anchorage digital

PRIMER FOR GOVERNMENTS

# Establishing a Strategic Bitcoin Reserve

EKCCRH2024

# Establishing a strategic Bitcoin reserve

anchorage digital

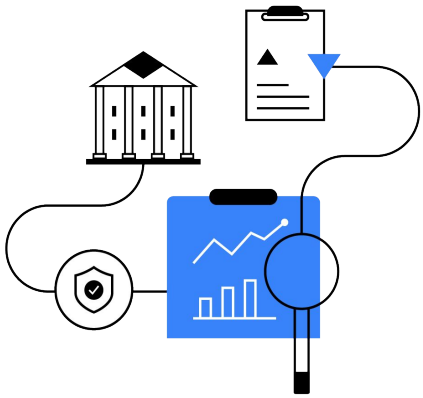
## Executive summary

The global financial landscape is undergoing a transformation, driven by the rise of digital assets and blockchain technology. Bitcoin, the first and most established cryptocurrency, is rapidly gaining global adoption, attracting attention from institutional investors, corporations, and now, governments worldwide.

A growing number of forward-thinking governments are recognizing the strategic importance of establishing Bitcoin reserves. This proactive approach allows them to attract investment and innovation, and diversify their portfolios.

### What is a Bitcoin reserve?

A Bitcoin reserve is a government-held asset reserve, similar in concept to traditional reserves of gold or foreign currencies, but comprised of Bitcoin. This digital asset reserve allows governments to diversify their holdings and participate in the evolving digital economy.



Unlike physical assets, a Bitcoin reserve exists as digital entries on a decentralized ledger, secured through cryptography and maintained by a network of computers globally. This unique characteristic presents both opportunities and challenges for governments, requiring careful consideration of security, custody, and regulatory frameworks.

### Why is a strategic Bitcoin reserve imperative in the digital age?

In an increasingly interconnected and digital world, governments that strategically embrace Bitcoin can gain a significant advantage. A Bitcoin reserve can:

- **Attract investment and innovation:** Signal a commitment to technological advancement and attract investment in the digital asset sector, driving economic growth.
- **Diversify portfolios:** Strengthen national reserves with Bitcoin, an asset that has demonstrated its potential as a store of value and continues to gain wider adoption worldwide.

### Key considerations for establishing a national Bitcoin reserve*

This primer details the following:

1. Important prerequisites
2. Bitcoin acquisition strategy
3. Custody and security
4. Regulatory compliance
5. Risk management
6. Audit and transparency
7. Integration with monetary policy
8. Geopolitical considerations
9. Education and public outreach

*Although this primer is written from a national perspective, it can be applicable to a range of governments including national, state, and local bodies.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Key Considerations: A Deep Dive

## Important prerequisites

Strategic rationale and legal framework for Bitcoin acquisition

**Objective**: To define the strategic purpose of a Bitcoin reserve, ensure alignment with economic goals, and establish a robust legal foundation for its acquisition and management.

### Critical factors

Strategic rationale

1. **Signal innovation and attract jobs:** Establishing a reserve demonstrates a commitment to technological advancement and can attract jobs and talent to your jurisdiction.
2. **Diversification:** Enhance financial resilience by strategically allocating a portion of national reserves to Bitcoin, a pioneering digital asset with growing global adoption and potential for long-term value appreciation.

Legal framework

1. **Regulatory clarity:** Determine Bitcoin's legal classification to clarify the roles of relevant agencies.
2. **Authorizing action:** Secure necessary approvals to use public funds for Bitcoin acquisition.
3. **Sanctions compliance:** Ensure all acquisitions comply with international sanctions and Anti-Money Laundering (AML)/Countering the Financing of Terrorism (CFT) regulations.

### Actionable steps

- ❑ **Strategic reserve allocation:** Define a target allocation for Bitcoin within the national reserves.
- ❑ **Interagency collaboration:** Establish a task force to clarify the legal parameters for Bitcoin acquisition and custody.
- ❑ **Secure necessary authorizations:** Obtain the required approvals to use public funds for Bitcoin purchases, depending on the legal framework of the jurisdiction.
- ❑ **Promote responsible acquisition:** Ensure Bitcoin acquisition strategies adhere to relevant AML/CFT and sanctions regulations.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Bitcoin acquisition strategy

**Objective**: To develop and implement a robust and transparent Bitcoin acquisition strategy that aligns with the government's strategic objectives, risk tolerance, and regulatory framework, while acquiring Bitcoin efficiently and minimizing risks such as price volatility, market impact, and counterparty default.

