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Digital Assets

A Primer for Asset & Wealth Management Professionals

2026

Prepared by Nicsa's Digital Assets Committee

The Committee is dedicated to strengthening the asset and wealth management industry's understanding and adoption of digital asset innovations. The Committee focuses on emerging trends such as tokenization, market structure, market products, industry & policy standards, custody/settlement, regulation, and operational resilience & relevancy (platform development), helping members navigate an evolving landscape through education, best practices, practice management, and collaborative industry dialogue.

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Primer Contents

Executive Summary

Digital assets have moved from the margins of innovation into the mainstream of global finance. For asset and wealth management firms, the conversation has shifted from whether digital assets are relevant to how they may influence investment products, operating models, distribution strategies, and infrastructure modernization.

This Primer is designed to provide members of the Nicsa ecosystem with a practical, balanced foundation for understanding digital assets and their implications for asset managers, wealth managers, service providers, and institutional investors. It does not advocate for or against adoption. Rather, it establishes a shared framework and common vocabulary to support informed strategic decision-making.

At the highest level, digital assets encompass cryptocurrencies such as Bitcoin, Ether, and stablecoins, and tokenized representations of traditional financial instruments and real-world assets. Underpinning these innovations is blockchain technology, a distributed ledger infrastructure that enables shared recordkeeping, programmable transactions, and potentially more efficient settlement processes.

For asset and wealth management firms, digital assets present two parallel areas of relevance:

1. **Investment Exposure** – Offering clients access to cryptocurrencies and related strategies through vehicles such as ETFs, private funds, SMAs, and model portfolios, as well as through direct exposure via cryptocurrency holdings.

2. **Infrastructure Modernization** – Leveraging blockchain technology to improve custody, settlement, collateral management, tokenization of funds, and operational workflows.

Market participation has broadened significantly. Asset managers are launching new products and exploring tokenized fund structures. Wealth managers are incorporating allocations to cryptocurrencies into diversified portfolios. Institutional investors are evaluating both direct exposure and infrastructure investments. Banks, custodians, administrators, and broker-dealers are building capabilities around digital asset custody, trading, and settlement.

At the same time, regulatory and risk considerations remain central. In the United States, legislative and regulatory frameworks continue to evolve, particularly with respect to stablecoins and token classification. In the European Union, the Markets in Crypto-Assets Regulation (MiCA) has established a structured regime governing issuance and disclosure. Firms must navigate custody models, compliance obligations, governance requirements, operational controls, and tax reporting standards while adapting to a rapidly developing legal environment.

Operationally, institutional adoption is increasingly focused on audit-ready controls, role clarity, automated reconciliation, secure key management, and integration with existing financial infrastructure. The emphasis is shifting toward building systems that meet fiduciary standards and regulatory expectations rather than experimental deployment.

Importantly, digital assets are not simply another asset class. They represent a potential shift in financial architecture. While their market size remains modest relative to global equity and fixed income markets, the underlying infrastructure innovations around settlement, payments, and collateral movement are commanding serious strategic attention.

As digital and traditional finance continue to converge, firms must evaluate the digital assets landscape through both a portfolio lens and an operational lens. The objective of this document is to provide a clear, structured baseline from which the Nicsa community can engage in that evaluation thoughtfully and responsibly.

1. Why Digital Assets Matter to Asset and Wealth Management Firms

Digital assets are already in the room. Whether or not your firm has a position on them, investors do. And that gap is becoming harder to manage. This is not a nudge toward cryptocurrencies or a call to rethink your investment philosophy. It is a practical case for why financial advisors and asset management firms need to understand digital assets well enough to discuss them intelligently, account for them accurately, and make informed decisions about where they fit, or do not fit, in the work you do every day. Some have called digital assets and blockchain technology the biggest structural shift our industry has seen since moving from paper-based systems to electronic ones. When markets went electronic, the change was not just about speed. It reshaped how assets were issued, held, transferred, and reported: the product and the plumbing, front office and back office. Digital assets represent a similar kind of disruption. The investment case for any specific cryptocurrency is one conversation. The operational and structural implications of digital assets more broadly are a different one entirely, and that second conversation is already underway whether the first has been settled or not. This is not just another asset class.

