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INSTITUTIONAL BANKING INTELLIGENCE

INSTITUTIONAL BANKING INTELLIGENCE | 2026 REPORT

2026 Commercial Banking & Digital Asset Custody Report

The institutional operating model for custody, capital, execution,
collateral and programmable settlement

60-PAGE INSTITUTIONAL RESEARCH EDITION

Research cutoff: 18 August 2026

Commercial banking | Custody | Prime brokerage | Basel capital | Collateral | Settlement

BANKING THE FUTURE OF VALUE.



Publication Note & Scope

This report examines the commercial-banking layer of institutional digital assets: how regulated banks and institutional counterparties safeguard, execute, finance, collateralize and settle Bitcoin and adjacent digital instruments. It intentionally excludes retail buying guides, exchange rankings, DeFi yield farming and anti-bank advocacy.

WHAT THIS REPORT COVERS

Institutional custody; prime brokerage and OTC execution; Basel cryptoasset classification and capital; bank balance-sheet boundaries; secured lending; tokenized deposits; bank-led settlement; Canton and institutional market infrastructure.

WHAT IT DOES NOT COVER

Retail exchange comparisons, personal-wallet tutorials, credit-card purchase guides, speculative trading signals, DeFi yield products or generalized “crypto adoption” claims without legal and operational context.

EDITORIAL PRINCIPLES

SOURCE-FIRST

Regulators and primary institutional sources outrank secondary commentary.

CLASSIFICATION-FIRST

Bitcoin, stablecoins, tokenized deposits, CBDCs and tokenized securities are treated as different legal/economic instruments.

JURISDICTION-AWARE

Basel standards are separated from local implementation.

CAPABILITY-AWARE

Public product announcements are not treated as universal client availability.

NON-ADVISORY

Research only; no investment, legal, accounting, banking or credit advice.

LEAD ACCESS FIELDS FOR /digital-asset-banking-report/

Name | Institution | Corporate Email | Role | Country

CTA: REQUEST INSTITUTIONAL ACCESS



2026 Institutional Banking Dashboard

A structural view of the commercial-bank digital-asset operating model - not a market-price dashboard.

U.S. CUSTODY ACCOUNTING

SAB 122

Effective 30 Jan 2025

OCC BANK AUTHORITY

IL 1183

Issued 7 Mar 2025

FDIC PROCESS

FIL-7-2025

Issued 28 Mar 2025

BASEL CRYPTO FRAMEWORK

SCO60

International standard

BASEL IMPLEMENTATION TARGET

1 JAN 2026

Local adoption varies

BANK SETTLEMENT

Tokenized deposits

Programmable bank money

THE COMMERCIAL BANKING STACK

Institutional client

Custody & safekeeping

Execution / OTC / prime

Credit & collateral

Balance-sheet capital

Clearing & settlement

Tokenized bank money

Object	Legal / economic identity
Bitcoin	Unbacked cryptoasset; no issuer
Stablecoin	Token issued under reserve/redemption structure
Tokenized deposit	Commercial-bank liability on programmable rail
CBDC	Central-bank liability
Tokenized security	Digital representation of a financial instrument

Sources: [1], [2], [4], [8], [9], [11], [12], [14] | Research cutoff: 18 August 2026



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Ten Institutional Findings

1 Custody is separating from principal exposure

The strongest bank opportunity is often fee-based custody and servicing rather than proprietary Bitcoin risk.

2 SAB 122 changes accounting, not all custody law

It removes SAB 121 staff guidance but does not replace entity-specific legal and supervisory analysis.

3 Bank regulators have reduced procedural friction

OCC, FDIC and Federal Reserve actions in 2025 moved permissible activity closer to ordinary supervision.

4 Basel capital remains a hard constraint

Group 2 treatment and exposure limits keep direct higher-risk cryptoasset positions capital intensive.

5 Tokenized deposits are not stablecoins

They represent commercial-bank liabilities and can become a 24/7 institutional settlement leg.

6 OTC execution is a post-trade problem too

Price, credit, custody and settlement certainty must be measured together.

7 Collateral mobility is becoming strategic infrastructure

Tokenized Treasuries and privacy-preserving networks are expanding 24/7 financing possibilities.

8 Always-on assets demand always-on risk controls

Margin, liquidation and liquidity policies must work outside banking hours.

9 Global regulation is converging in vocabulary, not timing

Basel concepts are shared, but EU, UK and other implementations remain jurisdiction-specific.

10 The winning bank model is likely multi-rail

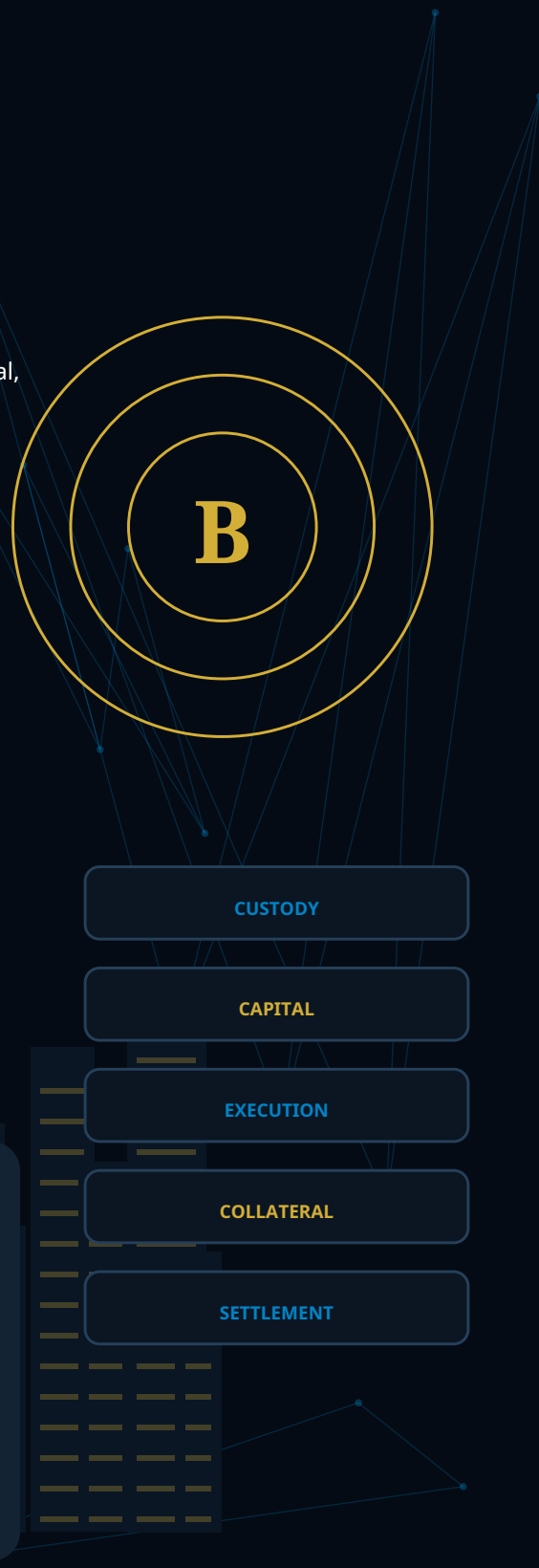
Bitcoin, tokenized deposits, conventional payment rails and tokenized securities infrastructure will coexist.



CHAPTER 01 | THE COMMERCIAL-BANKING LAYER

Executive Banking Overview

Bitcoin is moving deeper into regulated financial infrastructure, but the institutional story is not simply “banks adopting Bitcoin.” It is a layered operating-model shift involving custody, execution, balance-sheet capital, collateral control, settlement design and regulatory supervision.



KEY INSTITUTIONAL TAKEAWAYS

- Custody, principal risk and settlement are separate balance-sheet questions.
- 2025-26 U.S. supervisory changes lowered procedural friction without removing safety-and-soundness obligations.
- The highest-value banking opportunity is infrastructure integration, not retail crypto distribution.



Executive Banking Overview

A BANKING OPERATING MODEL, NOT A PRODUCT TREND 2026 IS AN INFRASTRUCTURE YEAR

Institutional adoption is best understood as a stack. At the client edge, banks and specialist custodians safeguard assets and keys. In the middle, prime brokers and OTC desks connect liquidity, financing and clearing. At the balance-sheet layer, prudential capital rules determine the cost of direct exposures. At the settlement layer, tokenized deposits and bank-led blockchain rails can compress settlement time without changing the legal identity of Bitcoin itself.

