



Standardized Due Diligence Questionnaire (DDQ)

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Disclaimer

No Warranties. The Digital Fiduciary Standards Board (DFSB) makes no representations or warranties regarding the accuracy, completeness, or suitability of this Due Diligence Questionnaire (DDQ) for any particular purpose. Digital asset markets and regulations evolve rapidly; this DDQ reflects best practices as of publication but may become outdated as markets, technologies, and regulations change.

No Guarantee of Outcomes. Completing this DDQ does not guarantee regulatory compliance, operational adequacy, allocator approval, or access to capital. Allocators conduct independent due diligence and make investment decisions based on their own criteria and risk assessments.

No Legal or Compliance Advice. This DDQ does not constitute legal, regulatory, tax, accounting, or investment advice. Managers must consult qualified professionals regarding their specific circumstances, jurisdictional requirements, and regulatory obligations. This DDQ does not create fiduciary duties, regulatory obligations, or legal requirements beyond those already applicable to the manager.

Manager Responsibility. Managers are solely responsible for the accuracy and completeness of all responses and supporting documentation. Managers must ensure responses comply with applicable laws, regulations, and contractual obligations in all relevant jurisdictions.

Limitation of Liability. DFSB and its affiliates, directors, officers, employees, and advisors disclaim all liability for any losses, damages, claims, or expenses arising from use of or reliance on this DDQ. Investment management involves inherent risks that no operational framework can eliminate.

Agreement to Terms. By completing and distributing this DDQ, managers acknowledge they have read, understood, and agreed to this disclaimer.

Purpose and Use

Digital asset investment management presents operational realities that differ materially from traditional markets, including external custody models, key and wallet management, exchange and prime broker hybrids, on-chain settlement, protocol governance exposure, and fragmented cross-border regulation. As allocator exposure to digital asset strategies increases, due diligence has expanded in both scope and complexity. At the same time, allocators routinely request the same core information through proprietary DDQ formats, while managers expend significant time responding to duplicative questions with inconsistent structure, terminology, and formatting.

The *Digital Fiduciary Standards Board (DFSB) Standardized Due Diligence Questionnaire (DDQ)* is designed to address this problem by providing a single, consistent disclosure framework aligned to DFSB Standards. The DDQ is intended to be completed once, maintained as a living document, and supplemented by supporting documentation organized in a secure data room.

Structure of the DDQ

This DDQ is organized into three integrated parts:

- **Part I — Supporting Documentation Checklist:** A standardized list of documents commonly requested during operational due diligence. The checklist maps directly to the DDQ sections and is intended to accelerate document review and verification.
- **Part II — Preliminary Manager Information:** A structured intake covering baseline firm, strategy, vehicle, regulatory, and service provider information used for initial screening and comparability.
- **Part III — Full Due Diligence Questionnaire:** A comprehensive assessment of governance, investment and risk discipline, custody and treasury controls, valuation, technology and cybersecurity, investor transparency, and organizational continuity. Sections are aligned to DFSB Standards and structured to support allocator workflows for risk identification, verification, and escalation.

Use by Allocators

Allocators will use this DDQ as a primary diligence artifact and request supplemental information based on strategy complexity, jurisdictional overlays, and specific risk considerations. Responses should be supported by referenced documentation wherever applicable. Receipt of a completed DDQ does not obligate allocators to invest, engage in further diligence, or provide feedback.

Use by Managers

Managers should complete all applicable sections thoroughly and accurately, ensuring responses are consistent with regulatory filings, offering documents, and marketing materials. Responses must be current as of the stated **As-of Date** and updated at least quarterly, or promptly following any material change, including but not limited to:

- Key personnel or ownership changes
- Service provider or custody model changes
- Regulatory status or examinations
- Material operational or security incidents
- Fund terms, liquidity provisions, or risk limits

Completed DDQs should be accompanied by supporting documentation as outlined in **Part I**, organized in a secure data room with clearly labeled folders and descriptive file names.

Availability and Signatory Status

This DDQ is available for use by all digital asset investment managers, regardless of DFSB signatory status.

DFSB Signatories may:

- Represent that they utilize the DFSB Standardized DDQ in accordance with DFSB Standards
- Display the DFSB emblem on completed DDQs and investor materials
- Reference DFSB signatory status in offering documents, presentations, and correspondence

Non-Signatories may:

- Complete and distribute this DDQ without restriction
- Acknowledge use of the "DFSB standardized DDQ format" as a factual statement
- Not claim DFSB affiliation, endorsement, or compliance with DFSB Standards, and may not use the DFSB emblem or logo.

Standardization and Modifications

To preserve comparability and integrity, managers may complete and distribute this DDQ but may not modify the structure, numbering, question wording, or format without DFSB's prior written permission. Attribution to DFSB must be maintained on all distributed versions. Unauthorized alterations, derivative works, or commercial exploitation are prohibited.

Updates and Support

DFSB may update this DDQ periodically to reflect regulatory developments, market evolution, and emerging operational best practices. Managers should confirm they are using the current version available at dfsb.org. Version number and publication date appear on the cover page.

For questions regarding usage, signatory status, or technical support, contact:

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Part I: Supporting Documentation Checklist

This checklist identifies the standard documentation allocators will request during operational due diligence. Managers should organize these materials in a secure data room with clearly labeled folders matching the categories below, using descriptive file names with dates (e.g., "Compliance_Manual_2025Q1.pdf"). All documents must be current as of your stated "As-of Date" and updated quarterly minimum or immediately upon material changes to key personnel, service providers, regulatory status, operational incidents, investment strategy, or governance structure.

Documentation Checklist

#	Item	Status
1.0	Corporate & Legal	
1.1	Certificate of Incorporation / Formation Documents	<input type="checkbox"/>
1.2	Operating Agreement / Partnership Agreement / Articles of Association	<input type="checkbox"/>
1.3	Organizational Chart (entity structure)	<input type="checkbox"/>
1.4	Registered Shareholder List	<input type="checkbox"/>
1.5	List of Directors and Beneficial Owners	<input type="checkbox"/>
2.0	Governance & Policies	
2.1	Board Minutes or Governance Committee Records (last 2-3 meetings)	<input type="checkbox"/>
2.2	Key person and succession plan	<input type="checkbox"/>
2.3	Policy library including, but not limited to: <ul style="list-style-type: none">• Compliance manual• Valuation policy• Best execution policy• Allocation policy• Personal trading & outside business activity (OBA) policy• MNPI (material non-public information) policy• Cybersecurity & information security policy• BCP/DRP plans	<input type="checkbox"/>

#	Item	Status
	<ul style="list-style-type: none"> • AML / KYC policies and procedures • Whistleblower policy (if available) • Records retention policy (if available) • Proxy voting policy (if applicable) 	
3.0	Regulatory	
3.1	Current regulatory license (SEC, FCA, VARA, etc.)	<input type="checkbox"/>
3.2	Form ADV (Parts 1, 2A, 2B)	<input type="checkbox"/>
3.3	Form PF or Annex IV (if applicable)	<input type="checkbox"/>
3.4	Regulatory correspondence, audit letters, or comment letters	<input type="checkbox"/>
3.5	Examination reports or regulatory findings (last 3 years)	<input type="checkbox"/>
4.0	Fund and Strategy Documentation	
4.1	Offering memorandum / PPM	<input type="checkbox"/>
4.2	Subscription agreement + side letter template	<input type="checkbox"/>
4.3	Legal fund structure overview (onshore/offshore entities)	<input type="checkbox"/>
4.4	Strategy overview deck (PDF or presentation)	<input type="checkbox"/>
4.5	Monthly/quarterly performance tear sheets	<input type="checkbox"/>
4.6	Gross/net return history since inception	<input type="checkbox"/>
4.7	Top 5 drawdowns with attribution analysis and recovery timeline	<input type="checkbox"/>
5.0	Financial & Audit	
5.1	Most recent 2 years of audited financials (fund and manager-level)	<input type="checkbox"/>
5.2	NAV calculation process documentation	<input type="checkbox"/>
5.3	Auditor management letter (if available)	<input type="checkbox"/>
5.4	Quarterly NAV statements (last 2 years)	<input type="checkbox"/>
5.5	Fee calculation and billing methodology documentation	<input type="checkbox"/>
6.0	Risk Management	
6.1	Risk management framework or policy	<input type="checkbox"/>
6.2	Risk committee minutes (if applicable)	<input type="checkbox"/>
6.3	Leverage, liquidity, exposure limits documentation	<input type="checkbox"/>
6.4	Counterparty risk assessment documentation	<input type="checkbox"/>
6.5	Concentration limits and monitoring reports	<input type="checkbox"/>

#	Item	Status
7.0	Trading & Infrastructure	
7.1	Trade Execution Policy and trade flow diagram	<input type="checkbox"/>
7.2	Prime brokerage, custody, and key trading agreements	<input type="checkbox"/>
7.3	Technology systems overview (e.g., OMS, PMS, custody stack)	<input type="checkbox"/>
7.4	Business continuity plan	<input type="checkbox"/>
7.5	Disaster recovery test results (last 12 months)	<input type="checkbox"/>
7.6	Wallet security architecture and key management procedures	<input type="checkbox"/>
7.7	Hot wallet vs. cold storage allocation policy	<input type="checkbox"/>
8.0	Personnel	
8.1	Bios and resumes of key investment, operations, and compliance staff	<input type="checkbox"/>
8.2	Form U4/U5 disclosures for registered personnel	<input type="checkbox"/>
8.3	Organizational chart with reporting lines	<input type="checkbox"/>
8.4	Compensation structure summary (salary vs. carry vs. equity)	<input type="checkbox"/>
9.0	Marketing Materials	
9.1	Most recent marketing deck	<input type="checkbox"/>
9.2	Sample investor letter or update	<input type="checkbox"/>
9.3	Due diligence questionnaire (DDQ) if already filled	<input type="checkbox"/>
10.0	Insurance & Legal	
10.1	E&O insurance declarations page and policy limits	<input type="checkbox"/>
10.2	D&O insurance declarations	<input type="checkbox"/>
10.3	Crime/fidelity bond documentation	<input type="checkbox"/>
10.4	Cyber insurance policy	<input type="checkbox"/>
10.5	Active or threatened litigation disclosures	<input type="checkbox"/>

Part II: Preliminary Manager Information

This preliminary questionnaire establishes baseline information about your firm's structure, investment strategy, operational capabilities, and service provider infrastructure for initial assessment and screening. Complete all sections accurately and thoroughly, ensuring all information is current as of your stated "As-of Date" and consistent with regulatory filings, offering documents, and marketing materials. Update this questionnaire quarterly minimum or immediately upon material changes to key personnel, service providers, regulatory status, AUM, fund terms, or operational infrastructure.