Client Adoption and Market Reality

Your clients are further along than you might think. Client interest has moved well past novelty. Twenty to thirty percent of Americans already own cryptocurrencies, and 67% of them are under 45 (Business Wire). Among ultra-high net worth clients, a Fidelity survey found that 15 to 25% currently own cryptocurrencies, 50% are open to investing in them, and awareness among the cohort runs at 90%. A Bank of America survey found that younger wealthy Americans view cryptocurrencies as a growth asset class, not a speculative bet. Advisors do not have to recommend cryptocurrencies to be relevant here. But advisors who cannot engage with the questions risk something more consequential than a missed allocation. They risk the client questioning whether their advisor is the right partner for this conversation—and choosing to look elsewhere for guidance.

Visibility, Fiduciary Duty and Portfolio Management

What you cannot see, you cannot manage. Most client cryptocurrency holdings currently sit outside traditional advisory platforms. That creates real blind spots: incomplete balance sheets, gaps in risk management, and missing financial planning strategies around taxes and estate needs. For advisors with fiduciary obligations, this is a structural problem, not a minor inconvenience. A complete financial plan requires a complete picture. As digital assets become more common, closing this visibility gap is a prerequisite for giving responsible advice and for protecting the client relationship itself.

Product Development and Tokenization

Advisors mostly encounter digital assets through client conversations. Asset managers, however, are starting to explore them through product development. Blockchain technology makes it possible to issue traditional assets, bonds, real estate, private credit, and potentially even money market funds, in digital form through a process called tokenization. This results in digital asset tokens that represent ownership or exposure to underlying assets. This offers significant potential advantages:

- Lower investment minimums
- Greater liquidity
- Faster settlement
- Lower fees

Beyond the client facing benefits, tokenization opens additional revenue opportunities through innovative product structures involving digital asset tokens:

- ETFs
- SMAs
- Tokenized funds
- Direct investments in blockchain based strategies

Portfolio Construction Considerations

From a portfolio construction standpoint, cryptocurrencies, as one category of digital assets, may offer lower correlation to traditional asset classes and an asymmetric risk and return profile, making them a potential return enhancer, diversifier, and inflation hedge for clients who want that exposure managed responsibly. None of this comes without operational complexity. Custody, valuation, compliance, and fund structure compatibility for digital assets are still evolving, and the decisions asset managers make today will become easier—or more challenging—depending on how well they understand this rapidly developing landscape.

Client Expectations and Industry Positioning

Clients are not looking for a “shoot-from-the-hip” approach. They want a clear point of view. They want:

- Education
- Risk-managed access to digital assets
- Sound custody and reporting
- Tax and planning guidance
- Disciplined portfolio construction

You do not have to be bullish on cryptocurrencies to meet those needs. But you do need to be fluent in digital assets. For an industry built on trust and long-term thinking, that fluency is becoming part of what it means to serve clients well and stay ahead of competitors who are already having these conversations.

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2. Core Terminology and Foundational Concepts

This section is designed to define core concepts and establish a common vocabulary for strategic discussions.

Digital assets are representations of value or rights that exist natively in digital form and are recorded and transferred using blockchain technology. They include cryptocurrencies, tokenized financial instruments and real-world assets. Digital assets are best understood not as a single product category, but as a new financial infrastructure layer that can enable ownership, transfer and settlement to occur more efficiently and with greater automation than legacy systems.

Blockchain Technology

Digital assets rely on blockchain as their foundational technology. Blockchain technology is a distributed ledger maintained by a decentralized network of participants rather than a single central authority. Blockchain technology enables a shared, synchronized ledger in which all authorized participants see the same transaction history. Transactions that occur “on chain” are immutable, meaning they are cryptographically secured and resistant to tampering. They are also programmable via smart contract capabilities.

From a traditional finance perspective, blockchain functions as shared financial infrastructure that can reduce reconciliation costs, shorten settlement cycles, and enable atomic transactions (e.g. delivery versus payment in a single step).

Cryptocurrencies

Cryptocurrencies are a type of digital assets that are native to blockchain networks. They typically serve as a medium of exchange, a store of value, and/or a mechanism to pay for network usage.

Leading examples include:

- **Bitcoin (BTC)**: The first (2008) and largest cryptocurrency by market capitalization. Bitcoin is primarily viewed as a digital store of value and alternative monetary asset, with a fixed supply and high security.
- **Ether (ETH)**: The native asset of the Ethereum blockchain (2015). Ether is often used to pay transaction and computation fees and underpins a broad ecosystem of decentralized applications.