## Critical factors

1. **Market dynamics:** Consider market volatility, liquidity, and price discovery mechanisms when determining acquisition timing and volume.
2. **Acquisition methods:** Evaluate various methods, including direct purchases from exchanges, over-the-counter (OTC) transactions, and potential mining operations.
3. **Risk management:** Implement strategies to mitigate risks associated with market volatility, counterparty risk, and operational security.
4. **Transparency and accountability:** Ensure transparency in the acquisition process, including clear documentation, reporting, and audit trails.
5. **Cost optimization:** Seek competitive pricing and explore strategies to minimize acquisition costs.
6. **Source diversification:** Acquire Bitcoin from multiple sources to reduce reliance on single providers and enhance portfolio diversification.

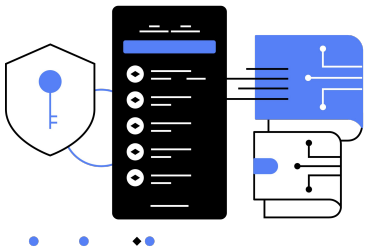
## Actionable steps

- ❑ **Engage with reputable service providers:** Identify and evaluate potential partners, such as exchanges, OTC desks, and custodians, to facilitate Bitcoin acquisition. Consider partnering with top-tier OTC desks to execute large transactions discreetly, and exploring Bitcoin acquisition directly from local miners to diversify acquisition channels.
- ❑ **Conduct thorough market research:** Analyze market trends, liquidity conditions, and potential acquisition channels (exchanges, OTC desks, etc.) to inform decision-making.
- ❑ **Establish transparent procurement processes:** Develop clear and transparent procedures for acquiring Bitcoin, ensuring compliance with relevant regulations.
- ❑ **Monitor and adapt:** Continuously monitor market conditions and acquisition performance, adjusting strategies as needed to optimize outcomes.
- ❑ **Develop a comprehensive acquisition plan:** This plan should outline the acquisition timeline, budget, target allocation, and risk mitigation strategies. Considerations may include implementing a time-weighted average price (TWAP) or dollar-cost averaging (DCA) strategy to acquire Bitcoin over time, minimizing price volatility and market impact, as well as performing smaller, staggered transactions to prevent market disruptions and reduce slippage costs.
- ❑ **Implement robust risk management measures:** Consider using risk mitigation strategies—such as dollar-cost averaging, hedging, and diversification—to minimize potential losses. Leveraging smart contracts or escrow services can help to secure transactions when dealing with third parties. Require counterparties to meet strict KYC and AML standards and establish a contingency fund to account for unexpected price volatility.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Custody and security

**Objective**: Use secure, regulated, and audited storage solutions to protect Bitcoin assets from unauthorized access, theft, or loss, ensuring the highest levels of security and operational integrity.



## Critical factors

### Cold vs. hot storage

Identify an offline, private-key storage solution that maintains safe accessibility of assets.

### Access control

Implement strict access controls and authorization procedures to limit access to Bitcoin reserves.

### Robust security protocols

Establish a strategy for security, monitoring, hardening, failover, and disaster recovery of cryptocurrency assets and data.

### Bankruptcy protections

Ensure that Bitcoin reserves are held with a bankruptcy-remote custodian, safeguarding assets from an entity's insolvency.

### Segregation of assets

Maintain clear ownership and control of government Bitcoin reserves by ensuring they are strictly segregated from all other assets within the chosen custody solution.

### Insurance

Secure comprehensive insurance coverage for digital assets to mitigate potential losses.

## Actionable steps

- ❑ **Custody infrastructure:** Secure reserves in offline, private-key storage, protected in geographically dispersed, high-security vaults. Use hardware security modules (HSMs) and air-gapped infrastructure to enhance the security and integrity of private key management.
- ❑ **Multi-signature protocols:** For any transactions involving Bitcoin reserves, require multi-person authorization.
- ❑ **Third-party custodians:** Partner with qualified custodians that offer bankruptcy-remote structures, segregation of assets, and insurance-backed services. Conduct regular audits of the custodian's security protocols to ensure compliance with best practices. For example, audits in the U.S. include SOC 1 and SOC 2, FFIEC guidance, and NIST.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Regulatory compliance