REGULATORY OPENING WITH SUPERVISORY DISCIPLINE

The U.S. regulatory direction shifted materially during 2025. SAB 122 removed the prior SEC staff accounting treatment in SAB 121; the OCC and FDIC clarified pathways for permissible activities; and the Federal Reserve withdrew certain prior crypto-specific guidance. None of those steps converts crypto activity into a low-risk business. Banks still need governance, legal authority, BSA/AML controls, cybersecurity, third-party risk management and capital adequacy commensurate with the activity.

The most consequential 2026 developments are occurring in institutional rails: BNY and State Street are expanding custody and digital-asset operating capabilities; Fidelity Digital Assets continues regulated institutional custody and trading; Kinexys has extended deposit-token and programmable-settlement capabilities; and Canton is being used for tokenized collateral and market-infrastructure experiments. The commercial-bank value proposition is increasingly about trusted control, balance-sheet intermediation and settlement finality.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

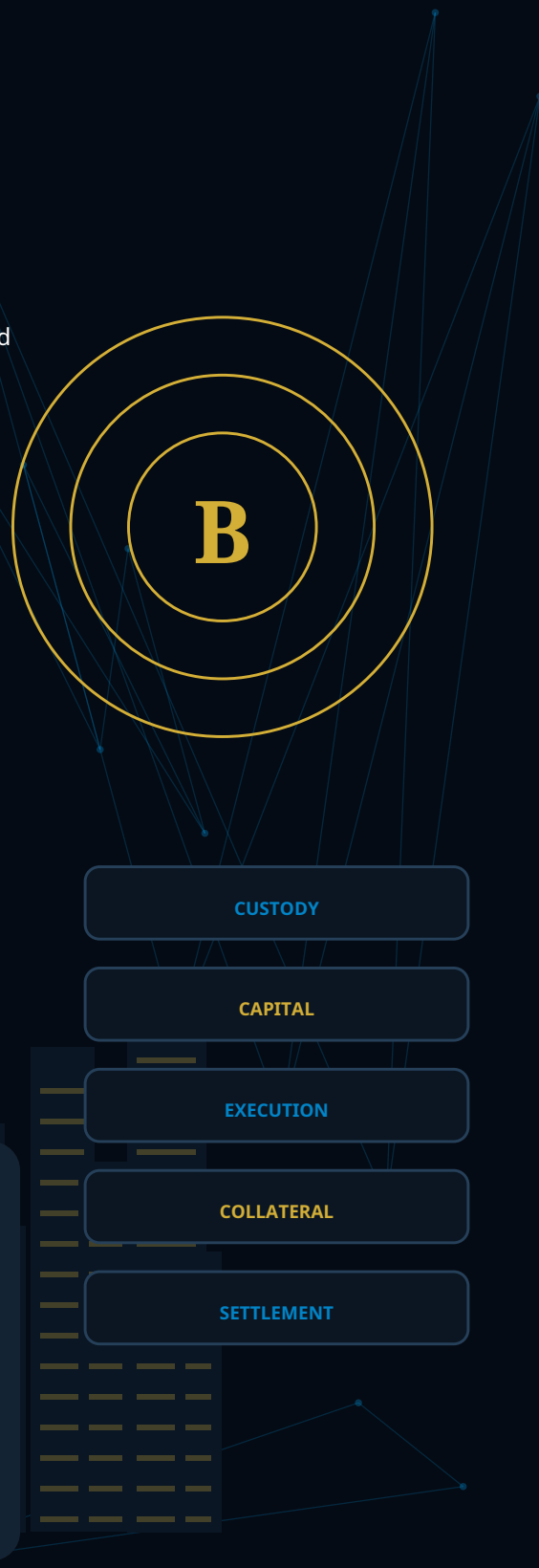
Layer	Function	Primary risk focus
Custody	Safeguard client assets and keys	Operational / fiduciary / legal
Execution	Source institutional liquidity	Market / conduct / counterparty
Capital	Measure principal exposure	Prudential / concentration
Settlement	Move cash and assets	Finality / liquidity / technology

Sources: [1], [2], [4], [5], [6], [8], [11], [12], [14], [17] | Research cutoff: 18 August 2026



Commercial Banking Integration

Commercial banks can participate in digital-asset markets without becoming retail crypto exchanges. The institutional model is a controlled integration of safekeeping, transaction execution, credit, treasury services, cash management, reporting and settlement.



KEY INSTITUTIONAL TAKEAWAYS

- The bank's comparative advantage is regulated intermediation and operational control.
- Integration is modular: a bank may provide one layer while outsourcing another.
- Client experience improves when digital assets connect to existing treasury, collateral and reporting systems.



Commercial Banking Integration

THE MODULAR BANK STACK

A Tier-1 banking model separates functions instead of placing all digital-asset activity inside one platform. Custody may sit with a bank or qualified specialist; execution can route to multiple OTC and exchange venues; cash remains within controlled payment channels; and settlement can use traditional rails, tokenized bank money or blockchain infrastructure. This modularity helps institutions control vendor concentration and assign accountability.

BALANCE-SHEET BOUNDARIES MATTER

A client asset held in custody is economically different from a proprietary exposure held by the bank. A deposit token is a bank liability; a stablecoin is a token with a different issuer and legal structure; Bitcoin is an unbacked cryptoasset. Governance, accounting and prudential treatment should follow the legal and economic substance of each position rather than the technology label.

THE OPERATING OBJECTIVE

The target state is a digital-asset service that feels operationally familiar to an institutional treasurer: defined legal entity, service-level agreement, segregated authority, approved venues, transparent fees, daily reconciliation, exception management, auditable controls and predictable settlement. Banks that achieve this can connect digital markets to the same risk architecture used for securities, cash and collateral.

BANKING SIGNAL

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INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Client interface	Treasury / asset manager portal	Entitlements and reporting
Control layer	Custody + transaction policy	Key and approval governance
Market layer	OTC / exchange / prime	Liquidity and execution
Core bank	Cash / credit / ledger	Balance-sheet integration

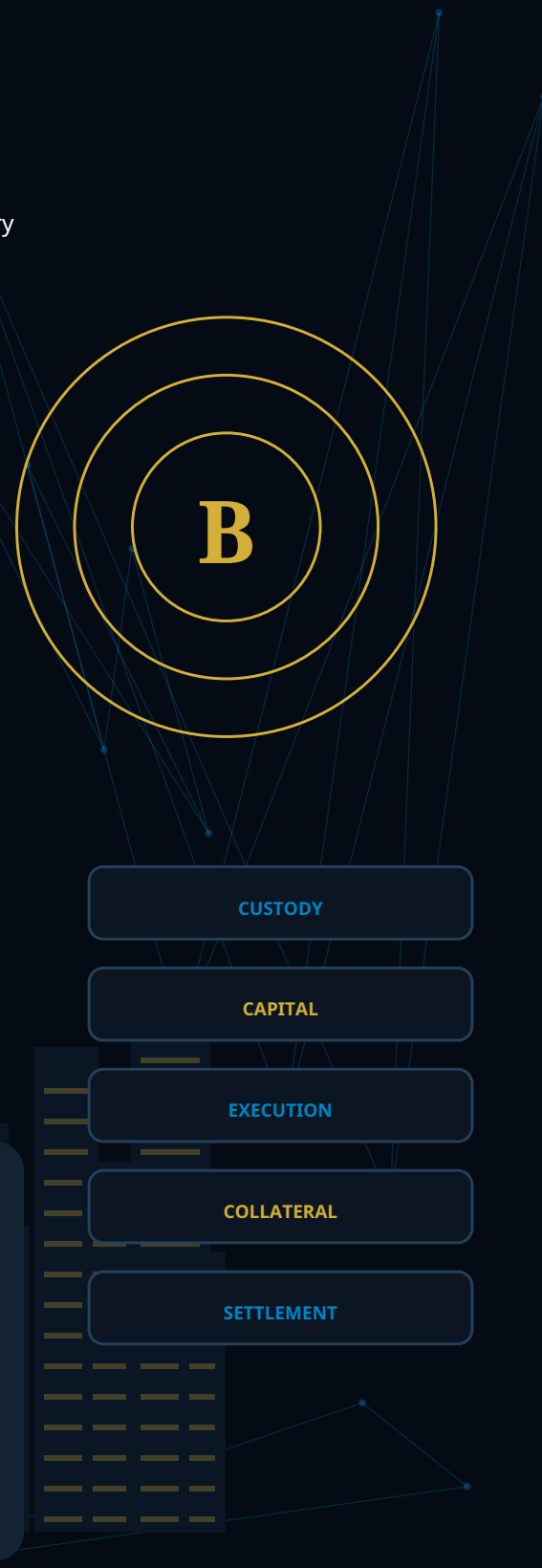
Sources: [2], [3], [4], [7], [11], [12], [13] | Research cutoff: 18 August 2026

Post-SAB 122 Custody

SAB 122 rescinded the SEC staff guidance in SAB 121 effective 30 January 2025. For institutional custody, the significance is real but narrow: it changes the prior staff accounting position; it does not itself authorize custody, determine qualified-custodian status or replace bank safety-and-soundness requirements.