- **Solana (SOL)**: A high performance blockchain focused on speed and low transaction costs, often used for trading, payments, and consumer facing applications (2020).

For institutions, cryptocurrencies introduce 24/7 markets, programmable settlement assets, and new portfolio considerations, alongside volatility, custody, regulatory, and accounting implications.

Stablecoins

Stablecoins are cryptocurrencies designed to maintain a stable value, typically by being pegged to fiat currencies such as the U.S. dollar. Stablecoins are digital cash for the blockchain economy. They enable near real time, 24/7 settlement without reliance on traditional payment rails, and are widely used as the settlement and liquidity layer for trading, lending, and tokenized assets.

Tokenization

Tokenization refers to representing real world assets, such as bonds, funds, private credit, real estate or commodities, in a digital format (as a token) on a blockchain. Benefits of tokenized assets include fractionalization, improved liquidity and enhanced distribution capabilities. Digital wallets are the mechanism through which investors hold and transfer tokenized assets, while smart contracts enforce the associated rights and restrictions.

Custody, Security, and Control

Custody, Security, and Control of digital assets differ from real world assets (RWAs). Digital assets are controlled through cryptographic private keys, which represent ownership and transfer authority. Custody models include:

- **Self-custody**: Direct control by the asset owner in their own wallet
- **Qualified custodians**: Regulated institutions offering secure key management, insurance, and compliance
- **Hybrid and multi-party models**: Shared control structures to reduce operational risk

For institutions, custody decisions are primarily about governance, controls, existing operational infrastructure and regulatory alignment, not just technology.

Staking

Lastly, many modern blockchains use proof of stake, where participants lock tokens (“staking”) to help secure the network. Benefits of staking include yield generation (staking rewards resemble interest or dividends) and economic alignment (participants are incentivized to act in the network’s best interest). It is worth noting that staking introduces new questions around liquidity, risk, accounting, and client disclosures.

3. Market Participants & Use Case Categories

The following section shifts from foundational concepts to how different participants across the asset and wealth management industry are engaging with digital assets in practice.

Digital assets have evolved from a niche technology experiment into an emerging segment of the global financial system. The ecosystem now spans cryptocurrencies, stablecoins, tokenized traditional assets, and blockchain-based infrastructure that supports issuance, trading, custody, and settlement. For the asset and wealth management industry, relevance falls into two areas: investment exposure and infrastructure modernization. This section outlines how market participants are engaging and where strategic implications are emerging.

Asset Managers

Digital assets represent a new source of returns with differentiated drivers and historically low correlation to traditional equities and fixed income. At the same time, tokenization and blockchain-based fund structures offer potential to reduce operational friction and expand distribution. As clients increasingly expect a defined digital asset strategy, asset managers are building capabilities to remain competitive.

Asset managers are expanding their digital asset capabilities in areas such as:

- **Spot and Futures-Based ETFs (public market exposure)**: Large asset managers have launched Bitcoin and Ethereum ETFs, offering regulated, exchange-traded exposure without requiring clients to hold crypto directly.
- **Private Funds (active and thematic exposure)**: Some managers offer private funds that invest in digital assets or blockchain-related companies.
- **Tokenized Funds (blockchain-based fund structures)**: A small but growing number of firms are issuing tokenized versions of money market funds or private credit funds on blockchain networks, allowing for faster transfer and enhanced transparency.
- **Operational Modernization (blockchain in fund operations)**: Select managers are exploring blockchain for fund administration, transfer agency, and settlement processes.

Wealth Managers & Financial Advisors

For advisors, digital assets are more about relevance and engagement. Client expectations now include informed guidance on digital assets and advisors who can thoughtfully discuss this new asset class are better positioned for client retention.

Some advisors are allocating modest portions (e.g., 1–5%) of client portfolios to digital assets for diversification. Access is generally through regulated vehicles that provide relative operational simplicity. At the same time, firms are investing in advisor education and internal frameworks that address suitability, volatility management, and client communication.

Wealth managers are offering access to digital assets via:

- **Model Portfolio Allocations (ETF-based exposure)**: Firms are incorporating small allocations to Bitcoin ETFs within diversified portfolios.
- **SMAs and Managed Accounts (specialized digital asset management)**: Specialized providers offer managed digital asset accounts integrated into traditional custodial platforms.

