THE DIGITAL FIDUCIARY STANDARDS

DFSB
DIGITAL FIDUCIARY STANDARDS BOARD

Introduction

The Digital Fiduciary Standards (**the "Standards")** set operational requirements for institutional-grade digital asset investment management. Digital markets operate globally, continuously, and with technical complexity that differs from traditional finance. Institutional allocators expect the same level of operational accountability and transparency from digital asset managers as they do from traditional managers. These Standards establish that baseline. The Standards are:

- **Principles-based** — grounded in fiduciary duty rather than prescriptive checklists.
- **Practical** — built for crypto market structure, custody models, and 24/7 trading.
- **Flexible** — applied on a *comply-or-explain* basis to preserve innovation.
- **Global** — usable across jurisdictions and responsive to regulatory change.

Clear standards prevent fragmentation and reputational setbacks. With them, allocators gain confidence, managers demonstrate readiness, and regulators engage a maturing market on defined terms. The Standards form the foundation of fiduciary trust in digital assets.

The Standards

PART I: GOVERNANCE & FIDUCIARY OVERSIGHT

Standard 1: Fiduciary Governance

Firms must establish and maintain effective governance structures. This includes board oversight with appropriate expertise and authority to oversee operations, risk-taking, and strategic direction; clear organizational structure with defined roles, responsibilities, and reporting lines; and comprehensive policies and procedures covering all operational areas. Firms must implement succession planning and knowledge management for critical positions to mitigate key person risk and conduct regular assessment and monitoring of governance effectiveness with documented review processes.

Standard 2: Regulatory Compliance

Firms must maintain robust compliance programs. This includes an independent compliance function with appropriate resources, authority, and reporting lines; comprehensive compliance program addressing all applicable laws, rules, and regulations across jurisdictions; and proactive monitoring of regulatory developments and their impact on firm operations. Firms must implement robust Anti-Money Laundering (AML) and Know Your Customer (KYC) procedures appropriate to their investor base and establish a framework for managing multi-jurisdictional compliance obligations.

Standard 3: Conflicts of Interest

Firms must identify and manage conflicts of interest. This includes systematic processes to identify all material conflicts affecting clients and the firm; code of ethics with personal trading policies, conduct standards, and enforcement mechanisms; and clear disclosure framework for material conflicts that cannot be avoided or mitigated. Firms must provide regular training and awareness programs for all personnel on conflicts identification and management and maintain monitoring and enforcement mechanisms with documented procedures for violations.

PART II: INVESTMENT MANAGEMENT & RISK DISCIPLINE

Standard 4: Investment Policy and Governance

Firms must establish disciplined investment processes. This includes written investment policies aligned with stated objectives, strategies, and investor expectations; formal investment committee structure with documented decision-making processes and meeting cadence; and systematic performance measurement and attribution analysis appropriate to strategy. Firms must monitor investment guideline compliance regularly with escalation procedures for breaches and document clear procedures for strategy implementation and portfolio management activities.

Standard 5: Investment Operations

Firms must maintain robust investment operations. This includes a best execution framework with regular assessment and documentation of execution quality; complete audit trail for all trading and investment activities with appropriate retention periods; and daily reconciliation processes with timely identification and resolution of breaks. Firms must maintain diversified trading relationships and venue connectivity appropriate to strategy and asset classes and establish operational controls appropriate for 24/7 market structure and digital asset characteristics.

Standard 6: Risk Management

Firms must implement comprehensive risk management. This includes an enterprise-wide risk management framework covering all material risks—market, credit, operational, liquidity, and technology—with appropriate measurement and monitoring methodologies. Firms must conduct regular stress testing and scenario analysis programs calibrated to portfolio characteristics, define risk limits with clear escalation and remediation procedures for breaches, and maintain a board-approved risk appetite statement with regular review and updates.

Standard 7: Leverage and Liquidity Management

Firms must manage leverage and liquidity prudently. This includes clear leverage policies with ongoing monitoring and controls appropriate to strategy and investor terms; liquidity management aligned with redemption terms and investor obligations; and diversified financing sources and counterparty relationships to reduce concentration risk. Firms must conduct regular stress testing of liquidity and leverage under adverse market conditions and document contingency plans for stressed market conditions including liquidity squeeze scenarios.

PART III: FINANCIAL INTEGRITY & SAFEGUARDS

Standard 8: Safekeeping of Assets

Firms must implement institutional-grade custody. This includes a custody framework with appropriate controls commensurate with assets under management; segregation of client assets from proprietary assets with clear documentation and reconciliation; and multi-layer security architecture including physical security and cybersecurity controls. Firms must maintain comprehensive insurance coverage appropriate to assets under management and custody model and conduct regular security assessments and maintain incident response procedures.