Section 1: Firm Information

Question	Answer
Contact Information	
Main person investors should contact for due diligence	Name: Title: Email: Phone:
Principal place of business (full address)	
Additional office locations	
Website	
Legal Structure	
Legal name of investment manager entity	
Jurisdiction of organization/registration	
Date of formation	
Entity type (LLC, LP, Corporation, LLP, etc.)	
LEI (Legal Entity Identifier)	
Ownership & Control	
Ownership structure and percentages	

Question	Answer
Ultimate beneficial owners (25%+ ownership)	
Parent company/affiliates (if applicable)	
Date of any recent ownership changes	
Any planned ownership changes	

Section 2: Regulatory Status

Question	Answer
Registration & Licensing	
Regulatory status (RIA, Exempt Reporting Adviser, CFTC registered, non-U.S. equivalent)	
SEC registration number (if applicable)	
CRD number	
NFA ID (if applicable)	
Non-U.S. registrations/licenses and jurisdictions	
Date of initial registration	
Most recent Form ADV filing date (or equivalent)	
Link to public Form ADV	
Regulatory History	
Any regulatory examinations in past 3 years? (Yes/No)	
Any regulatory actions, sanctions, or settlements? (Yes/No)	
Any ongoing regulatory inquiries or investigations? (Yes/No)	
If yes to any: Provide details	

Section 3: Key Personnel

Question	Answer
Senior Leadership	
Chief Executive Officer (CEO)	Name: Title: Years at firm:
Chief Investment Office (CIO) / Head of Investments	Name: Title: Years at firm:
Chief Financial Officer (CFO)	Name: Title: Years at firm:
Chief Compliance Officer (CCO)	Name: Title: Years at firm:
Chief Operating Officer (COO) / Head of Operations	Name: Title: Years at firm:
Chief Administrative Officer (CAO)	Name: Title: Years at firm:
Chief Legal Officer (CLO) / General Counsel	Name: Title: Years at firm:
Chief Risk Officer (CRO)	Name: Title: Years at firm:
Chief Technology Officer (CTO)	Name: Title: Years at firm:
Chief People Officer (CPO) / Human Resources	Name: Title: Years at firm:

Question	Answer
Investment Team	
Number of portfolio managers	
Number of analysts/researchers	
Average years of industry experience	
Total investment team headcount	
Non-Investment Personnel	
Compliance team size	
Operations team size	
Technology team size	
Total firm headcount	
Key Person Risk	
Identify key persons (individuals whose departure would materially impact operations)	
Succession plan in place? (Yes/No)	
Any key departures in past 12 months? (Yes/No)	

Section 4: Assets Under Management (AUM)

Question	Answer	
Current AUM		
	AUM (\$)	As of Date
Total firm AUM (USD)		
AUM in digital assets (USD)		
	Strategy Name	\$
AUM by strategy #1 (USD)		
AUM by strategy #2 (USD)		
AUM by strategy #3 (USD)		
AUM by strategy #4 (USD)		

PART II: PRELIMINARY MANAGER INFORMATION

Question	Answer	
AUM by strategy #5 (USD)		
AUM by vehicle type (separate accounts, commingled funds, etc.)	Vehicle Type	\$
	Funds	
	SMAs	
Number of investors/accounts	Vehicle Type	#
	Funds	
	SMAs	
AUM History		
AUM as of prior-year end (past three years)	Date	\$
	12/31/2025	
	12/31/2024	
	12/31/2023	
Largest historical AUM and date	Date	\$
Largest redemption (% and date)	Date	%
Largest subscription (% and date)	Date	%
Investor Base		
Institutional AUM (%)		
HNWI/Family Office AUM (%)		
Retail AUM (%)		
Geographic breakdown of investors	Region	%
	North America	
	Europe	
	Middle East	
	Asia	
	Rest of World	

Section 5: Investment Strategy

Question	Answer				
Strategy Number	#1	#2	#3	#4	#5
Strategy Overview					
Strategy Name					
Strategy Description					
Asset class focus (BTC, ETH, multi-coin, DeFi, etc.)					
Investment approach (systematic, discretionary, quant, fundamental, etc.)					
Leverage used? (Yes/No) - If yes, typical and max leverage	Y/N: Max:	Y/N: Max:	Y/N: Max:	Y/N: Max:	Y/N: Max:
Use of derivatives? (Yes/No) - If yes, types	Y/N: If yes, types	Y/N: If yes, types	Y/N: If yes, types	Y/N: If yes, types	Y/N: If yes, types
Strategy Details					
Strategy AUM (\$)					
Date strategy launched					
Is strategy still open for investment?	Y/N:	Y/N:	Y/N:	Y/N:	Y/N:

PART II: PRELIMINARY MANAGER INFORMATION

Question	Answer				
Strategy Number	#1	#2	#3	#4	#5
Capacity for this strategy (\$)					
Current % of capacity deployed					
Target number of positions					
Typical holding period					
Expected turnover					
Performance Summary					
Annualized return since inception					
Best 12-month return					
Worst 12-month return					
% of positive months					
Sharpe ratio (since inception)					
Maximum drawdown					

Section 6: Vehicle Structure & Terms

Question	Answer				
Vehicle Number	#1	#2	#3	#4	#5
Investment Vehicle					
Vehicle name					
Vehicle domicile					
Vehicle structure (LP, Ltd, LLC, SMA, etc.)					
Inception Date					
Currently Live?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Management fee					
Performance fee/carry					
Hurdle rate (if applicable)					
High water mark? (Yes/No)					
Redemption frequency					
Redemption notice period					
Lock-up period					

PART II: PRELIMINARY MANAGER INFORMATION

Question	Answer				
Vehicle Number	#1	#2	#3	#4	#5
Gate provisions					
Side pocket provisions					
Minimum investment					

Section 7: Service Providers

Provider	Details
Fund Administrator	Name: Location: Years with firm: Contact Information:
Auditor	Name: Location: Years with firm: Contact Information:
Custodian (Traditional Assets)	Name: Location: Years with firm: Contact Information:
Custodian (Digital Assets)	Name: Location: Years with firm: Contact Information:
Prime Broker(s)	Name: Location: Years with firm: Contact Information:
Legal Counsel (Onshore)	Name: Location: Years with firm: Contact Information:
Legal Counsel (Offshore)	Name: Location: Years with firm: Contact Information:
Banking Relationships	Name: Location: Years with firm: Contact Information:

PART II: PRELIMINARY MANAGER INFORMATION

Provider	Details
Trading Platforms/Exchanges	Name: Location: Years with firm: Contact Information:
Technology/ Infrastructure Providers	Name: Location: Years with firm: Contact Information:
Portfolio/Risk Management Systems	Name: Location: Years with firm: Contact Information:

Part III: Full Due Diligence Questionnaire

The full due diligence questionnaire assesses operational capabilities and controls across governance, risk management, technology, and investor protection in alignment with DFSB Standards 1-17. Complete all applicable sections thoroughly and accurately, ensuring responses are current as of your stated "As-of Date" and supported by documentation outlined in Part I. Update responses quarterly minimum or immediately upon material changes to governance structure, key personnel, service providers, regulatory status, operational incidents, or investment strategy.

Section 1: Governance & Fiduciary Oversight

This section assesses compliance with DFSB Standards 1-3: Fiduciary Governance, Regulatory Compliance, and Conflicts of Interest

#	Question	Response Type
1.1	FIDUCIARY GOVERNANCE	
1.1.1	Governance Structure	
1.1.1.1	Describe your firm's governance structure. Who has ultimate authority over operations, risk-taking, and strategic direction?	Narrative
1.1.1.2	Do you have a Board of Directors, Advisory Board, or equivalent? If yes, provide: member names, backgrounds, tenure, independence status, and meeting frequency.	Table
1.1.1.3	What specific expertise does your board possess relevant to digital asset investment management?	Narrative
1.1.1.4	What committees exist (Investment, Risk, Audit, Valuation, Compliance)? For each, provide: purpose, members, and meeting frequency.	Table
1.1.1.5	Provide an organizational chart showing management structure, investment team, operations, and reporting lines.	Upload

#	Question	Response Type
1.1.2	Ownership and Control	
1.1.2.1	Who owns your firm? Provide: ownership percentages, vesting schedules, and any ownership changes in the past 5 years.	Table
1.1.2.2	What is your firm's legal structure? Include: legal name, jurisdiction, entity type, and parent company/affiliates if applicable.	Table
1.1.2.3	Do any owners, directors, or senior personnel have interests in service providers or counterparties that create conflicts?	Narrative
1.1.3	Policies and Procedures	
1.1.3.1	Provide your complete policy library including: Compliance Manual, Code of Ethics, Valuation Policy, Best Execution Policy, Allocation Policy, Personal Trading/OBA Policy, MNPI Policy, Cybersecurity Policy, BCP/DRP, AML/KYC Policies, Whistleblower Policy, Records Retention Policy.	Upload
1.1.3.2	For each major policy, provide: date of last update, responsible party, and review frequency.	Table
1.1.3.3	How do you ensure policies remain current and are actually implemented (not just documented)?	Narrative
1.1.4	Key Person Risk and Succession	
1.1.4.1	Identify key persons whose departure would materially impact operations. For each, explain their role and criticality.	Table
1.1.4.2	What succession plans exist for: CEO, CIO, CCO, COO, and key portfolio managers?	Narrative
1.1.4.3	How do you mitigate key person risk through: team depth, cross-training, process documentation, and retention incentives?	Narrative
1.1.4.4	Do you maintain key person insurance? If yes, provide coverage amounts and insured individuals.	Narrative
1.2	REGULATORY COMPLIANCE	
1.2.1	Compliance Function	
1.2.1.1	Who is your CCO? Provide: name, qualifications, years of experience, and reporting line.	Narrative
1.2.1.2	Is the compliance function independent from investment personnel? How is independence maintained?	Narrative
1.2.1.3	How many compliance staff do you have? What percentage of headcount and budget is allocated to compliance?	Narrative
1.2.1.4	Provide your Compliance Manual. When was it last updated?	Upload