KEY INSTITUTIONAL TAKEAWAYS

- Treat SAB 122 as an accounting-policy change, not universal custody authorization.
- Bank regulators continued to emphasize safekeeping controls in July 2025.
- Custody eligibility still depends on legal entity, jurisdiction, client type and applicable securities/banking rules.





Post-SAB 122 Custody

WHAT CHANGED

SAB 121 had directed entities with obligations to safeguard customer crypto-assets to recognize a safeguarding liability and corresponding asset. SAB 122 rescinded that interpretive guidance and instructed entities to apply other applicable accounting standards to safeguarding obligations. This removed a widely cited balance-sheet obstacle but did not resolve every legal or prudential question around crypto custody.

WHAT DID NOT CHANGE

Custody remains a high-control function. The July 2025 interagency statement highlighted risk management for customer crypto-asset safekeeping, including governance, key management, legal analysis, third-party dependencies, contingency planning, operational resilience and compliance. A bank entering custody still needs board-approved risk appetite and an operating model consistent with its charter and supervisory framework.

INSTITUTIONAL CONSEQUENCE

The result is a more viable pathway for traditional financial institutions to evaluate crypto custody, especially when combined with OCC and FDIC procedural clarifications. The most credible models resemble existing institutional custody: segregated client records, controlled asset movement, reconciliation, auditability and clear subcustodian accountability rather than exchange-style omnibus convenience.

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INSTITUTIONAL OPERATING MATRIX

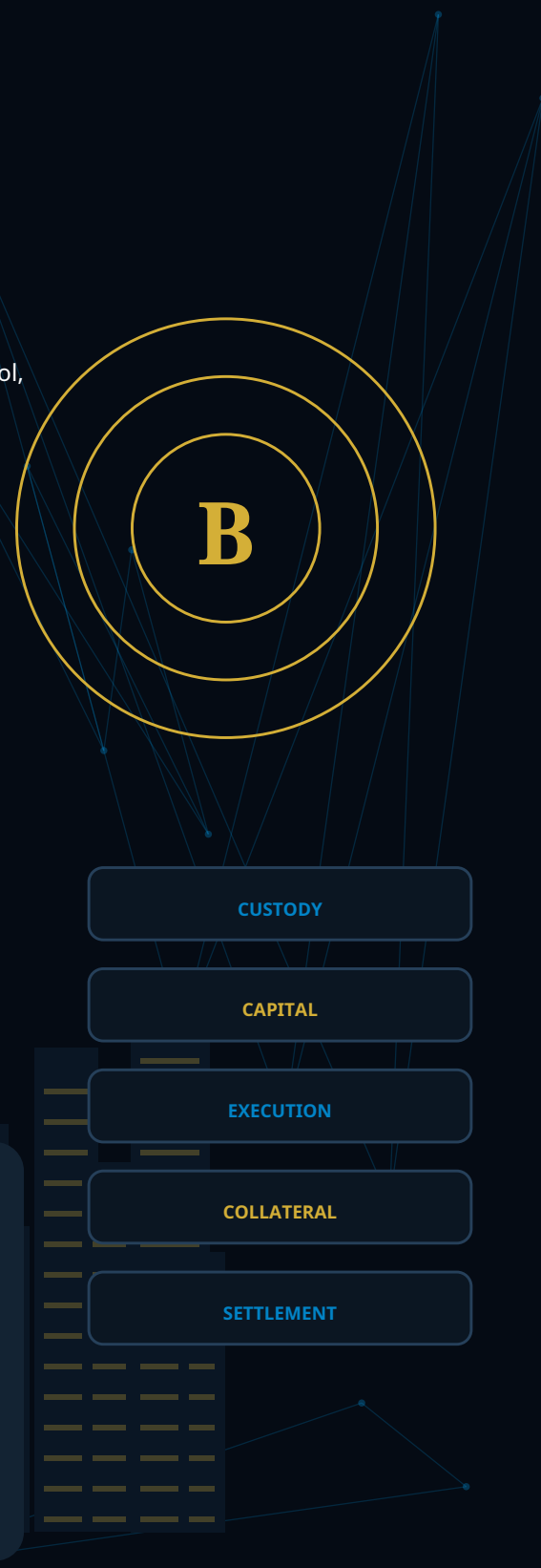
Layer	Function	Primary risk focus
Accounting	SAB 122 rescinds SAB 121 staff guidance	Entity applies applicable GAAP
Authority	Separate legal analysis required	Charter / jurisdiction specific
Safekeeping	Interagency risk principles apply	Controls and resilience
Client status	Retail and institutional rules differ	Eligibility and disclosures

Sources: [1], [2], [4], [6], [7] | Research cutoff: 18 August 2026



Global Bank Custody Landscape

The institutional custody landscape is converging rather than consolidating into one model. Global custodians, trust banks and specialist digital-asset custodians are each building differentiated control, wallet and servicing capabilities.



KEY INSTITUTIONAL TAKEAWAYS

- BNY publicly describes segregated-wallet institutional custody.
- State Street launched a digital-assets platform in January 2026 with wallet, custody and cash capabilities.
- Fidelity Digital Assets provides institutional custody and trading through a national trust bank structure in the U.S.



Global Bank Custody Landscape

BANK CUSTODY IS BECOMING OPERATIONALLY CONCRETE DUE DILIGENCE SHOULD BE CAPABILITY-SPECIFIC

BNY describes digital assets safeguarded through segregated wallets with operational controls and links to settlement, accounting and servicing. State Street's January 2026 platform launch added wallet-management, custodial and cash capabilities intended to bridge digital and traditional services. These developments indicate that large custody banks increasingly view digital assets as an extension of asset-servicing infrastructure.

A "digital assets" label is not enough. Institutions should verify supported assets, wallet segregation, legal entity, jurisdiction, key-control model, insurance terms, subcustodian dependencies, blockchain support, withdrawal governance, incident history, audit coverage, recovery design and settlement integration. Public announcements should not be interpreted as universal availability across every client segment or geography.

SPECIALIST INSTITUTIONAL CUSTODIANS REMAIN IMPORTANT

Fidelity Digital Assets demonstrates a specialist model built around regulated custody and trading. Specialist providers can move faster on wallet technology, trading connectivity and 24/7 operations, while large banks bring client relationships, global servicing, balance-sheet capacity and integrated cash/collateral workflows. Institutions may combine both through subcustody or multi-provider models.

BANKING SIGNAL

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INSTITUTIONAL OPERATING MATRIX

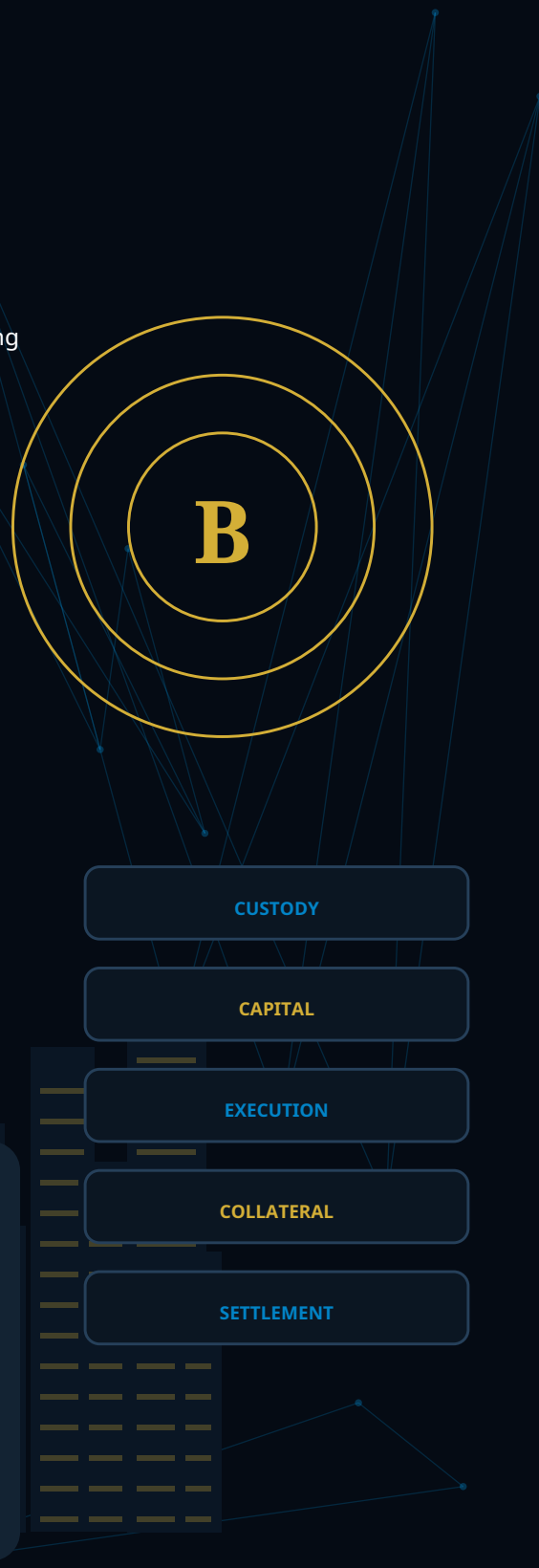
Layer	Function	Primary risk focus
BNY	Global custodian bank	Segregated-wallet digital custody
State Street	Global custodian bank	DAP: wallet, custody, cash
Fidelity Digital Assets	National trust bank / specialist	Institutional custody + trading
Multi-custodian	Client architecture	Redundancy and concentration control

Sources: [11], [12], [13] | Research cutoff: 18 August 2026



Custody Architecture & Key Management

Institutional custody is an operating system for authority over private keys. The objective is to eliminate single points of failure while preserving recoverability, auditability and controlled transaction throughput.