Standard 9: Counterparty Management

Firms must manage counterparty risk. This includes thorough due diligence processes for all counterparties and service providers before engagement; diversification across trading venues and counterparty relationships to reduce concentration risk; and ongoing monitoring of counterparty creditworthiness and operational risk. Firms must document contingency plans for counterparty failures or service disruptions and conduct regular assessment of service provider performance and capabilities.

Standard 10: Valuation and Performance

Firms must establish sound valuation practices. This includes documented valuation policies with independent oversight and regular committee review; multiple pricing sources with defined hierarchy and validation procedures; and valuation committee with regular review of pricing methodologies and fair value determinations. Firms must calculate performance following industry standards appropriate to strategy and reporting frequency and implement quality control procedures for valuation and performance reporting.

Standard 11: Treasury Controls

Firms must implement strong treasury controls. This includes multi-layer authorization and verification for all fund transfers and cash movements; segregation of duties for cash management functions to prevent fraud; and fraud prevention and detection controls including transaction monitoring. Firms must maintain diversified banking relationships with regular monitoring of bank creditworthiness and document procedures for cash movements and reconciliation with appropriate approval workflows.

PART IV: TECHNOLOGY & INFRASTRUCTURE

Standard 12: Technology and Cybersecurity

Firms must maintain resilient technology infrastructure. This includes appropriate redundancy and failover capabilities; comprehensive cybersecurity program with regular testing, updates, and threat monitoring; and business continuity and disaster recovery plans for all critical functions with regular testing. Firms must establish incident response procedures with defined roles, escalation paths, and communication protocols and maintain a vendor management framework for all technology service providers with ongoing performance monitoring.

PART V: COMPLIANCE & INVESTOR RELATIONS

Standard 13: Client Due Diligence

Firms must conduct robust investor due diligence. This includes investor verification and due diligence procedures appropriate to regulatory requirements; risk-based approach to customer due diligence with enhanced procedures for high-risk investors; and ongoing monitoring of investor activities and transactions for suspicious activity. Firms must establish suspicious activity detection and reporting mechanisms in compliance with applicable regulations and provide regular training and testing of AML/KYC procedures for all relevant personnel.

Standard 14: Transparency and Communication

Firms must maintain transparent investor relations. This includes regular and timely reporting to investors consistent with fund documents and investor expectations; clear communication of investment strategy, portfolio positioning, and material risks to investors; and transparent disclosure of fees, expenses, and conflicts of interest in offering documents and investor communications. Firms must maintain multiple channels for investor inquiries and feedback with appropriate response time commitments and establish crisis communication procedures for adverse events including operational incidents and material losses.

PART VI: HUMAN CAPITAL & SUSTAINABILITY

Standard 15: Organizational Continuity

Firms must ensure organizational resilience. This includes identification and mitigation of key person dependencies through cross-training and knowledge documentation; professional development programs and succession planning for critical roles; and competitive compensation and retention strategies appropriate to market and firm size. Firms must provide regular training on compliance, risk management, and operational procedures and document critical processes and institutional knowledge to ensure continuity.

Standard 16: Responsible Investment Stewardship

Firms should integrate responsible investment practices. This includes consideration of ESG factors appropriate to investment strategy and investor expectations; responsible investment policies and procedures where applicable to strategy; and stakeholder engagement and stewardship activities as appropriate. Firms should provide transparency in ESG practices and outcomes in investor communications and conduct regular assessment and improvement of ESG integration processes.

Standard 17: Service Providers & Professional Relationships

Firms must establish and maintain professional relationships with qualified service providers across all critical operational functions. This includes fund administrators, custodians, prime brokers, independent auditors with digital asset expertise, legal counsel, compliance consultants, and technology vendors. Firms must conduct comprehensive due diligence before engagement, negotiate clear service level agreements, implement ongoing performance monitoring, and maintain contingency plans for provider transitions. Annual independent audits by qualified firms with digital asset experience verify financial statements and provide institutional credibility.

Implementation

The Standards are applied on a **comply-or-explain** basis. Firms implement each Standard appropriately to their assets under management, strategy complexity, regulatory environment, and operational maturity. Where full implementation is not feasible or appropriate, firms document their rationale and alternative approach.

Signatory Members of the Digital Fiduciary Standards Board submit annual attestations confirming adoption of the Standards. These attestations, combined with supporting documentation maintained by the firm, demonstrate the firm's commitment to fiduciary-grade operations and provide allocators with a consistent framework for operational evaluation.

By adopting these Standards, firms commit to operating at institutional quality—advancing an ecosystem built on accountability, transparency, and professionalism.