#	Question	Response Type
1.2.2	Regulatory Status	
1.2.2.1	What regulatory registrations do you hold? For each, provide: regulator, registration type, number, and date.	Table
1.2.2.2	Provide copies of: Form ADV (Parts 1, 2A, 2B) or non-U.S. equivalent, and Form PF or AIFMD Annex IV if applicable.	Upload
1.2.2.3	What exemptions or relief do you rely on? Describe legal basis and conditions.	Narrative
1.2.3	Regulatory History	
1.2.3.1	Have you been subject to regulatory examinations in the past 5 years? For each, provide: regulator, dates, findings, and remediation.	Table
1.2.3.2	Have you or affiliated entities been subject to regulatory enforcement actions, sanctions, or fines? If yes, provide full details.	Narrative
1.2.3.3	Are you currently subject to ongoing regulatory investigations or inquiries?	Narrative
1.2.4	AML/KYC Program	
1.2.4.1	Provide your AML/KYC policies and procedures. When were they last updated?	Upload/Narrative
1.2.4.2	Who is your MLRO or AML Compliance Officer? Provide name, qualifications, and reporting line.	Narrative
1.2.4.3	Describe your investor onboarding and KYC process, including: documentation required, verification procedures, and risk rating methodology.	Narrative
1.2.4.4	How do you screen investors against sanctions lists? Include what systems are used and what is the screening frequency.	Narrative
1.2.4.5	How do you monitor ongoing investor activity for suspicious transactions?	Narrative
1.2.4.6	Have you filed SARs/STRs? If yes, provide statistics without identifying details.	Narrative
1.3	CONFLICTS OF INTEREST	
1.3.1	Conflicts Framework	
1.3.1.1	Provide your Conflicts of Interest Policy. When was it last updated?	Upload/Narrative
1.3.1.2	If you maintain a conflicts register that documents identified conflicts, affected parties, and corresponding mitigation controls, please provide the most current version.	Upload

#	Question	Response Type
1.3.1.3	How do you identify, evaluate, and manage conflicts? Include identification process, governance review, and disclosure framework.	Narrative
1.3.2	Material Conflicts	
1.3.2.1	Does the manager or any affiliate: trade for proprietary accounts, have affiliated service providers, invest own capital in strategies, manage competing strategies, have soft dollar arrangements, or engage in principal transactions? For each, describe and explain mitigation.	Table
1.3.2.2	Do related parties invest in your funds? If yes, describe terms and whether preferential.	Narrative
1.3.2.3	How do you disclose material conflicts to investors? Provide examples from offering documents.	Upload
1.3.3	Code of Ethics and Personal Trading	
1.3.3.1	Provide your Code of Ethics and Personal Trading Policy. When were they last updated?	Upload/Narrative
1.3.3.2	What restrictions apply to employee personal trading? Include: restricted securities, pre-clearance requirements, holding periods, and blackout periods.	Narrative
1.3.3.3	How do you monitor employee personal trading for compliance? Include what systems or processes are used.	Narrative
1.3.3.4	Provide your MNPI Policy. How do you prevent misuse of material non-public information?	Upload/Narrative
1.3.4	Gifts, Entertainment, and Anti-Corruption	
1.3.4.1	Provide your Gifts & Entertainment Policy and Anti-Bribery/Anti-Corruption Policy. What thresholds and approvals are required?	Upload
1.3.4.2	How do you track and report gifts and entertainment given and received?	Narrative
1.3.5	Training and Enforcement	
1.3.5.1	How often do you train employees on conflicts, ethics, and personal trading? How is participation tracked?	Narrative
1.3.5.2	How do you monitor for violations? What happens when violations are detected?	Narrative
1.3.5.3	Have you had conflicts or ethics violations in the past 3 years? If yes, describe nature and remediation.	Narrative

Section 2: Investment Management & Risk Discipline

This section assesses compliance with DFSB Standards 4-7: Investment Policy and Governance, Investment Operations, Risk Management, and Leverage and Liquidity Management

#	Question	Response Type
2.1	INVESTMENT POLICY AND GOVERNANCE	
2.1.1	Investment Philosophy and Strategy	
2.1.1.1	What is your core investment philosophy? What beliefs about markets drive your strategy?	Narrative
2.1.1.2	For each strategy, provide: name, type, inception date, current AUM, target return, expected volatility, and maximum leverage.	Table
2.1.1.3	Describe the investment thesis for each strategy. What market inefficiencies are you exploiting, and what is your edge?	Narrative
2.1.1.4	Under what market conditions does each strategy work best and worst? Were you exposed to any blow-ups (e.g., LUNA, FTX, or other major failures)?	Narrative
2.1.1.5	Do you use AI or machine learning in signal generation, portfolio construction, or execution? If yes, describe models used, validation procedures, and explainability requirements.	Narrative
2.1.1.6	What governance exists for algorithmic and model-driven strategies? Include model change approval, backtesting standards, and black-box risk controls.	Narrative
2.1.2	Written Investment Policies	
2.1.2.1	Provide your written Investment Policy Statement for each strategy. When was it last updated?	Upload
2.1.2.2	What investment objectives, risk tolerances, and constraints define each portfolio?	Narrative
2.1.3	Investment Committee and Decision-Making	
2.1.3.1	Do you have a formal Investment Committee? If yes, provide: members, roles, meeting frequency, decision-making authority, and whether minutes are maintained.	Table
2.1.3.2	Who makes decisions at each stage (idea generation, research, portfolio construction, execution, exit)? How are decisions documented?	Narrative

#	Question	Response Type
2.1.3.3	For systematic strategies: Under what conditions can humans override models? Who has authority and how is this documented?	Narrative
2.1.4	Performance Measurement	
2.1.4.1	Provide complete monthly performance since inception for each strategy (NAV and returns, gross and net).	Table
2.1.4.2	Provide your five largest drawdowns for each strategy with: dates, magnitude, duration, recovery time, and cause.	Table
2.1.4.3	How do you attribute performance?	Narrative
2.1.4.4	What benchmarks do you use?	Narrative
2.1.4.5	Is performance audited or GIPS verified?	Narrative
2.1.5	Investment Guidelines and Capacity	
2.1.5.1	What investment restrictions and guidelines apply? Include regulatory, contractual, and self-imposed limits. How are they monitored?	Narrative
2.1.5.2	What is maximum capacity for each strategy? What is current % of capacity deployed?	Table
2.1.5.3	Have you had investment guideline breaches in the past 3 years? If yes, describe and explain resolution.	Narrative
2.2	INVESTMENT OPERATIONS	
2.2.1	Tradable Instruments and Markets	
2.2.1.1	What instruments do you trade? For each strategy, specify: spot, futures, options, perpetuals, other derivatives.	Table
2.2.1.2	Where do you trade? List: centralized exchanges, DEXs, OTC markets. What percentage of assets are held on exchanges vs. custodians?	Table
2.2.1.3	Do you have exposure to DeFi protocols, smart contracts, or governance tokens? If yes, describe risk assessment and controls.	Narrative
2.2.1.4	Do you participate in token launches, advisory arrangements, or receive tokens as compensation? If yes, describe policies governing pre-sale participation, lock-ups, and conflict management.	Narrative
2.2.1.5	What controls exist to prevent market manipulation and wash trading? Include surveillance systems and escalation procedures.	
2.2.1.6	How do you mitigate MEV (Maximal Extractable Value) risk in trade execution? Include use of private mempools, MEV-protection services, or execution timing strategies.	

#	Question	Response Type
2.2.2	Best Execution	
2.2.2.1	Provide your Best Execution Policy. When was it last updated?	Upload/Narrative
2.2.2.2	How do you define best execution in digital asset markets? Include metrics that you monitor (slippage, fill rates, market impact).	Narrative
2.2.2.3	Do you perform Transaction Cost Analysis (TCA)? If so, how often and who reviews results?	Narrative
2.2.3	Trading Infrastructure	
2.2.3.1	What trading systems do you use? For each, specify: name, purpose, in-house or vendor, and integration with risk/portfolio systems.	Table
2.2.3.2	Provide a diagram of your complete trade flow from signal generation to execution and settlement.	Upload
2.2.3.3	What percentage of trading is manual vs. automated?	Table
2.2.3.4	Who in the organization has trading permissions?	Narrative
2.2.3.5	What pre-trade checks are in place (limits, concentration, regulatory restrictions)?	Narrative
2.2.4	Trading Venues and Settlement	
2.2.4.1	List all exchanges and the percentage of trading volume at each.	Table
2.2.4.2	Who are your top brokers/prime brokers by volume?	Narrative
2.2.4.3	Do you use OTC counterparties or DEXs? If yes, list counterparties/platforms and percentage of volume.	Table
2.2.4.4	How do you select and approve trading venues? What due diligence is performed?	Narrative
2.2.4.5	How often do you reconcile positions across brokers, exchanges, custodians, and internal systems? Is this automated?	Narrative
2.2.4.6	How are wallet balances reconciled to P&L? What tolerance thresholds apply and how are breaks resolved?	Narrative
2.2.5	Trade Allocation and Error Management	
2.2.5.1	Provide your Trade Allocation Policy. How do you allocate trades across accounts and strategies fairly?	Upload/Narrative
2.2.5.2	How do you handle partial fills and resolve allocation conflicts?	Narrative
2.2.5.3	Provide your Trade Error Policy. What preventive controls exist and who bears error costs?	Upload/Narrative