Institutional Investors (Pensions, Endowments, Foundations)

Institutional engagement reflects a balance between demand for long-term return enhancement (high-growth investments) and strategic positioning within an evolving global financial infrastructure.

Institutions are gaining exposure to digital assets through:

- **Direct Crypto Exposure (regulated investment vehicles)**: Select institutions gain exposure to Bitcoin and other digital assets through ETFs, trusts, or separately managed mandates.
- **Infrastructure Investments (equity in the digital asset ecosystem)**: Allocations to digital asset exchanges, custodians, and blockchain software companies provide indirect exposure to ecosystem growth.

Retail Investors

Retail adoption has been driven by ease of access (brokerage platform availability) and an evolving narrative that positions bitcoin as a potential store of value or hedge against monetary debasement. Interest in decentralized finance and tokenized assets further reflects a willingness to engage with emerging financial models, despite complexity and risk.

Retail investors are accessing digital assets via:

- **Direct Trading (crypto ownership)**: Retail platforms allow users to buy cryptocurrencies directly.
- **Exchange-Traded Products (brokerage-based exposure)**: Investors gain exposure via ETFs in and similar products within traditional brokerage accounts.
- **Stablecoin Usage (digital dollars within the blockchain ecosystems)**: Some users hold stablecoins as a digital cash equivalent for transactions, savings, or participation in crypto-native applications.

Service Providers (Custodians, Administrators, Transfer Agents)

For service providers, digital assets represent both expansion and defensive strategies. New capabilities in custody, fund administration, and tokenization services are opening revenue opportunities. Traditional service providers are expanding these capabilities to remain competitive with crypto-native firms. Many providers are piloting tokenization platforms to modernize transfer agency and recordkeeping, with the goal of reducing reconciliation and improving transparency.

Service providers are expanding capabilities in:

- **Digital Asset Custody (secure storage solutions)**: Major custodians now offer institutional-grade crypto custody with cold storage and insurance frameworks.
- **Fund Administration for Crypto Funds (operational support)**: Administrators support NAV calculation, valuation, and compliance for digital asset funds.
- **Tokenization Platforms (blockchain-based recordkeeping)**: Service providers are piloting blockchain-based transfer agency and fund recordkeeping solutions.

Banks & Broker-Dealers

Banks and broker-dealers are approaching digital assets through the lens of trading and market making, with institutional clients requiring execution and liquidity services for digital asset transactions. Experimentation is accelerating in tokenized deposits and blockchain-based payments, particularly for cross-border settlement. Tokenized securities are also being explored for their potential to streamline collateral and repo markets through near-instant settlement.

Banks and Broker-Dealers are engaging via:

- **Crypto Trading Desks (execution services)**: Select banks facilitate digital asset trading for institutional clients.
- **Tokenized Deposits (blockchain-based liabilities)**: Banks are experimenting with issuing deposit tokens on blockchain networks to enable programmable payments.
- **Blockchain Consortiums (shared infrastructure development)**: Participation in industry initiatives aims to modernize clearing and settlement systems using distributed ledger technology.

4. Custody, Operations, and Infrastructure Considerations

The following section introduces more operational and technical considerations that are foundational to understanding how digital assets function within institutional environments.

Custody

Digital assets are increasingly shifting from self-custody (e.g., self-managed hot [online] or cold [offline] wallets, software- or hardware-based) to third-party custody. The latter option offers higher ease of use and lower risk of loss (e.g., from misplaced or compromised private keys) and typically incorporates institutional-grade security practices. Many custodians now rely on MPC (Multi-Party Computation) wallets and secure, insured cold-storage programs. MPC splits wallet keys into encrypted "shards" distributed across multiple parties, so that no single party ever holds the full key. This reduces single points of failure and enhances resilience against both internal and external threats. As institutional adoption grows, custodians are also layering on governance controls, role-based access, and audit trails to meet regulatory expectations.