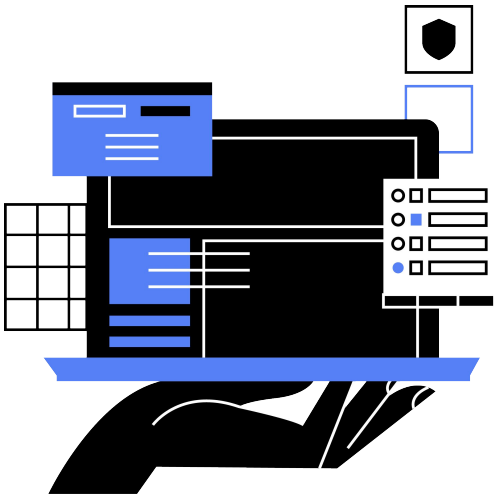
**Objective**: To ensure all operations adhere to relevant local, national, and international laws and regulations, maintaining the highest standards of compliance and transparency.

## Critical factors

**AML, KYC, and sanctions standards:** Help prevent illicit activity and ensure compliance with international standards.

**Tax implications:** Clarify the tax treatment of Bitcoin holdings and gains within the relevant jurisdiction.

**Accounting standards:** Develop Bitcoin-specific accounting policies that align with Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), ensuring accurate and transparent financial reporting.



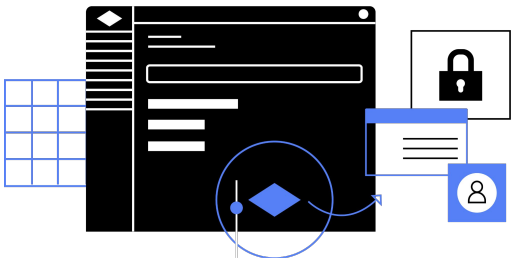
## Actionable steps

- ❑ **AML/KYC/sanctions compliance:** Require all counterparties to meet stringent AML, KYC, and sanctions requirements before executing transactions. Leverage blockchain analytics tools to monitor transaction histories and help ensure funds are not linked to illicit activities.
- ❑ **Tax compliance:** Communicate with relevant tax authorities to clarify the tax treatment of Bitcoin transactions and holdings. Establish a reserve to cover potential tax liabilities associated with capital gains or income from Bitcoin.
- ❑ **Accounting and auditing standards:** Align Bitcoin reserve accounting with GAAP or IFRS, depending on the applicable reporting standards. Engage independent auditors to conduct regular audits, ensuring transparency and accountability in financial reporting.
- ❑ **International collaboration:** Stay informed about evolving regulatory landscapes and adapt compliance procedures accordingly.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Risk management

**Objective**: To mitigate risks associated with Bitcoin's volatility, cybersecurity, and market dynamics, ensuring the long-term security and stability of the Bitcoin reserve.



## Critical factors

### Price volatility

Bitcoin's price can fluctuate significantly, impacting the value of the reserve.

### Cybersecurity threats

The Bitcoin reserve may become a target for cyberattacks, theft, and unauthorized access.

### Operational risks

Human error, system failures, and internal fraud pose potential threats.

### Counterparty risks

Risks associated with interacting with exchanges, custodians, and other service providers must be managed.

## Actionable steps

- ❑ **Develop a risk management framework:** Create a comprehensive framework that identifies, assesses, and mitigates potential risks.
- ❑ **Establish a risk management committee:** Form a dedicated committee to oversee and assess potential risks.
- ❑ **Conduct regular risk assessments:** Regularly review and update risk assessments to adapt to evolving conditions.
- ❑ **Develop contingency plans:** Establish clear contingency plans to address potential risks and ensure business continuity.

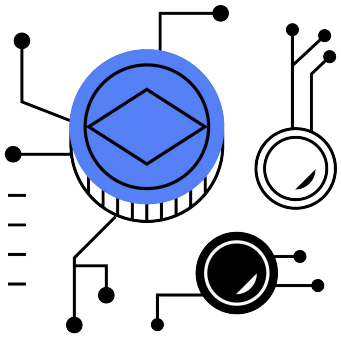
Implement risk mitigation strategies:

- ❑ **Diversification:** Ensure adequate strategic reserve diversification by setting an initial target for Bitcoin allocation relative in local fiat terms to other asset categories.
- ❑ **Security measures:** Implement robust security protocols, including multi-signature wallets and access controls.
- ❑ **Insurance:** Secure comprehensive insurance coverage for digital assets that includes crime/loss, general liability, and cyber and technology errors and omissions.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Audit and transparency

**Objective**: To establish robust mechanisms for internal and external auditing to ensure the accountability and security of Bitcoin reserves while fostering public trust and demonstrating responsible management.