#	Question	Response Type
2.2.5.4	Have you had trade errors in the past 3 years? Provide summary statistics without investor details.	Narrative
2.2.6	Audit Trail	
2.2.6.1	What systems maintain audit trails for all trading activities? Include what information is captured and how long is it retained.	Narrative
2.3	RISK MANAGEMENT	
2.3.1	Risk Management Framework	
2.3.1.1	Provide your Risk Management Policy. When was it last updated?	Upload/Narrative
2.3.1.2	Describe your risk management framework including philosophy, integration with investment process, and governance.	Narrative
2.3.1.3	Who oversees risk management? Do you have a CRO? Is the risk function independent from investment team?	Narrative
2.3.1.4	Do you have a Risk Committee? If yes, provide: members, mandate, meeting frequency, and oversight scope.	Table
2.3.1.5	Can risk personnel stop trading or force position reductions? Under what circumstances?	Narrative
2.3.1.6	Do you have a board-approved Risk Appetite Statement? If yes, provide it.	Upload/Narrative
2.3.2	Risk Measurement and Limits	
2.3.2.1	What material risks do you face? For each, describe: market, credit, operational, liquidity, technology, counterparty, regulatory.	Table/Narrative
2.3.2.2	What risk metrics do you monitor? For each, provide: calculation methodology, monitoring frequency, and responsible party (VaR, CVaR, volatility, drawdown, etc.).	Table/Narrative
2.3.2.3	What real-time risk monitoring capabilities exist? Describe systems, dashboards, and alerts.	Narrative
2.3.2.4	What formal risk limits do you maintain? For each, provide: limit type, value, and monitoring frequency.	Table/Narrative
2.3.2.5	What position-level and concentration limits apply? What are current exposures relative to limits?	Table/Narrative
2.3.2.6	What happens when risk limits are breached? Include detection, escalation, and remediation procedures.	Narrative
2.3.2.7	Have you had risk limit breaches in the past 3 years? If yes, describe circumstances.	Narrative

#	Question	Response Type
2.3.3	Stress Testing	
2.3.3.1	What is your stress testing framework? Include frequency, scenarios (exchange failures, depegs, hacks, crashes), and how results inform decisions.	Narrative
2.3.3.2	What are worst-case loss scenarios for each strategy? How do you model extreme events and correlation breakdowns?	Narrative
2.3.3.3	What contingency plans exist for stress scenarios? Provide most recent stress test results.	Upload/Narrative
2.3.3.4	What scenarios do you model for stablecoin depegs? Include exposure limits by stablecoin issuer and contingency procedures.	Narrative
2.3.3.5	How do you assess smart contract risk for protocols in your portfolio? Include audit requirements, audit firm standards, and recency thresholds.	Narrative
2.3.3.6	What oracle dependencies exist in your portfolio? How do you assess oracle manipulation risk and monitor for failures?	Narrative
2.3.4	Counterparty Risk	
2.3.4.1	Provide your Counterparty Risk Policy. When was it last updated?	Upload/Narrative
2.3.4.2	What is your current exposure by counterparty type? Provide breakdown by: exchanges, prime brokers, custodians, OTC counterparties, DeFi protocols.	Table/Narrative
2.3.4.3	Who are your five largest counterparties by exposure? For each, provide: name, exposure as % of NAV, and mitigation measures.	Table/Narrative
2.3.4.4	What due diligence do you perform on counterparties? How do you monitor them on an ongoing basis?	Narrative
2.3.4.5	What counterparty failures or issues have you experienced? Include what lessons were learned.	Narrative
2.3.4.6	What due diligence do you perform on DeFi protocols before deployment? Include governance structure, token distribution, upgrade mechanisms, and audit history.	Narrative
2.3.4.7	How do you monitor for governance attacks (flash loan voting, hostile proposals) on protocols where you have exposure?	Narrative
2.3.5	Operational Risk	
2.3.5.1	Provide your Operational Risk Policy. How do you identify, log, and remediate operational risks?	Upload
2.3.5.2	How do you manage key person risk through succession planning, documentation, and cross-training?	Narrative

#	Question	Response Type
2.3.5.3	What operational incidents have you experienced in the past 3 years? For each, describe: cause, impact, resolution, and prevention measures.	Narrative
2.4	LEVERAGE AND LIQUIDITY MANAGEMENT	
2.4.1	Leverage	
2.4.1.1	Provide your Leverage Policy. When was it last updated?	Upload/Narrative
2.4.1.2	How do you define and calculate leverage? What are min, max, and typical levels for each strategy?	Table/Narrative
2.4.1.3	How is leverage monitored? What happens when limits are breached?	Narrative
2.4.2	Liquidity Management	
2.4.2.1	Provide your Liquidity Risk Policy. When was it last updated?	Upload/Narrative
2.4.2.2	What is the liquidity profile of each strategy? For each, provide percentage that can be liquidated in: 24 hours, 1 week, 30 days under normal and stressed conditions.	Table/Narrative
2.4.2.3	How does portfolio liquidity align with investor redemption terms? Are there mismatches and how are they managed?	Narrative
2.4.2.4	What investor redemption terms apply? Include notice periods, dealing frequency, lock-ups, gates, and side pockets.	Table/Narrative
2.4.2.5	Have you imposed gates or suspended redemptions? If yes, describe circumstances and investor communication.	Narrative
2.4.3	Funding and Concentration	
2.4.3.1	How do you manage funding risk? Do you maintain credit facilities or emergency funding arrangements?	Narrative
2.4.3.2	What concentration limits apply by: position, asset, sector, protocol, counterparty? What are largest positions as % of NAV?	Table/Narrative
2.4.3.3	What concentration limits apply by stablecoin issuer? How do you monitor issuer reserve attestations and depeg risk?	Narrative

Section 3: Financial Integrity & Safeguards

This section assesses compliance with DFSB Standards 8-11: Safekeeping of Assets, Counterparty Management, Valuation and Performance, and Treasury Controls

#	Question	Response Type
3.1	SAFEKEEPING OF ASSETS	
3.1.1	Custody Framework	
3.1.1.1	Who are your custodians for digital assets? For each, provide: name, domicile, regulatory status, services, and appointment date.	Table
3.1.1.2	What criteria do you use to select custodians? Include evaluation factors and approval process.	Narrative
3.1.1.3	What types of custody arrangements exist (segregated, omnibus, commingled)?	Narrative
3.1.1.4	How do you ensure investor assets are segregated and protected in custodian insolvency?	Narrative
3.1.1.5	What percentage of assets are held with qualified custodians vs. self-custody?	Table
3.1.2	Digital Asset Security and Key Management	
3.1.2.1	What technology is used for custody? Describe: MPC, HSM, multi-sig wallets, cold storage, hot wallets.	Narrative
3.1.2.2	How are private keys generated, stored, and protected? Include your process for rotating keys.	Narrative
3.1.2.3	How many parties control keys and what are quorum requirements?	Narrative
3.1.2.4	What controls exist for lost, stolen, or compromised keys?	Narrative
3.1.2.5	Do custodians provide SOC 1, SOC 2, or equivalent reports? Provide most recent copies.	Upload/Narrative
3.1.2.6	What is your framework for evaluating MPC vs. multi-sig custody solutions? What are the governance and key management trade-offs you consider?	Narrative
3.1.2.7	If using smart contract wallets or account abstraction, what security assessments have been performed?	Narrative

#	Question	Response Type
3.1.3	Custody Operations	
3.1.3.1	What is your process for moving assets into and out of custody? Include approval steps, verification procedures, and segregation of duties.	Narrative
3.1.3.2	Who can initiate, approve, and release custody transfers? Provide authority matrix.	Table
3.1.3.3	How do you reconcile custody balances daily between manager, custodian, and administrator? What tolerance thresholds apply?	Narrative
3.1.3.4	How do you verify on-chain balances?	Narrative
3.1.3.5	How are wallet address lists managed and updated?	Narrative
3.1.4	Custody Risk Management	
3.1.4.1	How often are custodians reviewed? Include what metrics are evaluated.	Narrative
3.1.4.2	What insurance coverage do custodians maintain? For each, provide: coverage types, limits, deductibles, and exclusions.	Table/Narrative
3.1.4.3	What additional insurance do you maintain (crime, cyber, theft)?	Narrative
3.1.4.4	What is maximum counterparty exposure to a single custodian as % of assets? How do you diversify?	Table/Narrative
3.1.4.5	What is your hot wallet vs. cold storage allocation policy?	Narrative
3.1.5	Specialized Digital Asset Risks	
3.1.5.1	How do you manage risks with staking, yield farming, or lending from custody? Include slashing risk controls.	Narrative
3.1.5.2	What controls govern rehypothecation?	Narrative
3.1.5.3	How do you manage wrapped tokens, bridges, or synthetic assets?	Narrative
3.1.5.4	How do you handle forks, airdrops, and protocol events?	Narrative
3.1.5.5	Do you maintain legal opinions on custody enforceability?	Narrative
3.1.5.6	How do you assess bridge security before moving assets cross-chain? Include audit requirements, bridge architecture evaluation (canonical vs. third-party), and exposure limits.	Narrative
3.1.5.7	What policies govern chain selection and finality requirements? How do you manage reorganization risk on chains with probabilistic finality?	Narrative