Operations

Institutional custodians often use automated platforms that integrate traditional banking functions such as KYC/AML with blockchain-native activities such as the transfer and lifecycle management of tokenized assets. Smart contracts can contain self-executing code that automates functions such as releasing payment only once an asset transfer is verified, enabling more efficient and transparent settlement workflows. Real-time or near-instant settlement is possible against other held assets, including stablecoins, reducing counterparty risk and operational friction. Tax reporting is supported by platforms providing Form 1099-DA, while individuals use Form 8949 for capital gains/losses. Compliance audits such as SOC 1 Type II and SOC 2 Type II are becoming commonplace for verifying operational security, internal controls, and data integrity. Increasingly, custodians are also integrating automated reconciliation, exception handling, and policy-based transaction approvals to align with institutional compliance requirements.

Infrastructure

The "plumbing" of digital assets is being re-architected to handle institutional volume, regulatory scrutiny, and the need for continuous uptime. Modern platforms now build real-time transaction monitoring, anomaly detection, and "proof-of-reserves" directly into the protocol or infrastructure layer, improving transparency and trust. Regulated financial institutions provide legally segregated, insured, and audited storage to meet fiduciary duties and satisfy regulatory frameworks across multiple jurisdictions. Robust systems include documented disaster recovery, geographic key distribution, and high-availability architectures designed to withstand both cyber and physical disruptions. Custodians are no longer just passive vaults; they now offer "active custody," including staking services, governance participation, and embedded DeFi access.

5. Regulatory and Risk Frameworks in the U.S. and EU

The following section is more technical in nature and provides a high-level overview of regulatory frameworks shaping digital asset activity across the asset and wealth management industry.

Not surprisingly, the United States ("US") and the European Union ("EU") are taking different approaches to the regulation of digital assets. As of the date of this writing, it is unclear whether the US Congress will enact legislation currently under consideration – the Digital Asset Market Clarity Act of 2025 ("CLARITY Act") – that would provide a federal framework for crypto markets. While Congress continues to consider the CLARITY Act, the US Securities and Exchange Commission ("SEC") and the US Commodity Futures Trading Commission ("CFTC") have collaborated on a digital asset interpretation intended to offer market participants a clear understanding of their regulatory obligations.

A. United States – Current Framework

The U.S. regulatory approach continues to evolve through a combination of legislation, agency guidance, and interpretive frameworks.

I. Stablecoins – GENIUS Act

The GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act) ("GENIUS Act" or "Act"), establishes a first-ever US federal regulatory framework for "payment stablecoins" — essentially digital assets 100% backed on at least a 1-to-1 basis by liquid assets (such as low-risk reserves), pegged to the value of a reference national currency (such as the US dollar), and redeemable at a fixed value. The GENIUS Act creates a new issuer type — specifically, a "permitted payment stablecoin issuer" — and prohibits payment stablecoin issuers from creating and issuing stablecoins in the United States until approved to do so by either a federal banking regulator, an approved state regulator, or a new committee composed of federal banking regulators (the Stablecoin Certification Review Committee or SCRC).

1. Issuer Requirements

Payment stablecoin issuers must comply with several requirements, such as:

- Maintaining reserve assets that fully back outstanding payment stablecoins issued (on at least a 1-to-1 basis) and that are comprised of high-quality, liquid assets;
- Disclosing monthly the makeup of the reserve assets, redemption policies, and issuers with more than $50 billion in outstanding payment stablecoins issued must make annual audited financial statements publicly available;
- Complying with the Bank Secrecy Act (including for foreign issuers); and
- Avoiding making misleading claims or marketing representations about stablecoins.

Payment stablecoin issuers are also restricted from engaging in stablecoin activities outside of (1) issuance, redemption and custody of payment stablecoins, (2) maintenance and custody of the reserve assets, and (3) activities to directly support those activities. Payment stablecoin issuers may not tie or condition a customer's access to or use of stablecoins on the purchase of other products or services (or on agreement not to obtain a product or service from a competitor).

2. Amendments to Federal Securities Laws and Commodity Exchange Act

The GENIUS Act amended the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisers Act of 1940 to exclude "payment stablecoins" from the definition of "security." The Act also amends the Commodity Exchange Act (the CEA) to exclude "payment stablecoins" from the definition of "commodity."