KEY INSTITUTIONAL TAKEAWAYS

- Wallet segregation is an accounting and control concept, not merely a blockchain address choice.
- Key generation, storage, signing and recovery require separate governance domains.
- 24/7 assets still need policy-based human and machine controls.



Custody Architecture & Key Management

CONTROL DESIGN

A mature architecture separates wallet policy, key material and transaction approval. Hardware security modules, multiparty computation or multisignature designs can reduce single-key risk, but technology does not replace governance. Institutions need role separation, privileged-access management, change control, transaction limits, destination allowlists, escalation paths and verifiable recovery procedures.

COLD, WARM AND OPERATIONAL LIQUIDITY

Cold storage maximizes isolation but slows settlement. Warm or policy-controlled wallets support operational flows but increase attack surface. Institutional custodians therefore use tiered liquidity: most assets remain in highly controlled storage, while a smaller operational buffer supports expected withdrawals and settlement. Rebalancing between tiers should be rules-based and monitored.

RECONCILIATION AND PROOF OF CONTROL

Blockchain transparency does not eliminate reconciliation. A custodian must reconcile on-chain addresses to legal client records, pending transactions, fees, corporate actions where relevant and internal books. Institutions should also test disaster recovery, key ceremonies, vendor failure and signer unavailability. The control objective is not merely "keys are safe"; it is "ownership and authority remain provable under stress."

BANKING SIGNAL

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INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Key generation	Controlled ceremony / entropy	No single operator
Signing	Policy engine + approvals	Limits and allowlists
Storage	Cold / warm tiers	Exposure minimization
Recovery	Tested contingency process	Business continuity

Sources: [6], [7], [11], [12], [13] | Research cutoff: 18 August 2026

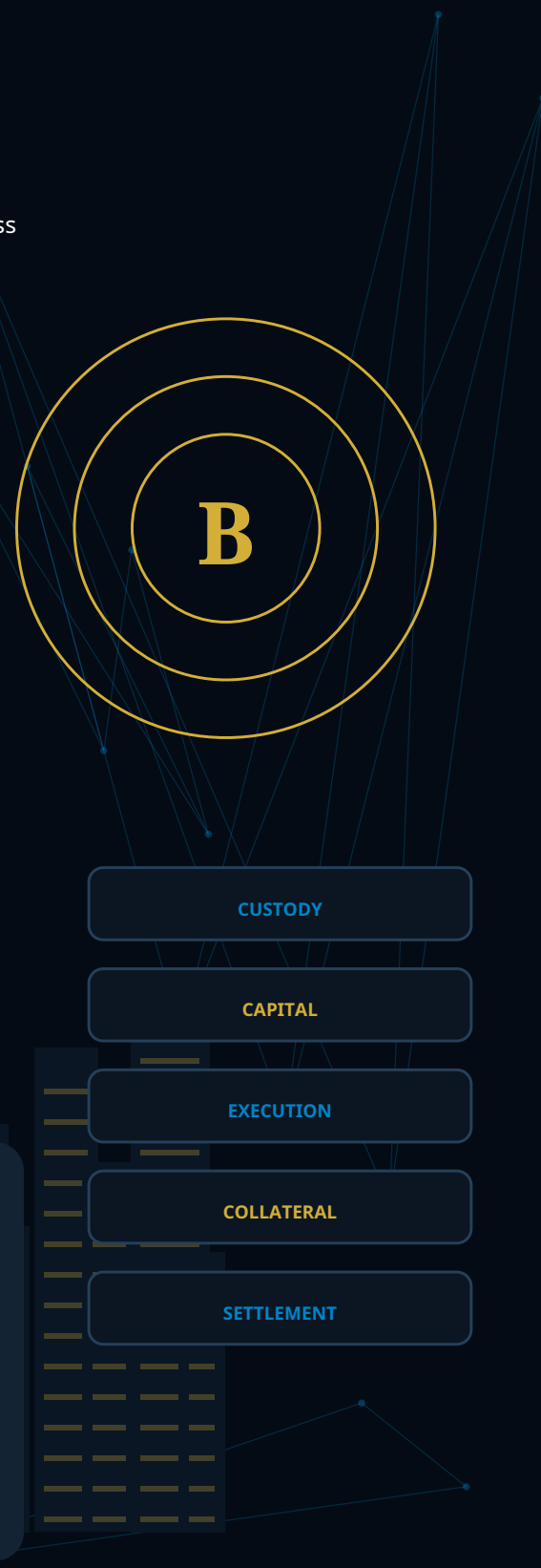


Prime Brokerage

Digital-asset prime brokerage aims to give institutions the market access and balance-sheet efficiency they expect in traditional prime services: aggregated execution, credit, collateral, settlement and consolidated reporting.

KEY INSTITUTIONAL TAKEAWAYS

- Prime brokerage is a service stack, not a single venue.
- Credit intermediation can reduce pre-funding but increases counterparty and legal risk.
- Custody and prime should be interoperable without collapsing control boundaries.





Prime Brokerage

SERVICE ARCHITECTURE

An institutional prime model can combine execution routing, OTC access, exchange connectivity, margin, financing, collateral management, settlement and reporting. The prime layer should normalize venue interfaces and reduce operational fragmentation while preserving transparency around where assets and cash are held.

THE BALANCE-SHEET QUESTION

Traditional prime brokerage depends heavily on credit. Digital-asset markets historically relied more on pre-funding because venues and custodians were fragmented. As regulated lenders and prime intermediaries expand, institutions can reduce stranded liquidity, but the trade-off is renewed dependence on counterparty credit, collateral enforceability and default management.

BANK INTEGRATION

Commercial banks may participate through custody, cash management, secured lending, execution services or settlement rather than providing a monolithic “crypto prime” product. A credible architecture defines which entity faces the client, which entity holds assets, how collateral moves, when title transfers, and what happens during a venue or counterparty failure.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Execution aggregation	RFQ / venue routing	Price + liquidity
Financing	Credit / margin	Capital efficiency
Collateral	Haircuts / eligibility	Loss protection
Post-trade	Netting / reporting	Operational control