#	Question	Response Type
3.1.5.8	What is your framework for evaluating Layer 2 networks? Include sequencer centralization, withdrawal delays, and upgrade risk assessment.	Narrative
3.2	COUNTERPARTY MANAGEMENT	
3.2.1	Due Diligence and Selection	
3.2.1.1	Provide your Counterparty Risk Policy. When was it last updated?	Upload/Narrative
3.2.1.2	What is your due diligence process for counterparties and service providers? Include evaluation criteria, analysis, and approval requirements.	Narrative
3.2.1.3	What minimum standards must counterparties meet (regulatory status, financial strength, operational capabilities, insurance)?	Narrative
3.2.2	Diversification and Monitoring	
3.2.2.1	What is your current exposure by counterparty? Provide breakdown showing: name, type, exposure amount, and % of NAV for exchanges, prime brokers, custodians, OTC counterparties, banks, DeFi protocols.	Table
3.2.2.2	What concentration limits apply to counterparty exposures? How are limits monitored and enforced?	Narrative
3.2.2.3	How do you monitor counterparties on an ongoing basis? Include monitoring frequency, metrics/indicators tracked, and early warning triggers.	Narrative
3.2.2.4	How do you monitor exchange reserves and proof-of-reserves?	Narrative
3.2.2.5	How do you evaluate liquid staking providers? Include validator set diversification, slashing history, and smart contract audit requirements.	Narrative
3.2.2.6	What due diligence do you perform on restaking protocols (e.g., EigenLayer)? How do you assess and limit cumulative slashing risk?	Narrative
3.2.3	Incidents and Contingency Planning	
3.2.3.1	What counterparty failures or issues have you experienced? For each, describe: counterparty, issue, impact, and resolution.	Narrative
3.2.3.2	What contingency plans exist for counterparty failures? How quickly can you transition to alternatives?	Narrative
3.2.3.3	Do you maintain backup relationships with alternative service providers?	Narrative
3.3	VALUATION AND PERFORMANCE	
3.3.1	Valuation Framework	

#	Question	Response Type
3.3.1.1	Provide your Valuation Policy. When was it last updated?	Upload/Narrative
3.3.1.2	Who is responsible for calculating NAV? How are responsibilities split between manager and administrator?	Narrative
3.3.1.3	Do you have a Valuation Committee? If yes, provide: composition, responsibilities, meeting frequency, and independence.	Narrative
3.3.1.4	Under what circumstances can administrator prices be overridden? What authorizations and documentation are required?	Narrative
3.3.2	Pricing Sources and Methodology	
3.3.2.1	What pricing sources do you use? For each asset type, list sources ranked in order of preference.	Table/Narrative
3.3.2.2	What is your pricing hierarchy when multiple prices are available? What fallback methods exist for illiquid assets?	Narrative
3.3.2.3	How do you identify and reject stale or manipulated prices?	Narrative
3.3.2.4	How do you value complex instruments (LP tokens, yield positions, staked assets, DeFi exposures)?	Narrative
3.3.3	NAV Calculation Process	
3.3.3.1	When and how frequently is NAV calculated for each fund? Specify time zone, market close conventions, and cutoff times.	Table/Narrative
3.3.3.2	Describe the complete NAV calculation process from data collection to publication. Include verification controls.	Narrative
3.3.3.3	Do both administrator and manager calculate NAV independently? How are differences reconciled?	Narrative
3.3.3.4	What controls ensure NAV accuracy? Include variance analysis and investigation thresholds.	Narrative
3.3.3.5	How long after period end is NAV finalized? What is typical timeline to investor reporting?	Narrative
3.3.4	Asset Verification and Reconciliation	
3.3.4.1	How do you verify assets for NAV? Do you use on-chain verification?	Narrative
3.3.4.2	How frequently do you reconcile balances among wallets, administrator, and custodian? What tolerance thresholds apply?	Narrative
3.3.4.3	Do you provide wallet addresses to administrators and auditors for independent verification?	Narrative
3.3.5	Specialized Valuation Issues	

#	Question	Response Type
3.3.5.1	How do you handle valuation during exchange outages or market disruptions?	Narrative
3.3.5.2	What percentage of portfolio is in non-exchange-traded or illiquid assets? How are these valued?	Narrative
3.3.5.3	How do you value stablecoins? Do you value at par or mark to market?	Narrative
3.3.5.4	How do you treat airdrops, forks, staking rewards, and DeFi income in valuation?	Narrative
3.3.5.5	How do you value liquid staking derivatives and restaked positions? Include methodology for accounting for slashing risk and withdrawal queues.	Narrative
3.3.5.6	How do you value LP positions, yield farming positions, and other DeFi exposures with impermanent loss risk?	Narrative
3.3.6	NAV Errors and Quality Control	
3.3.6.1	Has NAV ever been restated? If yes, provide: dates, magnitude, causes, and remediation.	Narrative
3.3.6.2	What thresholds determine NAV restatement vs. prospective adjustment? How are corrections communicated to investors?	Narrative
3.3.6.3	Are you GIPS compliant or verified? If yes, provide verification report.	Upload/Narrative
3.4	TREASURY CONTROLS	
3.4.1	Cash Control Framework	
3.4.1.1	Provide your Cash Control Policy for fiat and digital assets. When was it last updated?	Upload/Narrative
3.4.1.2	Who can initiate, approve, and release transfers at fund and manager level? Provide authority matrix with names, roles, and limits.	Table
3.4.1.3	What multi-signature or dual authorization framework exists? Is dual authorization always enforced?	Narrative
3.4.1.4	What authentication methods are required (hardware tokens, biometrics, MFA)?	Narrative
3.4.1.5	How do you enforce segregation of duties between initiation and approval?	Narrative
3.4.2	Banking and Account Management	
3.4.2.1	Which banks do you use for fiat? For each, provide: name, jurisdiction, account type, and purpose.	Table

#	Question	Response Type
3.4.2.2	How does account structure ensure segregation between client and firm money? What legal protections exist?	Narrative
3.4.2.3	How do you diversify banking relationships? What concentration limits apply?	Narrative
3.4.3	Administrator Integration	
3.4.3.1	What role does the administrator play in payments and cash management? How is dual control implemented?	Narrative
3.4.3.2	Does the administrator perform independent verification before payment release? What is verified?	Narrative
3.4.3.3	How are payment instructions transmitted securely to the administrator?	Narrative
3.4.4	Reconciliation and Monitoring	
3.4.4.1	How frequently do you reconcile cash between manager, administrator, and banks? Describe the complete process.	Narrative
3.4.4.2	What tolerance thresholds apply? How are breaches investigated?	Narrative
3.4.4.3	How do you monitor in-transit items and investigate payment failures?	Narrative
3.4.5	Digital Asset Cash Management	
3.4.5.1	How do you treat stablecoins in cash management? Which stablecoins and why?	Narrative
3.4.5.2	How do you monitor stablecoin issuers? Include reserve verification and exposure limits.	Narrative
3.4.5.3	What security measures exist for crypto transfers? Include address whitelisting, time delays, and other controls.	Narrative
3.4.5.4	What procedures prevent transfers to incorrect addresses?	Narrative
3.4.5.5	What stablecoin issuers are approved for treasury management? What due diligence is performed on reserve composition and attestation frequency?	Narrative
3.4.5.6	What contingency procedures exist if a primary stablecoin depegs? Include thresholds triggering action and alternative settlement mechanisms.	Narrative
3.4.6	Security and Fraud Prevention	
3.4.6.1	What controls prevent unauthorized payments? How do you validate new payees or changes to payment instructions?	Narrative

#	Question	Response Type
3.4.6.2	How do you monitor for suspicious payment activity? What cybersecurity measures protect payment systems?	Narrative
3.4.6.3	What insurance coverage exists for fraud, theft, or cash losses? Have you experienced payment fraud or incidents?	Narrative

Section 4: Technology & Infrastructure

This section assesses compliance with DFSB Standard 12: Technology and Cybersecurity

#	Question	Response Type
4.1	TECHNOLOGY ARCHITECTURE AND SYSTEMS	
4.1.1	System Architecture	
4.1.1.1	Provide an overview of your technology architecture. Include trading, risk, portfolio, accounting, and reporting systems.	Narrative
4.1.1.2	Provide a system architecture diagram showing all major systems and integrations.	Upload
4.1.1.3	Which systems are proprietary vs. vendor-supplied? For each major system, specify: name, purpose, vendor/in-house, and implementation date.	Table
4.1.1.4	How are systems integrated across front, middle, and back office? How do you ensure data accuracy and timeliness?	Narrative
4.1.1.5	Do you use cloud infrastructure? If yes, which providers, what services, and what security controls?	Narrative
4.1.2	Vendor Management	
4.1.2.1	List all critical technology vendors. For each, provide: name, services provided, and contract term.	Table
4.1.2.2	How do you select, approve, and monitor technology vendors? Do you require SOC 2 reports from critical vendors?	Narrative
4.1.2.3	How do you monitor vendor performance? What SLAs exist and how are breaches handled?	Narrative
4.1.2.4	Have you replaced key technology vendors in the past 3 years? If yes, describe reasons and transition.	Narrative

#	Question	Response Type
4.1.3	System Management and Availability	
4.1.3.1	What is your process for testing and approving system changes? Include change management controls and rollback procedures.	Narrative
4.1.3.2	What are your target uptime levels for critical systems? What actual uptime have you achieved over the past 12 months?	Narrative
4.1.3.3	Have you experienced material system outages in the past 3 years? If yes, describe: date, duration, cause, impact, and remediation.	Narrative
4.1.3.4	What redundancy and failover capabilities exist for critical systems?	Narrative
4.2	INFORMATION SECURITY AND CYBERSECURITY	
4.2.1	Security Framework	
4.2.1.1	Provide your Information Security Policy. When was it last updated?	Upload/Narrative
4.2.1.2	Who is your CISO or equivalent? Provide background and reporting structure.	Narrative
4.2.1.3	What cybersecurity framework do you follow (NIST, ISO 27001, SOC 2)? Are you certified? If yes, provide certificates and audit reports.	Upload/Narrative
4.2.1.4	What is your information security budget as % of operating expenses?	Narrative
4.2.2	Technical Security Controls	
4.2.2.1	What technical security controls exist? Describe: firewalls, intrusion detection/prevention, anti-malware, encryption, endpoint protection, network segmentation.	Narrative
4.2.2.2	How do you encrypt data at rest and in transit? What encryption standards apply?	Narrative
4.2.2.3	What endpoint security measures protect employee devices? Include MDM, encryption, and remote wipe.	Narrative
4.2.2.4	What security controls protect APIs used for trading, data feeds, and integrations?	Narrative
4.2.3	Identity and Access Management	
4.2.3.1	How do you manage identity and access? Describe user provisioning, de-provisioning, and access review procedures.	Narrative
4.2.3.2	What authentication methods are required? Is MFA required for all users? If not, what exceptions exist?	Narrative

