



Cryptocurrency Asset Management

Grant Thornton Spain



Cryptocurrency Asset Management

A cryptocurrency is a digital asset designed to function as an exchange medium which uses cryptography to secure its transactions, control the creation of additional units and verify the transfer of assets. Any asset can be tokenized (created within a blockchain token that represents it), becoming a cryptocurrency. The advantage of tokenizing an asset is to be able to exchange it using blockchain, without intermediaries, in a secure way. A currency that is not under the supervision of any central bank, and within a parallel system in which monetary decisions have no relevance. The market is the only aspect which dictates the rules.

The growing demand for cryptocurrencies has led to the creation of agents which operate, manage, guard and administrate cryptocurrencies.

Our deep experience with Blockchain technology allows us to generate robust processes and create an infrastructure which offers clients trust and greater transparency for all agents operating within the Crypto ecosystem.



“Grant Thornton offers technical services which minimises the risks inherent to the technology.

Thus supporting clients wishing to mitigate risk related to the custody, management, and transactional operation of cryptocurrencies.”



Asset & Investment managers

Directly operate cryptocurrency investment strategies on behalf of investors.



Brokers

Intermediary between investors and the fund, operating the cryptocurrency investment strategy.



Custodians

Safeguard of the assets of the fund to avoid conflicts of interest and validating their worth.



Fund Administration

Responsible for valuing the fund and underlying assets, Along with maintaining control of all inflow and outflow of funds.



Key Advisors

Onshore and offshore legal firms are responsible for the support of fund decision-making, while Independent directors act as watchdogs over funds.

Technical Architecture Analysis



Cryptocurrency Secure Management and Storage

Secure storage of cryptocurrencies is critical for asset and investment management. Grant Thornton offers expert analysis and the technical audit of storage infrastructure to ensure clients have robust security while maintaining market liquidity.

We analyse storage solutions to ensure each entity in the fund management lifecycle has the correct hot, cold, and tempered storage solution allowing them to minimize operational risks without reducing liquidity to the fund.



Custodian Software and Storage

Grant Thornton's specialised Blockchain team has the ability to audit software set up which is being used to safeguard the funds' cryptocurrency holdings – from a technical perspective. Verification and analysis of the level of security as part of the end-to-end operation and transaction carried out by fund, asset or investment managers.



Key management solutions

The storage of cryptocurrencies requires safe custody of the keys while giving adequate access to assets. We analyse security set up for cryptocurrency transactions and provide best practice advice regarding key recovery, multi-signature address infrastructure, which minimises risks by ensuring the correct layers of segregation are in place.



Price Modelling

As cryptocurrencies can be exchanged anywhere in the global network, valuation is a complicated task, and in many cases can lead to errors. Many portals list different purchase and sale prices without analysing their origin, this can distort the true value.

Grant Thornton has an analysis methodology which allows clients to obtain information in real time of the purchase of cryptocurrencies in the market. Thanks to an advanced algorithm system, we can provide our clients with the highest and lowest transaction value method which eliminates false values or ones of dubious origin, thus avoiding buying or selling with erroneous information.



Reconciliation of Assets in blockchain

The reconciliation process for a new asset is a complex multi-step process. Grant Thornton offers advice based on blockchain technology for the automation of fund books covering all type of assets.



Asset Management - Solution Design

Although not always necessary, where clients feel current market-ready solutions are not fit for purpose, Grant Thornton has the ability to develop tailor-made application solutions for all the above mentioned steps of the journey; custody, storage, pricing key management, and valuation.

Application Spotlight: Platform for direct exchanges of cryptocurrencies in blockchain. As any cryptocurrency can be accessed and traded by directly connecting to the cryptocurrency's blockchain – Grant Thornton can create channels of direct exchange and for clients not satisfied with current exchanges available.

Initial Coin Offering – Technical and Financial Valuation

Companies launching an Initial Coin Offering (ICO) require both technical and financial analysis from a third party in order to offer investors comfort. Grant Thornton is in the unique position having the ability to perform a technical analysis of the smart contract infrastructure from our Blockchain Lab in Spain, along with performing a financial review from our partnering firms from the jurisdiction of which the client is registered as a legal entity or planning to do business in.



Technical analysis of the ICO Ecosystem

Some companies with an ICO offering may have already clarified their financial procedure and set up, in such cases Grant Thornton can provide independent technical services for clients solely wishing to confirm the robustness of their technical and smart contract infrastructure.

Smart Contracts



● **Smart contracts:** to audit the smart contract we take into account the following aspects:

- 1 The purpose
- 2 Deployment/implementation in the network
- 3 The execution of code

Technical framework



● **Dapp analysis:** when auditing smart contracts, it is also important to bear in mind the technical framework in which it is developed. This means that it is necessary to analyse the decentralized application (Dapp) and its workings in order to understand whether the smart contract is complying (or not) with its purpose(s). A Dapp or decentralized application, refers to an application where its code is stored and runs in a blockchain.

Business framework



● **Functional analysis:** in order to audit the smart contract is necessary to understand the business framework within which the smart contract exists.





50,000
people



+135
countries



+700
offices



7.8% growth
in revenues in 2016



Spain

Clients give
our service
and teams
9 out of 10
for performance

3,500
clients

10
offices

Grant Thornton provide consulting,
audit, tax, legal and advisory services
using insights, experience and instinct to
solve complex issues for privately
owned, publicly listed and public sector
clients

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