II. Cryptocurrencies and Tokens

As noted above, the CLARITY Act, which would govern cryptocurrencies and tokens, has yet to be enacted. In the meantime, on March 17, 2026, the SEC and the CFTC issued an interpretation that categorizes digital assets according whether the holder of the digital asset is seeking profits by virtue of the essential managerial efforts of others – if yes, it is a security; if no, it is not:

- **"Digital commodities," or "network tokens,"** are viewed as commodities because they are intrinsically linked to and derive their value from a programmatic operation of a crypto system that is "functional" and "decentralized," rather than from the expectation of profits arising from the essential managerial efforts of others.
- **"Digital collectibles"** are designed to be collected and/or used and may represent or convey rights to artwork, music, videos, trading cards, in-game items, or digital representations or references to internet memes, characters, current events, or trends. A digital collectible is not a security because it does not have the economic characteristics of a security. The purchase of a digital collectible is not an investment in any business enterprise or other entity, promisor, or obligor associated with the creator of the digital collectible. Purchasers of digital collectibles are not expecting profits from the essential managerial efforts of others. However, the offer and sale of a digital collectible that either is fractionalized or otherwise enables individuals to acquire a fractional ownership interest of a single digital collectible, could constitute the offer or sale of a security because it may involve essential managerial efforts from which a purchaser would reasonably expect to derive profits and, therefore, may be offered and sold as an investment contract.
- **"Digital tools"** such as a membership, ticket, credential, title instrument, or identity badge, are not providing the holders an expectation of profits from the essential managerial efforts of others. Persons acquire digital tools for their functional utility and do not have any rights or interest in or with respect to a business enterprise or other entity, promisor, or obligor.

- **"Stablecoins"** are crypto assets that are designed to maintain a stable value relative to a reference asset like the U.S. dollar. As noted above, a payment stablecoin issued by a permitted payment stablecoin issuer under the GENIUS Act is not a security. Other stablecoins may be securities.
- **"Tokenized securities"** represent the ownership of a financial instrument enumerated in the definition of "security" that is formatted as or represented by a crypto asset, where the record of ownership is maintained on one or more crypto networks

The SEC also addressed how a non-security crypto asset may become subject to, and how it may cease to be subject to, an investment contract.

- The SEC stated that when an issuer offers a non-security crypto asset by inducing an investment of money in a common enterprise with representations or promises to undertake essential managerial efforts from which a purchaser would reasonably expect to derive profits, the crypto asset becomes subject to an investment contract.
- The SEC provided guidance on the nature of the representations or promises needed to create an investment contract, including the source of the representations or promises, the medium by which they are communicated, and the level of detail they must provide.
- The Commission explained how a non-security crypto asset no longer remains subject to an investment contract – namely, when the investment contract terminates because either the issuer has fulfilled its representations or promises or the issuer has failed to satisfy its representations or promises.

III. SEC Staff Guidance on Tokenized Securities

On January 28, 2026, the SEC's Divisions of Trading and Markets, Corporation Finance and Investment Management issued a statement setting forth their views on the taxonomies associated with tokenized securities. The SEC staff distinguished between issuer-sponsored tokenized securities and third-party sponsored tokenized securities.

The SEC staff noted that an issuer may tokenize a security in two different manners. It could issue it in the form of a digital asset by integrating distributed ledger technology into the systems that it uses to record owners of the security (the "master securityholder file"), such that a transfer of the digital asset on the distributed ledger results in a transfer of the security on the master securityholder file. Alternatively, it could issue a security off-chain, and then issue a digital asset to security holders. The digital asset may be used indirectly to effect transfers of the security on the off-chain master securityholder file.

The SEC staff recognized alternative paths for third parties unaffiliated with an issuer of a security to tokenize the unaffiliated issuer's security. With custodial tokenized securities, the underlying security is held in custody, and the digital asset evidences the holder's ownership interest (whether direct or indirect) in that underlying security. Alternatively, a third party may

issue a security that provides synthetic exposure to a referenced security, but it is not an obligation of the issuer of the referenced security and confers no rights or benefits from the issuer of the referenced security. In some instances, the digital asset may constitute a security-based swap.

B. European Union – Markets in Crypto Assets Regulation ("MiCA")

MiCA has been in effect since 30 December 2024. The MiCA taxonomy differs from the US taxonomy in that MiCA classifies crypto assets into E-money tokens ("EMTs"), asset-referenced tokens ("ARTs") (forms of stablecoins backed either by fiat currency, in the case of EMTs, or other tangible assets, in the case of ARTs), and all other crypto assets. Each group has its own set of rules. An issuer that wishes to market a digital asset in the EU must follow the following protocol:

I. Asset Classification

The digital asset must be categorized as an EMT, ART, or a general crypto asset.