#	Question	Response Type
4.2.3.3	How do you implement role-based access control (RBAC)? How are permissions managed?	Narrative
4.2.3.4	How do you manage privileged access to critical systems?	Narrative
4.2.3.5	How often do you review user access rights? What de-provisioning timelines exist when employees leave?	Narrative
4.2.3.6	Do you maintain audit logs of access to critical systems? How long are logs retained?	Narrative
4.2.4	Vulnerability Management and Monitoring	
4.2.4.1	How do you monitor for cybersecurity threats? Include SIEM, threat intelligence, and monitoring services.	Narrative
4.2.4.2	Do you conduct vulnerability assessments and penetration testing? If yes, how often, who performs them, and when was most recent?	Narrative
4.2.4.3	Provide the most recent penetration test report or executive summary.	Upload
4.2.4.4	How do you remediate identified vulnerabilities? Include prioritization and timelines.	Narrative
4.2.4.5	How do you monitor smart contract audits and security disclosures for protocols in your portfolio? Include audit firm standards, recency requirements, and response to disclosed vulnerabilities.	Narrative
4.2.4.6	Do you monitor bug bounty programs and vulnerability disclosures for protocols you interact with? How do you respond to critical disclosures?	Narrative
4.2.5	Incident Response	
4.2.5.1	Provide your Cybersecurity Incident Response Plan. When was it last updated?	Upload/Narrative
4.2.5.2	Who is on your incident response team? What are their roles?	Narrative
4.2.5.3	What escalation procedures exist for different severity levels? How quickly can you detect and respond?	Narrative
4.2.5.4	Have you experienced cybersecurity breaches or incidents? If yes, describe: date, nature, impact, response, and remediation.	Narrative
4.2.5.5	How often do you test your incident response plan? When was the most recent test?	Narrative
4.2.6	Security Awareness and Training	
4.2.6.1	What cybersecurity training do employees receive? Include frequency, topics, and delivery methods.	Narrative

PART III: FULL DUE DILIGENCE QUESTIONNAIRE

#	Question	Response Type
4.2.6.2	Do you conduct phishing simulations or social engineering tests? If yes, how often?	Narrative
4.2.6.3	How is training participation tracked? What happens when employees fail security tests?	Narrative
4.2.6.4	What training do personnel receive on digital asset-specific risks (phishing for wallet signatures, malicious approvals, social engineering targeting crypto operations)?	Narrative
4.2.7	Cyber Insurance	
4.2.7.1	Do you carry cyber insurance? If yes, provide: carrier, coverage limits, deductibles, scope, and material exclusions.	Narrative
4.2.7.2	Have you filed cyber insurance claims? If yes, provide summary without sensitive details.	Narrative
4.3	DATA MANAGEMENT AND PRIVACY	
4.3.1	Data Management	
4.3.1.1	Provide your Data Management Policy and Data Privacy Policy. When were they last updated?	Upload/Narrative
4.3.1.2	How do you manage firm and investor data? Include storage locations, encryption, access controls, and backups.	Narrative
4.3.1.3	What backup procedures exist? Include frequency, retention periods, and storage locations. How often do you test backup restoration?	Narrative
4.3.1.4	What data classification scheme exists? How is sensitive data identified and protected?	Narrative
4.3.2	Data Privacy	
4.3.2.1	How do you comply with data privacy regulations (GDPR, CCPA)? Do you have a DPO?	Narrative
4.3.2.2	How do you handle cross-border data transfers? What legal mechanisms ensure compliance?	Narrative
4.3.2.3	Have you experienced data breaches or privacy incidents? If yes, describe circumstances and remediation.	Narrative
4.4	BUSINESS CONTINUITY AND DISASTER RECOVERY	
4.4.1	BCP/DRP Framework	
4.4.1.1	Provide your Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP). When were they last updated?	Upload/Narrative
4.4.1.2	What are your recovery time objectives (RTO) and recovery point objectives (RPO) for critical systems and functions?	Narrative

#	Question	Response Type
4.4.1.3	Who is responsible for BCP/DRP? What scenarios are covered (cyberattacks, exchange outages, natural disasters, pandemics, key person loss)?	Narrative
4.4.2	Redundancy and Capabilities	
4.4.2.1	What redundancy exists across offices, systems, and staff? Do you have backup office locations or work-from-home capabilities?	Narrative
4.4.2.2	What failover capabilities exist for critical trading, risk, and operations systems?	Narrative
4.4.2.3	Do you maintain hot, warm, or cold disaster recovery sites? How quickly can they be activated?	Narrative
4.4.3	Testing and Exercises	
4.4.3.1	How often do you test BCP/DRP? What types of tests (tabletop, simulations, full failovers)?	Narrative
4.4.3.2	When was the most recent test? What were the results and what issues were identified?	Narrative
4.4.3.3	Have you experienced business continuity events in the past 3 years? If yes, describe response and lessons learned.	Narrative
4.4.3.4	How did you operate during the COVID-19 pandemic? What challenges arose and what changes resulted?	Narrative
4.4.4	Service Provider Business Continuity	
4.4.4.1	How do you ensure service providers maintain adequate BCP/DRP? Do you review their plans?	Narrative
4.4.4.2	What alternative arrangements exist if primary service providers fail?	Narrative
4.5	TECHNOLOGY GOVERNANCE	
4.5.1	Technology Leadership and Oversight	
4.5.1.1	Who is responsible for technology governance (CIO, CTO)? Provide title, background, and reporting line.	Narrative
4.5.1.2	How often does senior management or the board review technology and cybersecurity? What topics are covered?	Narrative
4.5.1.3	What technology-related metrics or KPIs are reported to management and the board?	Table/Narrative
4.5.2	Technology Strategy and Resources	
4.5.2.1	What is your annual technology budget? What percentage of operating expenses is allocated to technology?	Narrative

#	Question	Response Type
4.5.2.2	What percentage is allocated to: infrastructure, security, new development, maintenance, personnel?	Table/Narrative
4.5.2.3	What is your technology strategy? What investments are planned for the next 12-24 months?	Narrative

Section 5: Compliance & Investor Relations

This section assesses compliance with DFSB Standards 13-14: Client Due Diligence and Transparency and Communication

#	Question	Response Type
5.1	CLIENT DUE DILIGENCE	
5.1.1	Investor Onboarding	
5.1.1.1	Describe your complete investor onboarding process from initial contact through subscription. Include all steps, required documentation, and approvals.	Narrative
5.1.1.2	What documentation is required (subscription agreements, KYC documents, source of funds verification)?	Narrative
5.1.1.3	What investor verification procedures do you perform? Include identity, address, and beneficial ownership identification.	Narrative
5.1.1.4	Do you use third-party KYC verification services? If yes, which providers?	Narrative
5.1.1.5	What is the typical timeline from subscription to investor approval and funding?	Narrative
5.1.1.6	Who has authority to approve new investors? Under what circumstances would you reject a potential investor?	Narrative
5.1.2	Risk-Based Approach and Enhanced Due Diligence	
5.1.2.1	How do you risk-rate investors? Describe your risk assessment methodology and criteria.	Narrative
5.1.2.2	What factors trigger enhanced due diligence (EDD)? Include high-risk jurisdictions, PEPs, complex structures, and other risk factors.	Narrative
5.1.2.3	What additional steps are taken for high-risk investors during EDD?	Narrative
5.1.2.4	How do you identify politically exposed persons (PEPs)? What databases or services are used?	Narrative

#	Question	Response Type
5.1.2.5	Do you accept investors from high-risk jurisdictions? If yes, what additional controls apply? What countries do you prohibit?	Narrative
5.1.3	Sanctions Screening	
5.1.3.1	How do you screen investors against sanctions lists (OFAC, UN, EU, UK HMT)? What tools are used?	Narrative
5.1.3.2	At what frequency do you screen investors? Include initial screening and ongoing monitoring.	Narrative
5.1.3.3	How do you handle sanctions screening hits or potential matches? Include investigation and escalation procedures.	Narrative
5.1.3.4	Do you screen all beneficial owners, not just the investing entity?	Narrative
5.1.3.5	Do you screen investor wallet addresses against blockchain analytics databases? What is your policy for addresses flagged for sanctions or illicit activity?	Narrative
5.1.3.6	How do you comply with Travel Rule requirements for digital asset transfers? What infrastructure or vendors support this?	Narrative
5.1.4	Ongoing Monitoring and Suspicious Activity	
5.1.4.1	What ongoing monitoring procedures exist for investors after onboarding? How often do you refresh KYC information?	Narrative
5.1.4.2	How do you monitor investor transactions and activity for suspicious patterns? What activity triggers investigation?	Narrative
5.1.4.3	What mechanisms exist for detecting suspicious activity? Provide examples of red flags.	Narrative
5.1.4.4	Who has authority to file SARs/STRs? What is your process for filing?	Narrative
5.1.4.5	How many SARs/STRs have you filed in the past 3 years? Provide annual statistics without identifying details.	Narrative
5.1.4.6	How do you monitor on-chain investor activity for suspicious patterns? Include blockchain analytics tools and transaction monitoring thresholds.	Narrative
5.1.5	Training and Testing	
5.1.5.1	What AML/KYC training do personnel receive? Include frequency, topics, and participants.	Narrative
5.1.5.2	Do you conduct independent testing of your AML/KYC program? If yes, who performs it, how often, and what were the most recent results?	Narrative