Sources: [3], [7], [13] | Research cutoff: 18 August 2026

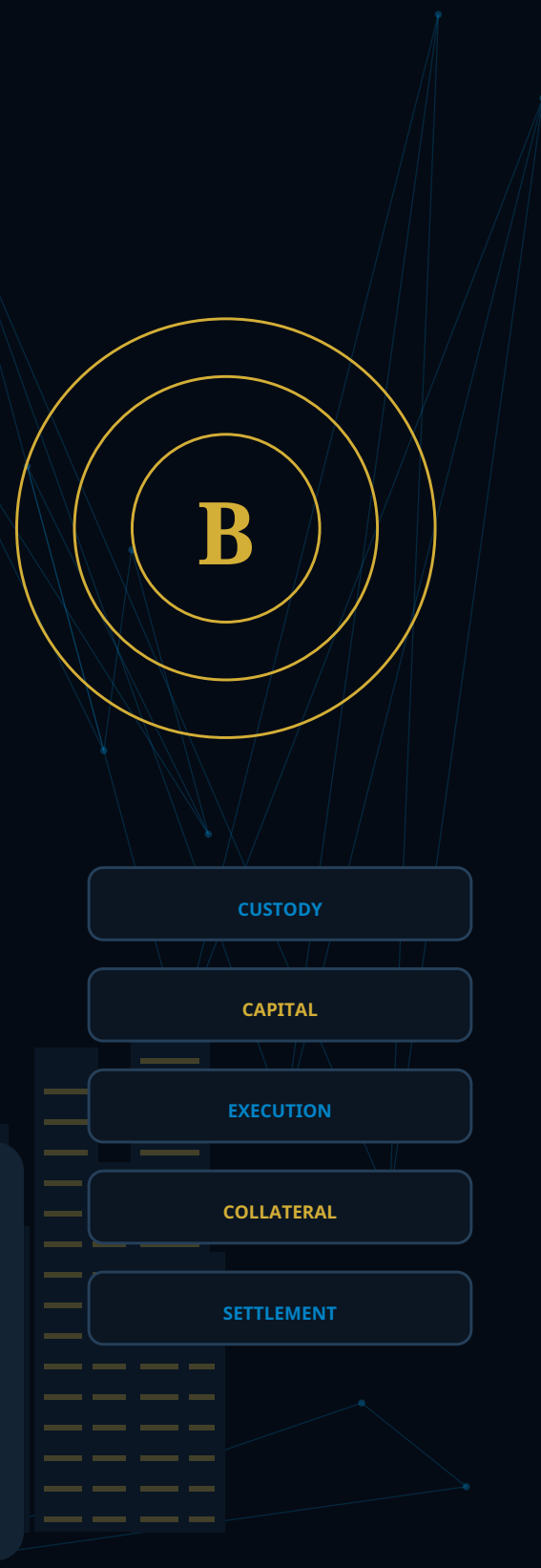


Institutional OTC Execution

OTC execution is central to institutional Bitcoin liquidity because large orders require controlled information leakage, negotiated settlement, venue diversification and explicit counterparty management.

KEY INSTITUTIONAL TAKEAWAYS

- RFQ and bilateral execution can reduce visible market impact for block trades.
- Agency and principal models create different conflicts and disclosure needs.
- Execution quality includes settlement certainty, not just headline price.





Institutional OTC Execution

EXECUTION METHODS

Institutional desks use request-for-quote, streamed pricing, bilateral principal trades, agency routing and algorithmic execution. The best method depends on order size, urgency, market depth, information sensitivity and settlement constraints. A block trade that appears cheaper can be worse economically if settlement, financing or custody friction adds hidden cost.

GOVERNANCE AND TRANSACTION COST ANALYSIS

Institutional execution policies should define approved counterparties, venue limits, pre-trade credit checks, price-comparison rules, conflict management and post-trade transaction-cost analysis. Where the desk acts as principal, the client should understand the dealer relationship and pricing model. Where the desk acts as agent, routing incentives and venue selection matter.

SETTLEMENT INTEGRATION

The OTC workflow is complete only when cash and Bitcoin settle. Delivery-versus-payment or coordinated settlement reduces principal risk, but operating hours can create mismatch between 24/7 crypto markets and banking cash rails. Tokenized deposits and always-on bank settlement infrastructure are therefore relevant even when the traded asset is Bitcoin and the cash instrument is not.

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INSTITUTIONAL OPERATING MATRIX

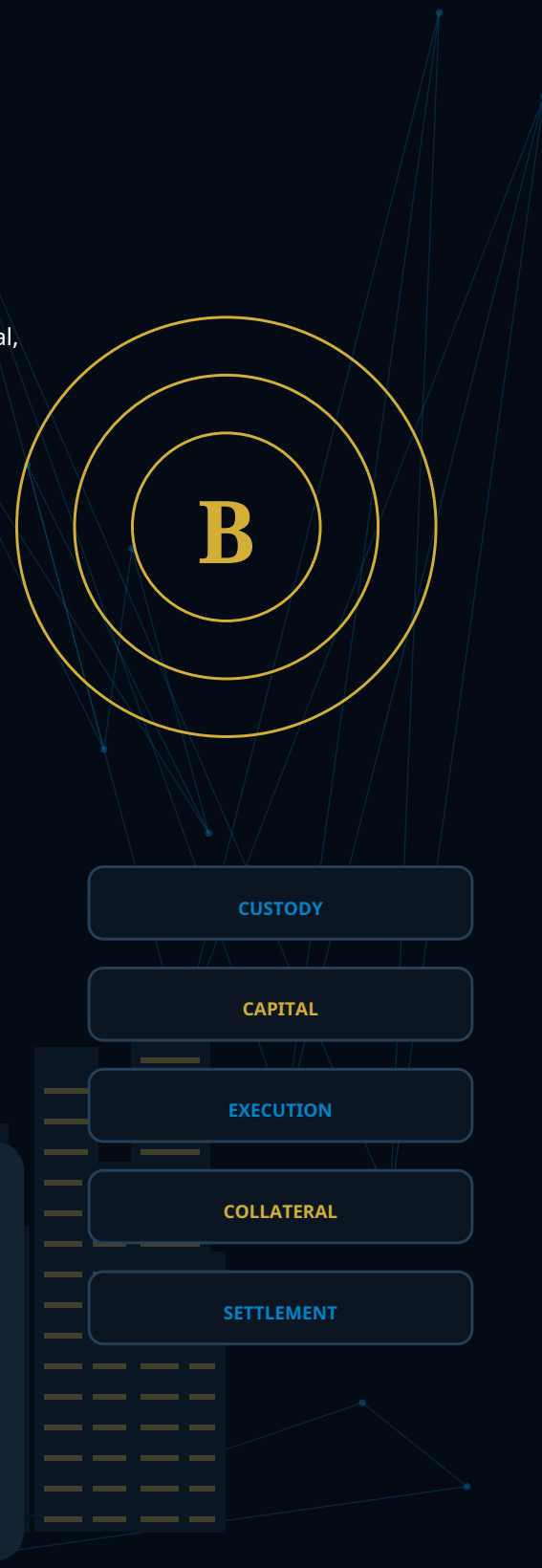
Layer	Function	Primary risk focus
RFQ	Competitive quotes	Controlled information
Principal	Dealer takes market risk	Fast certainty / spread
Agency	Routes client order	Venue transparency
Algorithmic	Slices execution	Market-impact control

Sources: [3], [7], [14], [15] | Research cutoff: 18 August 2026



Credit & Counterparty Infrastructure

Institutional digital-asset credit is fundamentally a counterparty-risk business. The key questions are who owes what, against which collateral, under what legal agreement, with which margin rights and with what path to close-out.



KEY INSTITUTIONAL TAKEAWAYS

- Pre-funding reduces credit risk but fragments liquidity.
- Secured credit improves capital efficiency only if collateral rights are enforceable.
- Counterparty limits should include venue, custodian and settlement concentrations.



Credit & Counterparty Infrastructure

COUNTERPARTY ARCHITECTURE

A bank or prime broker must assess borrower creditworthiness, collateral quality, custodian dependency, market liquidity and legal enforceability as one system. A seemingly overcollateralized facility can still fail if the lender cannot seize or liquidate assets quickly, if the custodian is insolvent, or if legal title is disputed.

MARGIN AND EXPOSURE

Credit limits should be dynamic. Bitcoin's continuous trading and high volatility can change exposure outside normal banking hours, making real-time or near-real-time margin monitoring essential. Institutions should predefine valuation sources, haircut methodology, maintenance thresholds, call timing, cure periods and liquidation authority.

WRONG-WAY AND CONCENTRATION RISK

Digital-asset markets can create correlated failures: a borrower's credit may weaken as Bitcoin falls, a venue may become stressed at the same time, and market liquidity can deteriorate during forced selling. Counterparty frameworks should therefore aggregate exposure across borrower, affiliated entities, custodians, exchanges, stablecoin issuers and settlement rails.