## Critical factors

1. **Blockchain transparency:** Leverage Bitcoin's public ledger for audit trails without compromising operational security or privacy.
2. **Independent verification:** Engage third-party auditors with expertise in digital assets to validate holdings, transactions, and adherence to policies.
3. **Government accountability:** Establish periodic reporting mechanisms to provide transparency to legislators, relevant oversight bodies, and the public.
4. **Data integrity:** Ensure the accuracy, completeness, and reliability of data related to the reserve.
5. **Disclosure practices:** Develop clear and consistent disclosure practices that balance transparency with the need to protect sensitive information.

## Actionable steps

- ❑ **Blockchain-based verification:** Use blockchain explorers and analytics platforms to verify ownership of Bitcoin holdings. Publish cryptographic proofs of reserve (e.g., Merkle Tree verifications) to demonstrate solvency.
- ❑ **Independent audits:** Engage reputable third-party auditors for regular audits of reserves, acquisition records, and compliance practices.
- ❑ **Transparent reporting:** Publish regular reports detailing the size, value, and acquisition history of Bitcoin reserves. Protect sensitive information by anonymizing wallet addresses and withholding operational specifics.
- ❑ **Internal audit division:** Create a dedicated internal audit team with blockchain expertise to oversee daily operations, identify discrepancies, and recommend improvements.
- ❑ **Data management and security:** Implement robust data management systems to ensure the accuracy, completeness, and security of all data related to the reserve. Establish data retention policies and procedures to comply with regulatory requirements and industry best practices.
- ❑ **Communication and stakeholder engagement:** Develop a communication strategy to effectively convey information about the Bitcoin reserve to the public and relevant stakeholders. Establish channels for feedback and engagement to foster transparency and accountability.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

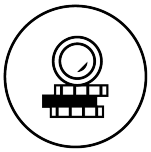
# Integration with monetary policy

**Objective**: To align Bitcoin reserves with broader monetary and fiscal strategies to enhance economic stability, flexibility, and resilience in a globalized and digital economy.

## Critical factors

1. **Liquidity management:** Balance the potential for long-term appreciation of Bitcoin with the need for accessible liquidity in the event of price fluctuation and/or during economic crises.
2. **Reserve allocation:** Integrate Bitcoin strategically as a complement to traditional reserve assets like gold, SDRs (Special Drawing Rights), and foreign currencies.
3. **Economic modeling:** Leverage quantitative models to assess and project Bitcoin's impact on the national and global economy.
4. **Monetary policy tools:** Explore Bitcoin's potential role in monetary policy tools and its interaction with existing mechanisms.
5. **International coordination:** Consider the implications of Bitcoin reserves on international monetary cooperation and global financial stability.

## Actionable steps



### Develop liquidity strategies

- ❑ Designate a portion of Bitcoin holdings for liquidation in case of emergencies.
- ❑ Partner with high-liquidity exchanges or OTC desks for conversion to fiat currency when needed.
- ❑ Maintain a designated portion of Bitcoin reserves in long-term, secure storage, insulated from short-term market fluctuations.

### Establish a dynamic allocation framework

- ❑ Develop a framework to periodically adjust Bitcoin's share in national reserves based on its performance, adoption rates, and macroeconomic conditions.
- ❑ Establish a committee or advisory board to oversee allocation decisions and recommend strategic adjustments.

### Collaborate with central banks

- ❑ Engage with central banks to explore Bitcoin's potential role in monetary policy tools, such as collateral for lending. Use Bitcoin's transparency and on-chain data to model its impact on monetary velocity and economic cycles.

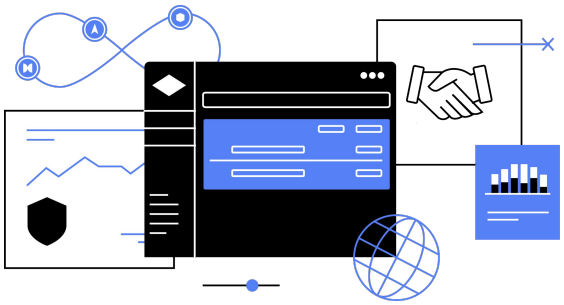
### Foster international cooperation

- ❑ Engage with international organizations and central banks to discuss the implications of Bitcoin reserves for financial stability and monetary cooperation.
- ❑ Share knowledge and best practices with other nations to promote responsible and coordinated integration of Bitcoin into the global monetary system.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Geopolitical considerations

**Objective**: To strategically leverage Bitcoin reserves to enhance the nation's economic and geopolitical standing, while proactively managing potential risks and fostering international collaboration.