#	Question	Response Type
5.1.6	Regulatory Readiness	
5.1.6.1	What is your framework for classifying tokens (security, commodity, utility, other)? How does classification affect trading and custody decisions?	Narrative
5.1.6.2	What is your MiCA readiness posture for EU investor exposure? Include timeline and implementation gaps.	Narrative
5.1.6.3	How do you monitor evolving regulatory guidance across jurisdictions where you operate or have investor exposure?	Narrative
5.2	TRANSPARENCY AND COMMUNICATION	
5.2.1	Reporting Framework	
5.2.1.1	What reporting do you provide to investors? For each report type, specify: name, frequency, timing after period end, and content.	Table
5.2.1.2	How long after period end are reports delivered? Provide timelines for: monthly, quarterly, annual, and audited financials.	Table/Narrative
5.2.1.3	What information is included in standard investor reports? Describe: performance, attribution, exposures, risk metrics, holdings, liquidity, and manager commentary.	Narrative
5.2.1.4	Do you provide daily transparency or investor dashboards? If yes, describe scope and access.	Narrative
5.2.1.5	How do you ensure timeliness and accuracy of investor reports? Include review procedures and quality controls.	Narrative
5.2.2	Performance and Risk Reporting	
5.2.2.1	What performance metrics are reported? Include gross/net returns, benchmarks, volatility, Sharpe ratio, and other risk-adjusted metrics.	Table/Narrative
5.2.2.2	How do you attribute performance? Do you provide factor, strategy, or sector attribution?	Narrative
5.2.2.3	What risk metrics are reported? Include VaR, volatility, drawdowns, and other relevant measures.	Table/Narrative
5.2.2.4	Do you report portfolio exposures? What level of detail (gross/net exposure, sector, geographic, asset class)?	Narrative
5.2.2.5	How do you disclose leverage usage to investors?	Narrative
5.2.2.6	Do you provide stress test results or scenario analysis to investors?	Narrative

#	Question	Response Type
5.2.3	Holdings Transparency	
5.2.3.1	What level of portfolio transparency do you provide? Describe whether you disclose: full holdings, top positions, or aggregated exposures only.	Narrative
5.2.3.2	Do you provide position-level data? If yes, under what conditions and with what lag?	Narrative
5.2.3.3	How do you balance transparency with confidentiality of trading strategies?	Narrative
5.2.4	Fee and Expense Reporting	
5.2.4.1	How do you report fees and expenses to investors? Include frequency and level of detail.	Narrative
5.2.4.2	Do you disclose all-in fees including management fees, performance fees, and fund expenses?	Narrative
5.2.4.3	How do you disclose side letter provisions and preferential terms to other investors?	Narrative
5.2.5	Material Event Disclosure	
5.2.5.1	What events do you consider material requiring investor notification?	Narrative
5.2.5.2	How quickly do you notify investors of material events? Provide timelines for: key personnel changes, service provider changes, regulatory actions, operational incidents, NAV restatements, and liquidity gates.	Table/Narrative
5.2.5.3	How do you communicate material events? Include notification methods and approval processes.	Narrative
5.2.5.4	Have you imposed liquidity gates, suspended redemptions, or restated NAV? If yes, how were investors notified?	Narrative
5.2.6	Investor Communication Practices	
5.2.6.1	How do you communicate with investors beyond standard reporting? Include investor letters, calls, webinars, meetings, and portal access.	Narrative
5.2.6.2	How often do portfolio managers or senior management interact directly with investors?	Narrative
5.2.6.3	Do you host investor days, annual meetings, or update calls? If yes, describe frequency and format.	Narrative
5.2.6.4	How do you handle ad hoc investor requests for information? Describe response procedures and turnaround time.	Narrative

#	Question	Response Type
5.2.6.5	Do you maintain an investor relations team or dedicated personnel? If yes, describe team and responsibilities.	Narrative
5.2.7	Transparency Governance	
5.2.7.1	Who reviews and approves investor reports before release? Describe approval hierarchy.	Narrative
5.2.7.2	What controls ensure consistency and accuracy of information across different communications?	Narrative
5.2.7.3	Have you had investor reporting errors? If yes, describe cause, impact, notification, and remediation.	Narrative
5.2.7.4	How are investor complaints about reporting handled and resolved?	Narrative
5.2.8	Crisis Communication	
5.2.8.1	What crisis communication procedures exist for adverse events (operational incidents, material losses, regulatory actions, key person departures)?	Narrative
5.2.8.2	Who has authority to communicate with investors during crisis situations?	Narrative
5.2.8.3	Have you experienced situations requiring crisis communication? If yes, describe how communication was managed.	Narrative

Section 6: Human Capital & Sustainability

This section assesses compliance with DFSB Standards 15-17: Organizational Continuity, Responsible Investment Stewardship, and Service Providers & Professional Relationships

#	Question	Response Type
6.1	ORGANIZATIONAL CONTINUITY	
6.1.1	Organization and Staffing	
6.1.1.1	Provide an organizational chart showing all reporting lines, teams, and key functions.	Upload
6.1.1.2	How many employees work in each area? Provide breakdown by: investment, research, risk, operations, compliance, technology, finance, investor relations, administration.	Table

#	Question	Response Type
6.1.1.3	What is your current total headcount? How has it changed over the past 3 years?	Table/Narrative
6.1.1.4	What is your annual employee turnover rate? Have you experienced significant turnover in the past 3 years?	Narrative
6.1.1.5	What background checks do you conduct on new hires? Include employment, education, criminal, credit, and regulatory checks.	Narrative
6.1.2 Senior Management and Key Personnel		
6.1.2.1	Provide biographies for all senior management. For each, include: name, title, education, prior experience, years at firm, and key responsibilities.	Upload
6.1.2.2	Provide biographies for all investment professionals. For each, include: name, title, education, prior experience, years at firm, investment focus, and track record.	Upload
6.1.2.3	How long have key individuals been with the firm? Provide tenure for all senior management and investment professionals.	Table
6.1.2.4	Have any senior managers or investment professionals left in the past 3 years? If yes, provide: name, role, departure date, reason, and how responsibilities were redistributed.	Table
6.1.2.5	Do any key personnel have regulatory disclosures or disciplinary history? If yes, provide full details.	Narrative
6.1.3 Key Person Risk and Succession Planning		
6.1.3.1	Who are the key persons at the firm? For each, explain why they are critical and what the impact would be if they departed.	Table/Narrative
6.1.3.2	What succession plans exist for: CEO, CIO, CCO, COO, CFO, and key portfolio managers? Are plans documented and when were they last reviewed?	Narrative
6.1.3.3	Who are the identified successors for key roles? What is the timeline for successor readiness?	Narrative
6.1.3.4	How do you mitigate key person risk through: team depth, cross-training, process documentation, and retention incentives?	Narrative
6.1.3.5	Do you maintain key person insurance? If yes, provide coverage amounts, insured individuals, and beneficiaries.	Narrative
6.1.4 Compensation and Retention		
6.1.4.1	How are senior professionals compensated? Describe structure including base salary, annual bonus, performance fees/carry, equity, and other components.	Narrative

#	Question	Response Type
6.1.4.2	How is the bonus pool determined? What factors drive bonus pool size?	Narrative
6.1.4.3	Do you use deferred compensation, carried interest, or equity to retain staff? Describe vesting schedules and employee ownership percentage.	Narrative
6.1.4.4	What retention strategies exist beyond compensation?	Narrative
6.1.5	Professional Development and Culture	
6.1.5.1	What professional development programs do you provide? Include training, certifications, and career development paths.	Narrative
6.1.5.2	How do you evaluate employee performance? Describe review process and frequency.	Narrative
6.1.5.3	How would you describe your firm culture? What values are most important?	Narrative
6.1.5.4	What is your approach to diversity, equity, and inclusion (DEI)? Do you have a DEI policy or program?	Narrative
6.2	RESPONSIBLE INVESTMENT STEWARDSHIP	
6.2.1	ESG Framework	
6.2.1.1	Do you have an ESG policy? If yes, provide the policy and describe integration approach.	Upload/Narrative
6.2.1.2	Who oversees ESG integration? How is ESG integrated into investment decisions?	Narrative
6.2.1.3	Are you a signatory to UN PRI, TCFD, or other ESG frameworks? If yes, provide status and reporting.	Narrative
6.2.2	ESG Considerations in Digital Assets	
6.2.2.1	What is your approach to evaluating energy consumption and environmental impact of blockchain networks?	Narrative
6.2.2.2	How do you assess governance quality of protocols and DAOs? Include decentralization, token distribution, voting mechanisms, and transparency.	Narrative
6.2.2.3	Do you participate in protocol governance or vote on proposals? If yes, describe approach and decision-making framework.	Narrative
6.2.2.4	Do you maintain exclusion lists based on ESG criteria? What is your policy on privacy coins or protocols with limited transparency?	Narrative

#	Question	Response Type
6.2.3	ESG Reporting	
6.2.3.1	What ESG disclosures do you provide to investors? How do you report on ESG integration and outcomes?	Narrative
6.3	SERVICE PROVIDERS & PROFESSIONAL RELATIONSHIPS	
6.3.1	Fund Administrator	
6.3.1.1	Who is your fund administrator? Provide name, location, and date of appointment.	Narrative
6.3.1.2	What services does the administrator provide? Include NAV calculation, investor services, AML/KYC, reconciliations, and financial reporting.	Narrative
6.3.1.3	Who are the key contacts at the administrator? Provide names, titles, and tenure.	Table
6.3.1.4	Have you changed administrators? If yes, provide: previous administrator, change date, reason, and transition process.	Narrative
6.3.1.5	Provide the administrator's most recent SOC 1 Type II / SSAE 18 or equivalent report.	Upload
6.3.1.6	How do you oversee administrator performance? Include KPIs, SLAs, and review frequency.	Narrative
6.3.2	Auditor	
6.3.2.1	Who is your auditor? Provide firm name, office location, and date of appointment. Is it a Big 4, national, or regional firm?	Narrative
6.3.2.2	What services does the auditor provide? Who is the lead audit partner and how long in role?	Narrative
6.3.2.3	Have you changed auditors? If yes, provide: previous auditor, change date, reason, and whether voluntary.	Narrative
6.3.2.4	Have auditors ever issued qualified opinions or raised significant issues? If yes, describe circumstances.	Narrative
6.3.2.5	Provide the most recent audited financial statements for all funds and the management company.	Upload
6.3.2.6	When is your fiscal year end? When are audited financials typically completed?	Narrative
6.3.3	Custodians	
6.3.3.1	Who are your custodians for fiat and digital assets? For each, provide: name, location, regulatory status, and date of appointment.	Table