BANKING SIGNAL

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INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Borrower risk	Creditworthiness / leverage	Default probability
Collateral risk	Volatility / liquidity	Loss given default
Custody risk	Control / insolvency	Access to collateral
Settlement risk	Timing / finality	Principal exposure

Sources: [7], [9] | Research cutoff: 18 August 2026

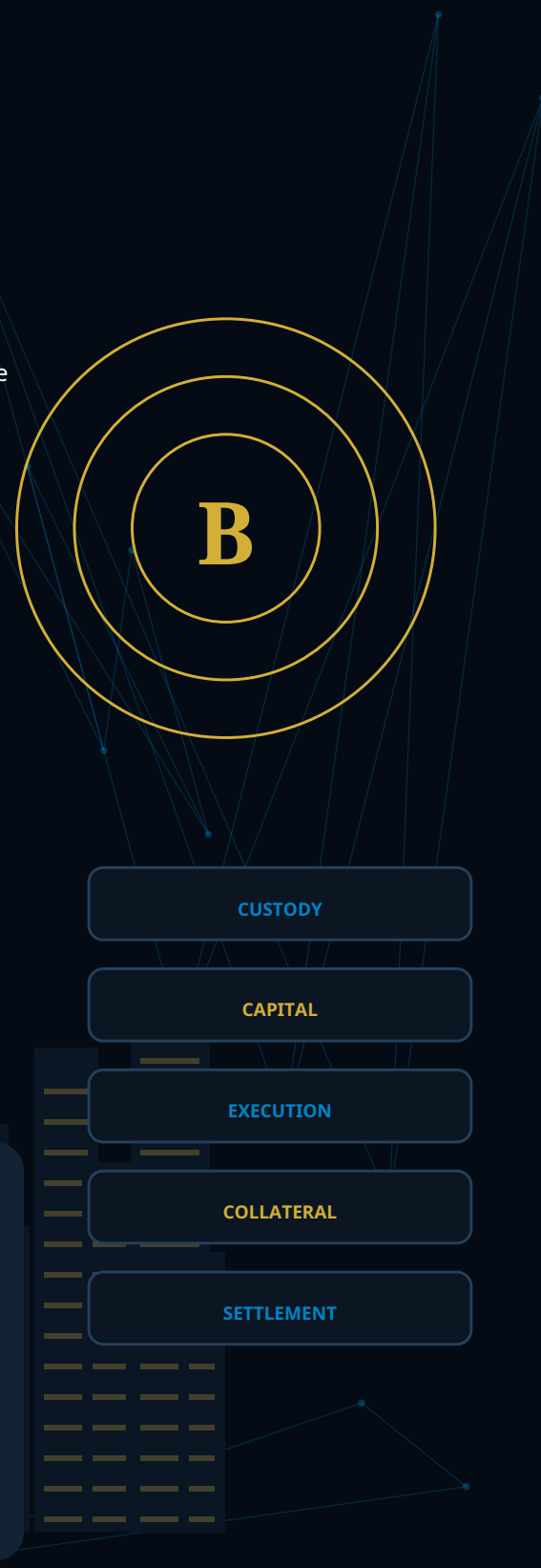


Basel Cryptoasset Classification

The Basel cryptoasset framework separates qualifying tokenized traditional assets and certain stablecoins from higher-risk cryptoassets. For banks, the economic impact begins with correct classification before any capital calculation is performed.

KEY INSTITUTIONAL TAKEAWAYS

- Group 1 assets must satisfy detailed classification conditions.
- Group 2 covers cryptoassets that fail Group 1 conditions; 2a and 2b differ by hedge-recognition conditions.
- Bitcoin should not be grouped with tokenized deposits or qualifying stablecoins merely because all use distributed ledgers.





Basel Cryptoasset Classification

FOUR PRACTICAL BUCKETS

Group 1a covers tokenized traditional assets that meet the standard's classification conditions. Group 1b covers stablecoins that meet qualifying conditions. Group 2a covers other cryptoassets that fail Group 1 but satisfy specified hedging-recognition conditions. Group 2b captures remaining Group 2 exposures and is subject to the most conservative treatment.

WHY TAXONOMY MATTERS

A tokenized bank deposit is legally a bank liability and may not be a "cryptoasset exposure" in the same economic sense as Bitcoin. A stablecoin is a claim or redemption arrangement against an issuer/reserve structure. Bitcoin is an unbacked cryptoasset. Prudential analysis begins with legal rights, issuer, redemption, transfer mechanism and risk—not with whether an instrument is represented by a token.

IMPLEMENTATION REMAINS JURISDICTION-SPECIFIC

The Basel Committee sets an international standard, but national implementation can differ in timing and detail. The EU has developed technical standards under its Capital Requirements Regulation, while the UK PRA stated in May 2026 that its implementation would follow the Basel Committee's targeted review. Institutions should map Basel concepts to local rules rather than assume identical treatment everywhere.

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INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Group 1a	Tokenized traditional assets	Qualifying conditions
Group 1b	Qualifying stablecoins	Preferential treatment if criteria met
Group 2a	Other cryptoassets	Hedge-recognition conditions
Group 2b	Residual Group 2	Most conservative treatment

Sources: [8], [9], [10], [19], [20] | Research cutoff: 18 August 2026



Regulatory Capital Treatment

Capital treatment converts cryptoasset risk into a balance-sheet cost. The Basel framework imposes conservative treatment on higher-risk exposures and limits aggregate Group 2 exposure relative to Tier 1 capital.



CUSTODY

CAPITAL

EXECUTION

COLLATERAL

SETTLEMENT

KEY INSTITUTIONAL TAKEAWAYS

- The Basel framework applies a 1,250% risk weight to specified Group 2b exposures.
- Total Group 2 exposure should generally remain below 1% of Tier 1 capital and must not exceed 2% under the Basel framework.
- Actual bank capital depends on local implementation, exposure type and the bank's broader prudential framework.



Regulatory Capital Treatment

CAPITAL IS THE STRATEGIC CONSTRAINT

A bank can have legal authority to engage in an activity yet still find the capital economics unattractive. Higher risk weights increase risk-weighted assets and therefore the amount of regulatory capital needed to support a position. This is why custody and agency execution can scale differently from principal Bitcoin exposure.

THE GROUP 2 BACKSTOP

SCO60 includes an exposure limit for aggregate Group 2 cryptoassets relative to Tier 1 capital. The framework also applies a 1,250% risk weight to specified Group 2b exposures. These features are designed to contain the banking system's direct exposure to higher-risk cryptoassets while allowing controlled development of lower-risk tokenized instruments.

DO NOT CONFUSE A STANDARD WITH AN IMPLEMENTED RULE

Banks must use the law and prudential rules applicable to their legal entity and jurisdiction. The Basel framework is the international reference point; implementation calendars and technical details can differ. Capital planning should therefore include a legal-regulatory mapping, not a copied Basel formula in isolation.

BANKING SIGNAL

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INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Custody only	Primarily operational / legal risk	Client asset not equivalent to principal position
Group 1	Risk-sensitive treatment	Subject to qualifying conditions
Group 2	Conservative prudential treatment	Exposure limit applies
Group 2b	Specified 1,250% risk weight	High capital intensity

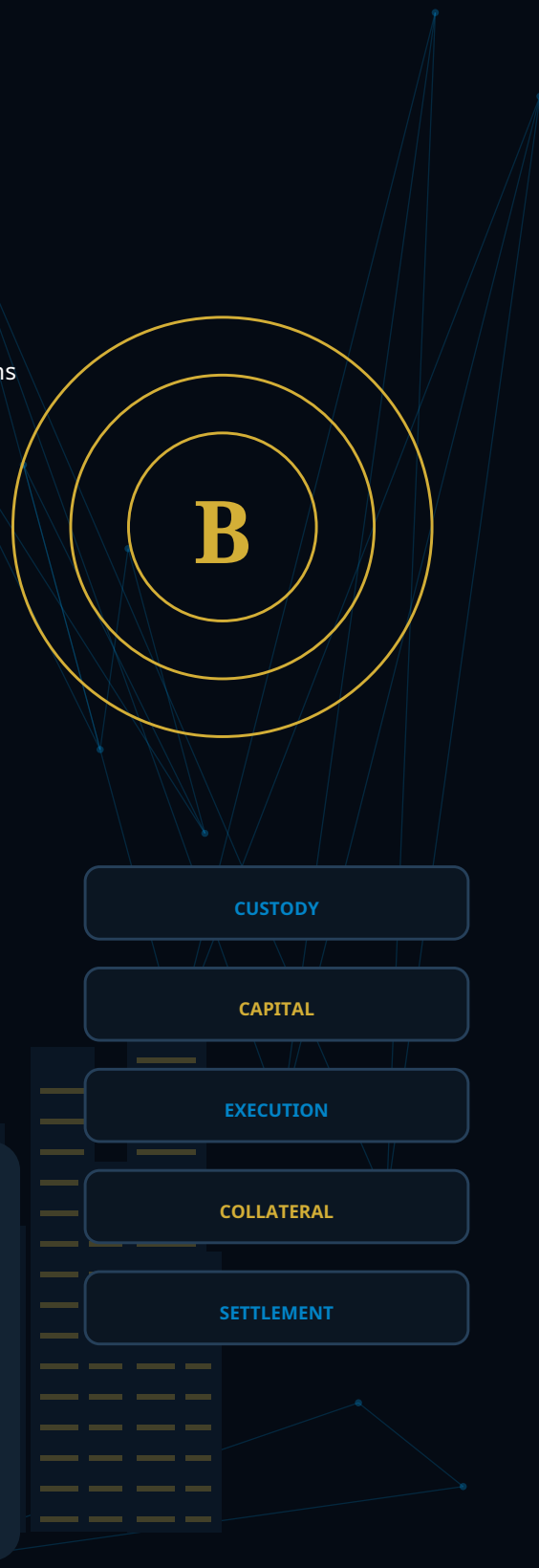
Sources: [8], [9], [10], [19], [20] | Research cutoff: 18 August 2026



CHAPTER 11 | CUSTODY IS NOT OWNERSHIP

Bitcoin on Bank Balance Sheets

A bank can service Bitcoin without holding Bitcoin as a proprietary investment. Institutional analysis must distinguish client assets under custody, collateral controlled for lending, temporary settlement positions and direct principal exposure.



