



# Custody Policy

Summary of the Custody & Administration  
Policy

# Table of Contents

1	Introduction.....	3
2	Asset Segregation.....	3
3	Administration .....	4
4	Custody .....	4
4.1	Exercise of rights .....	5
4.2	Liabililty for loss.....	5
4.3	Third Party Custodian.....	5

# 1 Introduction

This document provides a summary of the Finst's Custody and Administration Policy (hereafter "Custody Policy". The Custody Policy is designed to protect clients' crypto-assets and associated rights. By adhering to this Policy, Finst affirms its dedication to complying with custody and safekeeping regulations, thereby fostering trust and ensuring the integrity of its services.

The Key objectives of the Policy are:

1. Protect Rights: Client's rights to crypto-assets should be protected under normal circumstances and in especially in the event of Finst's insolvency.
2. Minimize Risk: Aim to minimize the risk of loss of client's crypto-assets due to fraud, cyber threats, or negligence.
3. Prevent Misuse: Prevent the use of client's crypto-assets for its own account.
4. Compliance and Integrity: Comply with relevant safeguarding and custody laws and regulations, and as such ensure the integrity of our Finst.
5. Proportionality: The Policy is proportional to the size, nature, magnitude and complexity of Finst.

## 2 Asset Segregation

In order to ensure asset segregation between the assets of Finst and the client's, Finst uses a separate legal entity. Finst as legal entity does not hold the client' assets, instead a separate passive legal entity Stichting Finst Custody (hereafter "SPV") holds the client' assets. SPV is special purpose vehicle which sole purpose is to hold the client' assets for safekeeping purposes. This ensures legal protection in case of Finst insolvency, as it prevents clients' crypto assets becoming part of the bankruptcy estate of Finst.

To formalize the setup, Finst and the SPV have set up a cooperation agreement. This cooperation agreement sets out the rights and obligations of both parties. The administration and settlement of clients' assets is managed via SPV to ensure that Finst does not hold the legal ownership of client assets at any point in time. It is, however, Finst's responsibility to conduct all the SPV's operational activities that are related to the custody and safeguarding of clients' assets, regardless of the legal structure.

In order to hold the client' assets, SPV is the owner of the wallets holding the clients' crypto-assets and the bank accounts where client money is received.

## 3 Administration

Clients can open an account at Finst and perform investment and trading activities in crypto-assets through their own personal Finst account. Finst is responsible for safeguarding clients' rights to these crypto-assets and money, that are legally held through SPV. Therefore, Finst ensures that at any point in time, the details of crypto-asset and money belonging to an individual client are known and can be identified in the SPV en Finst's administration.

Finst ensures that it complies with the following administrative requirements, in order to minimise the risk of loss of client assets, or of rights in connection with those assets:

1. Client Access: Clients' can access an up-to-date overview of their trading activity and positions through the online platform. Only clients can access their Finst account, and for login and various actions 2FA is required.
2. Pre-Trade Risk Check: a pre-trade risk is conducted to ensure orders are only executed if clients' account balance is sufficient and if the order conforms to any other applicable order limits.
3. Internal Account System: an internal account system is maintained that distinguishes assets held for each client and the wallets and bank accounts of SPV and Finst, ensuring clear and accurate records.
4. Daily Reconciliation: daily reconciliation of positions in crypto-assets and money is performed to ensure accuracy and address any discrepancies.
5. Detailed Record Keeping: Finst keeps detailed records of all transfers and trades, maintaining an audit trail for transparency and accountability.

## 4 Custody

Finst does not offer personal wallets with private and public keys to clients. Client has a personal Finst account where a client's instruction related to their crypto-assets on the Finst platform is recorded in the administration of Finst and the resulting crypto-assets are held through SPV. Clients can access their personal Finst account, through their secure verified device with 2FA authentication at all times (24/7 access). Client can instruct Finst through their account to buy, sell or transfer crypto and fiat currency in and out.

Finst, on behalf of SPV, registers all client crypto-assets resulting from clients' instructions per client in SPV's internal administration, and SPV holds the total number of client crypto-assets in wallets owned by SPV. Hence, all client's assets are held in an omnibus structure in wallets administered and owned by SPV. In this manner, these wallets are segregated from the wallets of Finst. Finst maintains in its administration a list of wallet addresses that are of SPV at all times, to distinguish it from Finst own wallet addresses.

## *Security of wallets*

For security of the wallets owned by SPV and managed by Finst, Finst currently uses the service and technology of Fireblocks.

Fireblocks assists crypto-asset service providers that want to provide custody service, to increase their security measures with respect to private keys and wallet management. Fireblocks does not, at any time, have access to the full private keys of the wallet addresses.

Fireblocks is an external IT technology provider used by institutional parties such as Finst, for support with safekeeping of the private keys. The layers include Multi-Party Computation, Intel SGX, whitelisting possibilities, deposit address authentication and implementation of custom transaction approval policy designed by the party itself. Hence, by using this provider, Finst has added the additional layers of security mentioned above, including MPC, wallet whitelisting and authorization requirements, to the administration of the wallets of SPV.

## 4.1 Exercise of rights

Finst will facilitate on discretionary basis where possible, the facilitation of delivery of any crypto-assets or any rights newly created on the basis and to the extent of the client's positions at the time of the occurrence of a change of underlying distributed ledger technology or any other event likely to create or modify a client's rights. Finst provides its clients as soon as possible with any information about operations on crypto-assets that require a response from those clients.

## 4.2 Liability for loss

Finst is liable to its clients for the loss of any crypto-assets or of the means of access to the crypto-assets as a result of an incident that is clearly attributable to Finst. This liability is capped to the market value of the crypto-asset that was lost, at the time the loss occurred.

## 4.3 Third Party Custodian

In addition to holding client crypto-assets as described above, Finst may, through SPV and where appropriate, use carefully selected third-party authorized (sub-)custodians to hold crypto-assets on its client's behalf.

If Finst uses a sub-custodian, it will only appoint a crypto-asset service provider that is authorized under EU law (Regulation (EU) 2023/1114 on Markets in Crypto-Assets, or "MiCAR") to provide crypto-asset custody services. This means that the provider has been approved by their national competent authority under MiCAR and is subject to ongoing regulatory supervision.

Whenever a sub-custodian is used by Finst, Finst remains responsible for selecting an authorized provider and for maintaining oversight of that provider to help ensure that clients' crypto-assets continue to be safeguarded in accordance with applicable regulatory requirements.