#	Question	Response Type
6.3.3.2	Have you changed custodians? If yes, provide: previous custodian, change date, reason, and transition process.	Narrative
6.3.3.3	Do custodians provide SOC 1, SOC 2, or equivalent reports? Provide most recent copies.	Upload/Narrative
6.3.4 Prime Brokers		
6.3.4.1	Who are your prime brokers? For each, provide: name, services provided, and date relationship began.	Table
6.3.4.2	What services do prime brokers provide? What are your current exposures by prime broker as % of NAV?	Narrative
6.3.4.3	What are your margin terms and collateral arrangements? What rehypothecation rights exist?	Narrative
6.3.5 Legal Counsel		
6.3.5.1	Who are your legal advisors? For each, provide: firm name, jurisdiction, services provided, and date relationship began.	Table
6.3.5.2	Do you have separate counsel for: fund formation, regulatory, corporate, and litigation? Which counsel covers onshore vs. offshore?	Narrative
6.3.5.3	Do you have in-house legal counsel? If yes, provide name, title, and background.	Narrative
6.3.6 Other Key Service Providers		
6.3.6.1	Do you use external compliance consultants? If yes, provide: firm name, services, and engagement scope.	Narrative
6.3.6.2	Who are your critical technology and data vendors? For each, provide: name, services/systems provided, and contract term.	Table
6.3.6.3	Who are your banking partners? For each, provide: bank name, jurisdiction, services, and relationship length.	Table
6.3.7 Insurance Coverage		
6.3.7.1	What insurance coverage do you maintain? For each policy, provide: coverage type, carrier, coverage amount, deductible, and material exclusions. Include: D&O, E&O, crime/fidelity, cyber, and other relevant coverage.	Table
6.3.7.2	Have you filed insurance claims? If yes, provide: claim type, date, outcome, and impact.	Narrative
6.3.7.3	How often do you review and update insurance coverage? When was coverage last reviewed?	Narrative

#	Question	Response Type
6.3.8	Service Provider Oversight	
6.3.8.1	What is your overall process for selecting, approving, and monitoring service providers?	Narrative
6.3.8.2	Do you maintain a formal service provider oversight policy or framework? If yes, provide the policy.	Upload/Narrative
6.3.8.3	How often do you conduct formal reviews of service provider performance? What metrics are evaluated?	Narrative
6.3.8.4	Do you maintain a service provider oversight committee? If yes, describe mandate, membership, and meeting frequency.	Narrative
6.3.8.5	Have you terminated service providers for performance reasons? If yes, describe circumstances.	Narrative
6.3.8.6	What contingency plans exist if key service providers fail?	Narrative

Appendix: Glossary of Terms

This glossary defines key digital asset and regulatory terms used throughout the DFSB Due Diligence Questionnaire.

- **Airdrop:** Free distribution of cryptocurrency tokens to existing holders or wallet addresses, typically for promotional purposes or protocol governance distribution.
- **Bridge:** Smart contract infrastructure enabling transfer of assets between different blockchain networks, converting tokens from one chain's format to another.
- **Cold Storage:** Offline storage of cryptocurrency private keys, completely disconnected from the internet to protect against hacking and unauthorized access.
- **DAO (Decentralized Autonomous Organization):** An organization governed by smart contracts and token holder voting rather than traditional corporate hierarchy.
- **DeFi (Decentralized Finance):** Financial services built on blockchain networks using smart contracts, including lending, borrowing, trading, and yield generation without traditional intermediaries.
- **Depeg:** When a stablecoin or pegged asset deviates significantly from its intended price anchor (typically \$1.00), indicating stress or failure in the peg mechanism.
- **DEX (Decentralized Exchange):** A cryptocurrency exchange operating through smart contracts without a central intermediary, enabling peer-to-peer trading directly from user wallets.
- **EDD (Enhanced Due Diligence):** Additional investigation performed on high-risk investors or counterparties, including deeper background checks, source of funds verification, and ongoing monitoring.
- **Flash Loan Voting:** A governance attack vector where an attacker borrows a large amount of governance tokens via flash loan to manipulate protocol voting outcomes within a single transaction.
- **Fork:** A change to blockchain protocol rules, either adding features (soft fork) or creating incompatible new chains (hard fork), potentially creating new tokens.
- **Governance Token:** A cryptocurrency granting holders voting rights on protocol decisions, including parameter changes, treasury allocation, and upgrade proposals.
- **Hot Wallet:** Cryptocurrency wallet connected to the internet for active trading, offering convenience but with higher security risk than cold storage.
- **HSM (Hardware Security Module):** A dedicated physical device designed to securely generate, store, and manage cryptographic keys with tamper-resistant protection.

- **Impermanent Loss:** The temporary loss of value experienced by liquidity providers in automated market makers when the price ratio of deposited assets changes compared to simply holding them.
- **Layer 1 (L1):** The base blockchain network (Bitcoin, Ethereum, Solana) providing consensus, security, and settlement for all transactions built on top of it.
- **Layer 2 (L2):** Scaling solutions built on top of Layer 1 networks (Arbitrum, Optimism, Base) that process transactions off-chain while inheriting base layer security.
- **Liquid Staking Derivative (LSD):** A token representing staked cryptocurrency (e.g., stETH for staked ETH) that can be traded or used in DeFi while the underlying asset earns staking rewards.
- **LP Token:** A token received when providing liquidity to a decentralized exchange pool, representing proportional ownership of the pool's assets and fee earnings.
- **MEV (Maximal Extractable Value):** Value extracted by block producers through their ability to include, exclude, or reorder transactions, potentially impacting trade execution quality.
- **MiCA (Markets in Crypto-Assets):** European Union regulatory framework for crypto-assets establishing licensing requirements, consumer protections, and operational standards for crypto service providers.
- **MPC (Multi-Party Computation):** A cryptographic technique where private key operations are distributed across multiple parties, eliminating single points of failure in key management.
- **Multi-Sig (Multi-Signature):** A security arrangement requiring multiple authorized signatures (e.g., 2-of-3) to approve cryptocurrency transactions, preventing unilateral transfers.
- **OFAC (Office of Foreign Assets Control):** U.S. Treasury department administering economic sanctions programs, maintaining lists of prohibited parties that must be screened against.
- **On-Chain:** Transactions or data recorded directly on a blockchain, providing immutable, publicly verifiable records of activity.
- **Oracle:** A service that provides external data to smart contracts on a blockchain, enabling contracts to react to real-world events such as price feeds or event outcomes.
- **PEP (Politically Exposed Person):** Individuals holding prominent public positions (or their close associates) requiring enhanced due diligence due to elevated corruption and money laundering risks.
- **Perpetual (Perp):** A derivative contract similar to a futures contract but without an expiration date, using funding rates to keep prices aligned with spot markets.
- **Proof of Reserves:** An audit or cryptographic verification demonstrating that an exchange or custodian holds sufficient assets to cover customer deposits.
- **Protocol:** The rules and smart contracts governing a blockchain network or decentralized application, defining how participants interact and transact.

- **Qualified Custodian:** An institution meeting regulatory requirements to hold client assets, such as banks, broker-dealers, or registered digital asset custodians.
- **Rehypothecation:** The practice of a broker or custodian using client assets as collateral for their own purposes, creating counterparty exposure for the asset owner.
- **Restaking:** Using already-staked assets as collateral for additional protocols (e.g., EigenLayer), earning extra yield while accepting additional slashing risk.
- **Sanctions Screening:** Process of checking investors, counterparties, and transactions against government sanctions lists (OFAC, UN, EU) to prevent prohibited dealings.
- **SAR / STR (Suspicious Activity Report / Suspicious Transaction Report):** Formal reports filed with regulatory authorities when a financial institution detects potentially criminal activity or transactions inconsistent with a client's known profile.
- **Sequencer:** The centralized component in some Layer 2 networks responsible for ordering transactions before submitting them to the base layer.
- **Slashing Risk:** In proof-of-stake networks, the risk of losing staked assets as a penalty for validator misbehavior, downtime, or protocol violations.
- **Smart Contract:** Self-executing code deployed on a blockchain that automatically enforces agreement terms when predetermined conditions are met.
- **Smart Contract Audit:** Independent security review of smart contract code to identify vulnerabilities, logic errors, and potential exploits before or after deployment.
- **Stablecoin:** A cryptocurrency designed to maintain a stable value, typically pegged to fiat currency (\$1.00) through reserves, algorithms, or over-collateralization.
- **Staking:** Locking cryptocurrency to support network operations (validation, security) in exchange for rewards, typically in proof-of-stake networks.
- **Tokenization:** Converting rights to an asset into a digital token on a blockchain, enabling fractional ownership, programmable compliance, and automated settlement.
- **Travel Rule:** Regulatory requirement that financial institutions share sender and recipient information for transactions above certain thresholds to combat money laundering.
- **Wash Trading:** Illegal practice of simultaneously buying and selling the same asset to create misleading market activity and artificially inflate trading volumes.
- **Wrapped Token:** A token representing an asset from another blockchain (e.g., WBTC is wrapped Bitcoin on Ethereum), enabling cross-chain functionality.
- **Yield Farming:** Actively moving assets between DeFi protocols to maximize returns through interest, fees, and token incentives.

ABOUT THE DFSB

The Digital Fiduciary Standards Board (DFSB) is an independent, nonprofit standards-setting organization established to advance operational maturity in digital asset investment management. Through open, transparent standards development, DFSB provides allocators with a consistent framework for evaluating manager operational quality, managers with a practical roadmap to institutional credibility, and regulators with evidence of industry self-governance.

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