst**, a Partner at Walkers in Guernsey; and **Rupert Poland**, Digital Asset Leader at Aon.

What the Audience Said

Which is the Most Accommodative Jurisdiction to Domicile a Digital Asset Custody Business?



Panel 5

Is the digital asset custody industry consolidating or converging?

Traditional custody, in both its global and sub-custody forms, is a highly consolidated industry. Digital asset custody, by contrast, exhibits the classic symptoms of an industry in the earliest stages of its development: over-supplied, variegated and fragmented. But consolidation is nevertheless occurring, partly as an aspect of convergence between the new forms of custody and the old. Traditional custodian banks are buying or renting digital asset experts and technologies and digital asset custodians are adopting asset safety techniques long used in traditional custody. Such convergence is likely intrinsic to industries reliant on digitisation and digitalisation, with the pace governed in the case of custody by the speed at which on- and off-chain markets become interoperable. Indeed, custody will likely become one "app" among many available to issuers and investors active in blockchain-based markets made interoperable by design in the form of a unified set of programmable ledgers. This panel endeavoured to place the current turmoil in digital asset custody in the context of the underlying trend towards convergence.

Key Insights

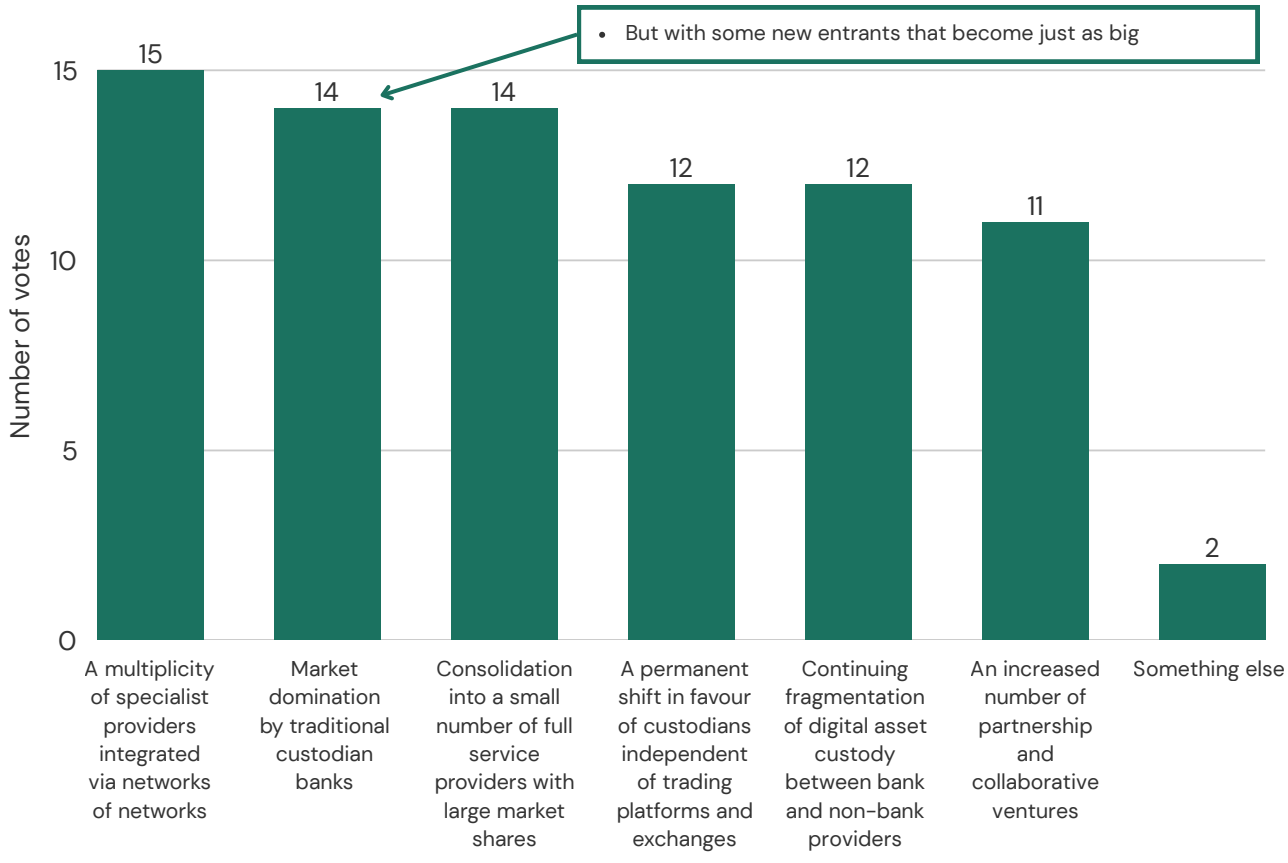
1. The market is overcrowded, prompting consolidation, with many weaker providers exiting through failure, fraud, regulation, or M&A.
2. Traditional custodians and crypto-native firms are converging to meet institutional demand for a unified experience across asset types, combining banks' regulatory rigour with startups' technology models.
3. Stablecoins and tokenised products are accelerating ecosystem interoperability, enabling 24/7 settlement and linking custodians through new transaction flows.

4. Technology outpaces regulation, though progressive jurisdictions such as UAE, Hong Kong, Singapore, and Switzerland are pushing forward through pilot regimes (including regulatory sandboxes).
5. A single operating system is aspirational; key-based crypto custody and record-based traditional custody mean parallel systems will persist.
6. Large institutions are shifting toward an "ecosystem manager" model, partnering with niche specialists rather than building everything internally.
7. Future success hinges on interoperability, quantum-resilient security, and serving both large institutional flows and DeFi-native use cases.

The panellists were **Angie Walker**, Head of Commercialisation at Apex Digital 3.0; **Anya Nova**, Director of Sales, Europe at GK8 Custody; **Soren Mortensen**, Director, Global Financial Markets at IBM; **Bart Garré**, Senior Lawyer at Euroclear; **Lorna Nolan**, a Consultant COO; and **Mori Momen,** Head of Product, Digital Asset Operations, at BCB Group.

What the Audience Said

What Will the Digital Asset Custody Industry Look Like in 2035?



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