KEY INSTITUTIONAL TAKEAWAYS

- Economic ownership and legal control must be mapped separately.
- Principal Bitcoin exposure can be capital-intensive even when custody is strategically attractive.
- Balance-sheet reporting depends on accounting role, legal rights and prudential classification.



Bitcoin on Bank Balance Sheets

FOUR BALANCE-SHEET STATES

Client Bitcoin under custody is held for safekeeping and should not be described as the bank's proprietary Bitcoin. Collateral may be under bank control or third-party custody while remaining economically linked to a borrower. Settlement positions can arise temporarily during execution. Direct principal holdings create the clearest market-risk and prudential exposure.

ACCOUNTING AFTER SAB 122

SAB 122 removed the specific SAB 121 staff accounting guidance, but entities still apply applicable accounting standards to safeguarding obligations. Banks should analyze recognition, disclosure, control and contingent obligations based on their specific contractual and legal arrangements rather than assume all custody is automatically off-balance-sheet or risk-free.

STRATEGIC IMPLICATION

For many banks, the scalable business may be fee-generating custody, execution, collateral and settlement infrastructure rather than large proprietary Bitcoin positions. This aligns the bank's core strengths—client trust, operational controls and balance-sheet intermediation—with a prudential framework that remains conservative toward higher-risk cryptoasset exposures.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Client custody	Safekeeping role	Operational / legal
Collateral control	Secured-credit role	Credit + market
Settlement inventory	Temporary transactional	Market + settlement
Principal holding	Bank economic exposure	Market + capital

Sources: [1], [7], [9] | Research cutoff: 18 August 2026

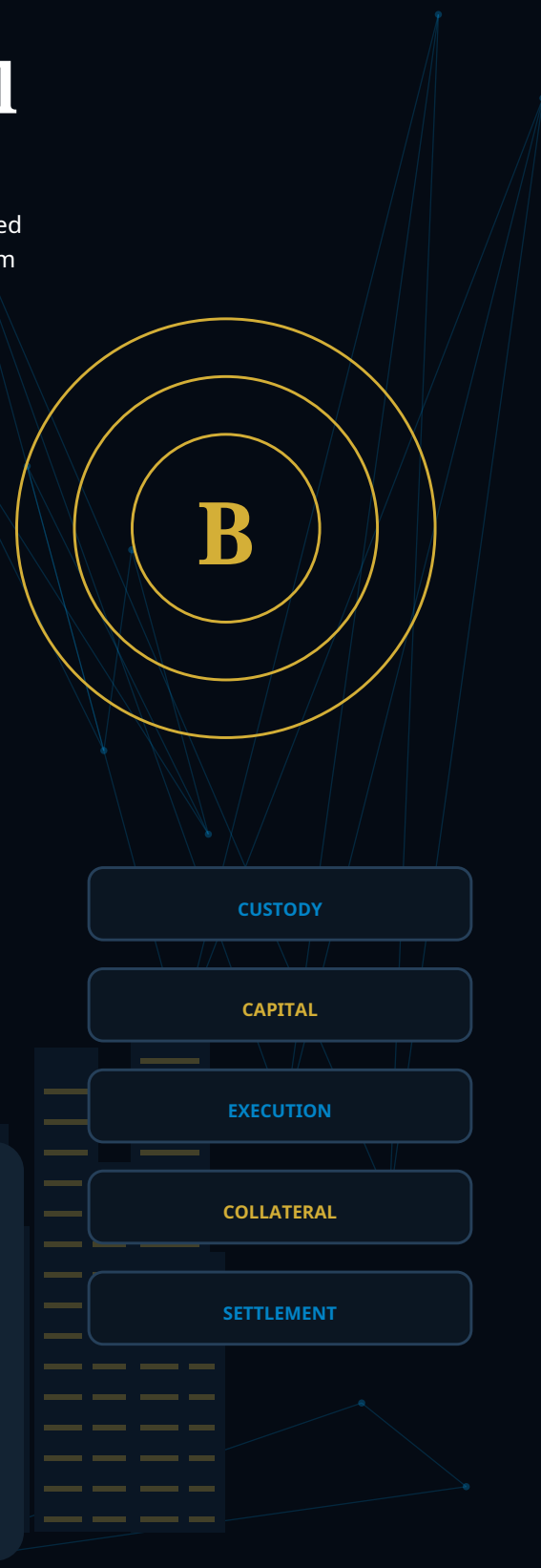


Institutional Collateral

Bitcoin-backed institutional credit converts a volatile, continuously traded asset into secured lending collateral. The lender's protection comes from conservative advance rates, high-quality custody, enforceable security interests and disciplined liquidation—not from the label “overcollateralized.”

KEY INSTITUTIONAL TAKEAWAYS

- Haircuts must reflect volatility, liquidity and liquidation capacity.
- Margin monitoring must operate outside traditional banking hours.
- Collateral utility improves when custody and settlement can move assets without weakening legal control.





Institutional Collateral

COLLATERAL LIFECYCLE

A robust facility begins with eligible collateral and an approved custodian. The lender defines valuation sources, haircut, initial and maintenance LTV, margin-call thresholds and cure periods. Assets remain segregated or subject to a perfected security interest. Monitoring runs continuously, and the agreement defines exactly how and when liquidation may occur.

OPERATIONAL STRESS

The most difficult events happen when market volatility, network congestion, venue stress and borrower weakness coincide. Institutions should model gap risk, weekend liquidity, stablecoin depegs if used for settlement, custodian outages and exchange withdrawal restrictions. Liquidation plans need more than a theoretical market price; they need executable venue capacity.

COLLATERAL MOBILITY

Tokenization platforms are expanding institutional collateral mobility for traditional assets, and the same design principles are relevant to Bitcoin-backed finance: clear ownership, privacy, atomic or coordinated settlement, controlled reuse and auditable encumbrance. The objective is to increase collateral velocity without creating hidden leverage or loss of control.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Initial LTV	Advance rate	Protects against first loss
Haircut	Valuation discount	Volatility buffer
Maintenance margin	Minimum coverage	Triggers top-up
Liquidation	Close-out authority	Loss containment

Sources: [7], [17], [18] | Research cutoff: 18 August 2026



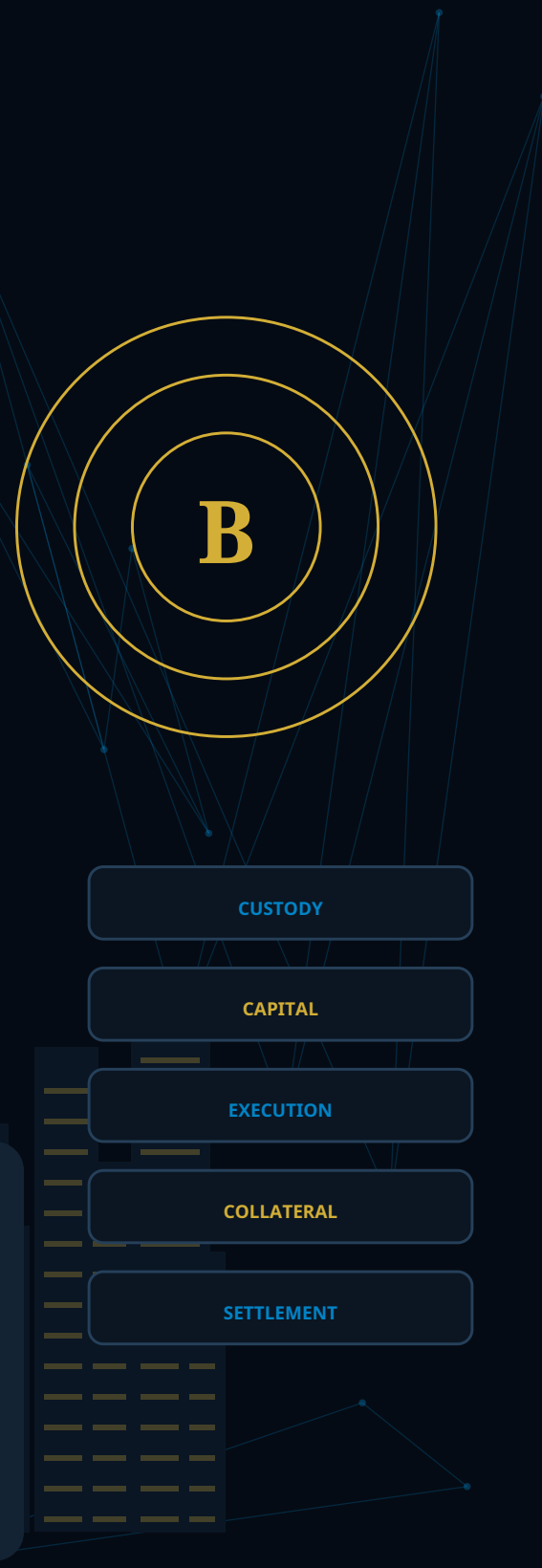
CHAPTER 13 | BANK MONEY ON PROGRAMMABLE RAILS

Tokenized Deposits

A tokenized deposit is fundamentally bank money represented on programmable infrastructure. It should be analyzed as a claim on the issuing bank, not as Bitcoin and not automatically as a stablecoin.