## Critical factors

1. **Global leadership:** Positioning the nation as a leader in responsible blockchain adoption and financial innovation.
2. **Strategic alliances:** Collaborating with allied nations and international organizations to develop frameworks for responsible Bitcoin adoption and integration.
3. **Geopolitical risks:** Addressing potential challenges from governments or institutions that may perceive Bitcoin as a threat to existing financial systems or geopolitical power structures.
4. **Economic impact:** Analyzing the potential impact of Bitcoin adoption on international trade, economic development, and financial stability.
5. **Technological innovation:** Fostering innovation and development in the blockchain and digital asset sector to maintain a competitive edge.

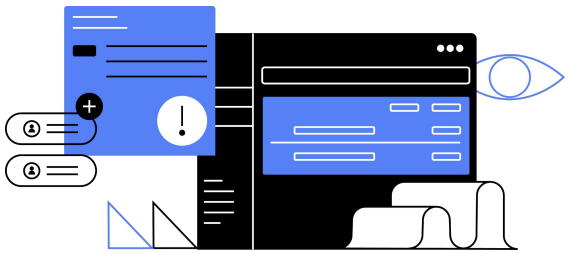
## Actionable steps

- ❑ **Foster international cooperation:** Partner with nations that support responsible Bitcoin adoption to establish a coalition advocating for balanced regulations and international standards. Actively participate in global forums, such as the G20, World Economic Forum, and International Monetary Fund, to contribute to the development of frameworks for digital asset integration and promote interoperability.
- ❑ **Strengthen economic diplomacy:** Explore using Bitcoin reserves to strengthen trade relationships and facilitate cross-border payments, particularly with nations that can benefit from blockchain adoption. Offer technical assistance and infrastructure support to allies interested in developing their digital asset capabilities.
- ❑ **Mitigate geopolitical risks:** Anticipate potential restrictions or sanctions from countries that may view Bitcoin as a threat and develop strategies to ensure resilience and self-sufficiency in key areas, such as mining, custody, and transaction processing. Develop contingency plans for scenarios where Bitcoin becomes a target of international regulation or market manipulation, ensuring the stability and security of the national Bitcoin reserve.
- ❑ **Promote responsible innovation:** Invest in research and development to foster innovation and technological advancement in the blockchain and digital asset sector. Support the development of responsible and ethical applications of Bitcoin technology to address global challenges and promote sustainable economic growth.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

# Education and public outreach

**Objective**: To educate stakeholders, policymakers, and the public about the benefits, risks, and implications of holding Bitcoin reserves, fostering a culture of innovation, transparency, and responsible adoption.



## Critical factors

1. **Policymaker education:** Equipping government officials with the knowledge and understanding necessary to make informed decisions about Bitcoin and its role in the economy.
2. **Public perception:** Addressing concerns about Bitcoin like energy usage and cyberattacks.
3. **Research and development:** Supporting research and innovation in the blockchain and digital asset space to enhance understanding and promote responsible development.
4. **Financial literacy:** Promoting financial literacy among the public to enable informed decision-making about Bitcoin and other digital assets.
5. **International collaboration:** Sharing knowledge with other governments and international organizations to foster a globally coordinated approach to Bitcoin adoption and education.