II. EMT Issuance Requirements

EMTs may be issued only by:

1. EU authorized credit institutions, or
2. EU authorized electronic money institutions;

III. ART Authorization Requirements

ART issuers must be established in the EU and obtain specific authorization from a national competent authority.

IV. White Paper Requirements

Using the iXBRL format, the issuer must prepare a compliant white paper describing the asset.

1. ART and EMT White Papers – ART and EMT white papers are subject to regulatory review and must describe:

    a. Stabilization mechanism
    b. Reserve assets and custody arrangements
    c. Redemption rights
    d. Governance and risk management

2. Other Crypto Assets – other crypto assets are not subject to regulatory review, but must comply with accuracy and completeness requirements.

V. Ongoing Compliance Obligations

Issuers must enact in place AML/KYC measures, data protection safeguards, and client risk statements.

VI. Capital and Reserve Requirements

ART and EMT issuers must comply with capital requirements; ARTs must also comply with reserve requirements.

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6. Current Areas of Industry Focus and Strategic Attention

Against this regulatory and operational backdrop, this section explores how industry focus is increasingly shifting toward how digital assets can be implemented in practice.

Across the asset and wealth management industry, attention is shifting from viewing digital assets as primarily niche and speculative toward practical adoption paths that are easier to govern, operate, and explain to regulatory oversight. The current focus is not to replace traditional finance (TradFi), but to expand upon it through digitized forms of familiar instruments that can coexist with and integrate into existing portfolios.

From a market size perspective, digital assets are increasingly material and are commanding greater strategic attention in portfolio allocation decisions. However, they remain small relative to major traditional markets such as global equities and fixed income. As a result, much of the industry's focus is not solely on asset growth, but on the underlying infrastructure—particularly in areas such as payments, settlement, and collateral movement—where operational improvements can deliver meaningful impact even before the market reaches traditional scale.

The cryptocurrency market continues to gain traction as investors access exposure through mainstream investment vehicles that align with existing expectations around trading, custody, reporting, and regulatory oversight. The shift toward third-party custody solutions has reduced the need for investors to manage private keys or interact directly with crypto-native platforms, lowering barriers to entry and making digital assets a more accessible component of diversified portfolios.

At the same time, the industry is increasingly focused on building audit-ready, institutional-grade frameworks. This includes establishing clear roles and permissions, reliable reconciliation processes, third-party reporting capabilities, and documented governance structures. Even as the technology evolves, the emphasis remains on aligning digital asset infrastructure with the operational and fiduciary standards expected across the asset and wealth management industry.

Conclusion

As outlined throughout this primer, digital assets are increasingly viewed through two primary lenses. The first is as an investment exposure, where considerations center on portfolio construction, risk management, liquidity, and appropriate allocation sizing. The second—where much of the industry's focus is now shifting—is digital asset–adjacent infrastructure that enhances how value is issued, transferred, and managed, particularly in areas such as settlement and collateral.

These infrastructure applications often complement traditional finance, as the underlying exposures remain familiar even as the processes and connectivity evolve. As digital and traditional finance continue to converge, digital assets introduce a new financial operating model with meaningful implications for efficiency, product design, and distribution.

Digital assets are no longer solely a retail-driven phenomenon. Asset managers, wealth managers, institutional investors, banks, and service providers are actively exploring and, in many cases, implementing strategies across both investment products and operational infrastructure.

For the asset and wealth management industry, the opportunity extends beyond offering digital asset exposure. It includes understanding how blockchain technology may reshape fund structures, custody models, settlement processes, and distribution capabilities. While volatility, regulatory uncertainty, and operational risks remain, the industry conversation has clearly shifted from "if" to "how."

Digital assets represent a complex and continually evolving intersection of technology, markets, and regulation. As adoption progresses, collaboration across the asset and wealth management industry will be essential to establishing consistent standards, operational best practices, and informed approaches to implementation.

Join Our Discussion

Through its Digital Assets Committee, Nicsa brings together diverse perspectives from across the industry to support industry collaboration. To learn more about Nicsa membership or to explore how your firm can participate in ongoing peer discussions, contact info@nicsa.org.