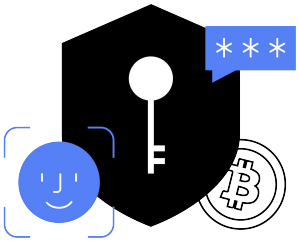
## Actionable steps

- ❑ **Develop educational programs:** Organize workshops and seminars to educate policymakers, regulators, and other government officials on blockchain technology, Bitcoin fundamentals, and risk management. Create online resources—including educational videos and interactive tutorials—to provide accessible information to the public.
- ❑ **Launch public awareness campaigns:** Implement public education campaigns to explain the rationale for holding Bitcoin reserves, emphasizing transparency, security, and potential benefits. Address environmental concerns by highlighting sustainable mining initiatives and efforts to promote energy-efficient blockchain technologies.
- ❑ **Foster research and innovation:** Partner with universities and research institutions to fund studies on Bitcoin's economic impact, technological development, and regulatory challenges. Collaborate with the private sector to develop innovative tools and solutions for Bitcoin security, auditing, and integration with existing financial systems.
- ❑ **Promote financial literacy:** Develop and implement programs to enhance public understanding of Bitcoin, blockchain technology, and the broader digital asset ecosystem. Encourage responsible investment practices and provide resources for individuals to make informed financial decisions.
- ❑ **Engage in international collaboration:** Share knowledge and best practices with other nations and international organizations to promote a coordinated approach to Bitcoin adoption and education. Participate in global forums and initiatives to develop international standards and frameworks for responsible Bitcoin use.

Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital Bank National Association and are not FDIC-insured.

## Conclusion

Establishing a strategic Bitcoin reserve is a forward-thinking initiative that can enhance a government's financial stability and position it for success in the digital economy. This primer has offered a detailed roadmap, outlining the essential steps involved in acquiring, securing, managing, and integrating Bitcoin into a government's financial infrastructure. By diligently following these guidelines, including implementing robust risk management frameworks, ensuring transparency and accountability through regular audits, and fostering international collaboration, governments can confidently harness the potential of this transformative technology while mitigating risks and maximizing benefits.



Get in touch to learn more: anchoragesales@anchorage.com

### Anchorage Digital: Your trusted partner for strategic Bitcoin reserves

Anchorage Digital is a global crypto platform that enables institutions to participate in digital assets through custody, staking, trading, governance, settlement, and the industry's leading security infrastructure. Home to Anchorage Digital Bank N.A., the first federally chartered crypto bank in the U.S., Anchorage Digital also serves institutions through Anchorage Digital Singapore, which is licensed by the Monetary Authority of Singapore; Anchorage Digital New York, which holds a BitLicense from the New York Department of Financial Services; and self-custody wallet Porto by Anchorage Digital. The company is funded by leading institutions including Andreessen Horowitz, GIC, Goldman Sachs, KKR, and Visa, with its Series D valuation over $3 billion. Founded in 2017 in San Francisco, California, Anchorage Digital has offices in New York, New York; Porto, Portugal; Singapore; and Sioux Falls, South Dakota. Learn more at anchorage.com, on X @Anchorage, and on LinkedIn.

Anchorage Digital has collaborated with various government institutions and officials, providing digital asset solutions and trusted partnership. Our experience includes supporting government officials in establishing secure custody frameworks, implementing robust security protocols, and enabling digital asset participation within legal and regulatory perimeters. We are confident that our institutional-grade solutions can empower governments to establish and manage their strategic Bitcoin reserves with the highest levels of security, compliance, and efficiency.

Custody, settlement, staking, and governance services are offered through Anchorage Digital Bank National Association ("Anchorage Digital Bank"). Digital asset trading services are provided by Anchorage Hold LLC ("Anchorage Hold"). A1 Ltd. is a principal trading business. Anchorage Services, LLC ("Anchorage Services") is an NFA-registered introducing broker, NFA ID No. 0532710. Anchorage Digital Bank, Anchorage Hold, and Anchorage Services are not registered with the SEC or any state authority as a broker or dealer and are not authorized to engage in the business of the offer, sale, or trading of securities. Anchorage Digital services are offered to institutions and certain high net worth individuals in limited circumstances, and are not marketed to residents outside of the US. Certain trading services are designed and available only for institutions who meet eligibility requirements, including qualification as an Eligible Contract Participant (ECP) under the rules of the U.S. Commodity Futures Trading Commission. For institutions participating in custody, staking, or governance with Anchorage's Singapore entity, those services are offered through Anchorage Digital Singapore Pte Ltd ("Anchorage Digital Singapore"). Anchorage Digital does not provide legal, tax, or investment advice or private banking services. Holdings of cryptocurrencies and other digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There can be no assurance that any cryptocurrency, token, coin, or other crypto asset will be viable, liquid, or solvent. No Anchorage Digital communication is intended to imply that any digital asset services are low-risk or risk-free. Digital assets held in custody are not guaranteed by Anchorage Digital and are not subject to the insurance protections of the Federal Deposit Insurance Corporation (FDIC) or the Securities Investor Protection Corporation (SIPC).