KEY INSTITUTIONAL TAKEAWAYS

- Issuer identity and legal claim are more important than token format.
- Tokenized deposits can extend bank money into 24/7 programmable settlement.
- Interoperability with securities and collateral can reduce settlement friction.



Sources: [14], [15], [16], [22] | Research cutoff: 18 August 2026



Tokenized Deposits

ECONOMIC SUBSTANCE

A deposit token represents a liability of a commercial bank. The holder's rights derive from the bank relationship and applicable legal framework. This is different from Bitcoin, which has no issuer, and different from many stablecoins, which rely on a separate issuer and reserve/redemption structure.

JPM COIN AS A REFERENCE MODEL

Kinexys describes JPM Coin as a 1:1 bank-backed USD deposit token for institutional clients. The strategic importance is not that it "competes with Bitcoin," but that it gives institutions programmable bank money capable of moving on blockchain rails, including outside traditional settlement windows.

BANKING IMPACT

Tokenized deposits can become a cash leg for delivery-versus-payment, collateral substitution, treasury sweeps and cross-border institutional settlement. The main design questions are legal finality, convertibility to conventional deposits, intraday liquidity, interoperability, privacy and the boundaries between tokenized bank money and central-bank settlement assets.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Issuer	Commercial bank	Bank credit exposure
Claim	Deposit liability	Contract / banking law
Primary use	Settlement / treasury	Programmable cash leg
Risk focus	Issuer + operational	Not Bitcoin market risk

Sources: [14], [15], [16], [22] | Research cutoff: 18 August 2026



Stablecoins vs Bank Deposits

Stablecoins and bank deposits can both function as digital settlement assets, but their issuer, redemption structure, regulatory perimeter, reserve model and credit risk can be materially different.



CUSTODY

CAPITAL

EXECUTION

COLLATERAL

SETTLEMENT

KEY INSTITUTIONAL TAKEAWAYS

- Do not use “digital dollar” as a substitute for legal classification.
- Bank deposits are liabilities of supervised deposit-taking institutions; stablecoins may have different issuer structures.
- Settlement design should account for issuer risk, redemption liquidity and bankruptcy treatment.



Stablecoins vs Bank Deposits

ISSUER AND CLAIM

A commercial-bank deposit is a claim on the bank. A tokenized deposit changes the representation but not necessarily the underlying economic relationship. A stablecoin is issued under a separate contractual and regulatory structure that can involve reserve assets, custodians and redemption arrangements. The details vary by jurisdiction and product.

RISK TRANSMISSION

Stablecoin risk can arise from reserve quality, redemption operations, market liquidity, issuer governance and legal segregation. Bank deposits carry bank credit and liquidity risk within a prudential and supervisory framework. Neither should be treated as risk-free simply because it targets par value.

ROLE IN BITCOIN MARKETS

Both stablecoins and tokenized deposits can serve as cash or liquidity legs around Bitcoin trading, but they are not substitutes for Bitcoin itself. For banks, the relevant question is which settlement asset offers the required legal finality, operating hours, regulatory status, liquidity and interoperability for a given institutional workflow.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

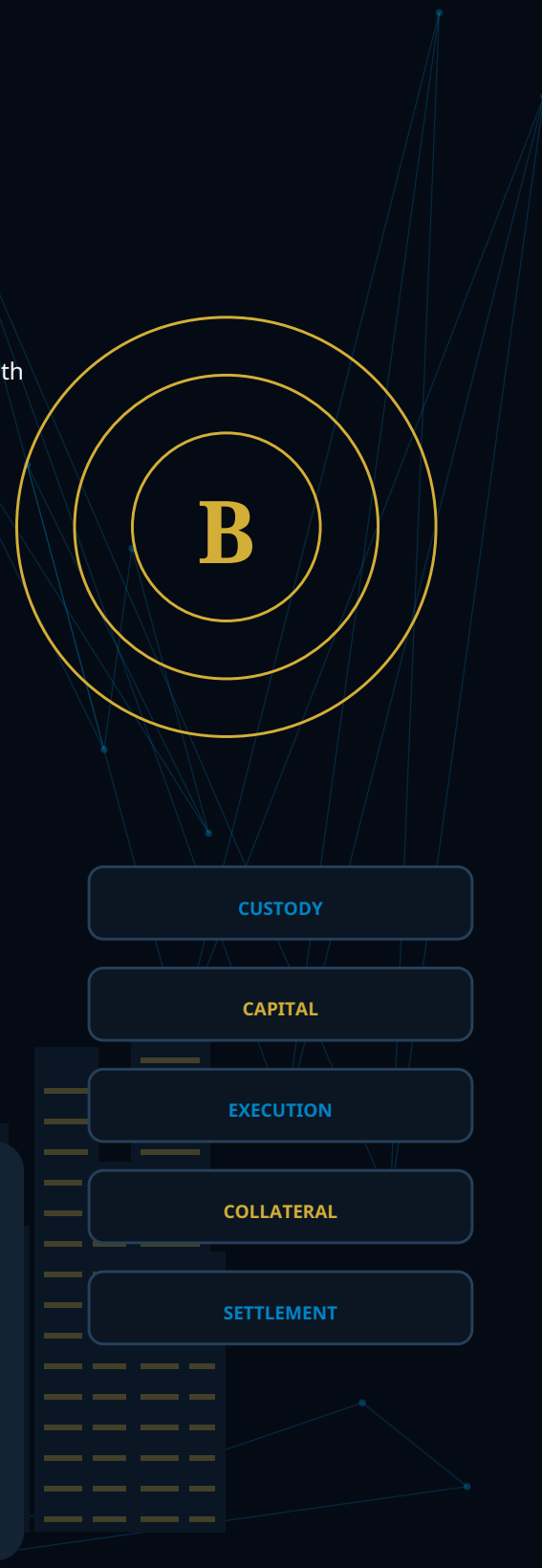
INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Bank deposit	Commercial bank liability	Banking framework
Tokenized deposit	Bank liability on DLT	Programmable bank money
Stablecoin	Separate token issuer	Reserve / redemption model
Bitcoin	No issuer	Unbacked cryptoasset

Sources: [15], [19], [20], [21], [22] | Research cutoff: 18 August 2026

Kinexys & Bank-Led Settlement

Kinexys by J.P. Morgan demonstrates how a major bank can use blockchain infrastructure for institutional payments, deposit tokens, asset tokenization and settlement without conflating those functions with Bitcoin custody or retail crypto trading.



KEY INSTITUTIONAL TAKEAWAYS

- Kinexys is a bank-led settlement and tokenization platform, not a Bitcoin network.
- JPM Coin provides an institutional bank-money leg for programmable settlement.
- Public and private chain connectivity is expanding the design space for institutional workflows.



Kinexys & Bank-Led Settlement

A BANK-LED ARCHITECTURE

Kinexys combines programmable payments, tokenized assets and settlement services around J.P. Morgan's institutional banking infrastructure. Its significance is architectural: a regulated bank can place bank money and asset workflows on blockchain rails while retaining identity, compliance and control structures expected in wholesale finance.

DEPOSIT-TOKEN UTILITY

JPM Coin provides a bank-backed USD deposit token for eligible institutional clients. This can support faster movement of cash between approved participants and reduce trapped liquidity around settlement windows. The token remains a bank liability; it is not Bitcoin and should not be described as a generic stablecoin.

STRATEGIC IMPLICATION FOR BANKS

The Kinexys model suggests that commercial-bank blockchain strategy may scale fastest in cash, collateral and transaction infrastructure. Bitcoin can sit adjacent to this stack as an asset under custody, a traded instrument or collateral, while the bank's own tokenized money provides the settlement leg.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

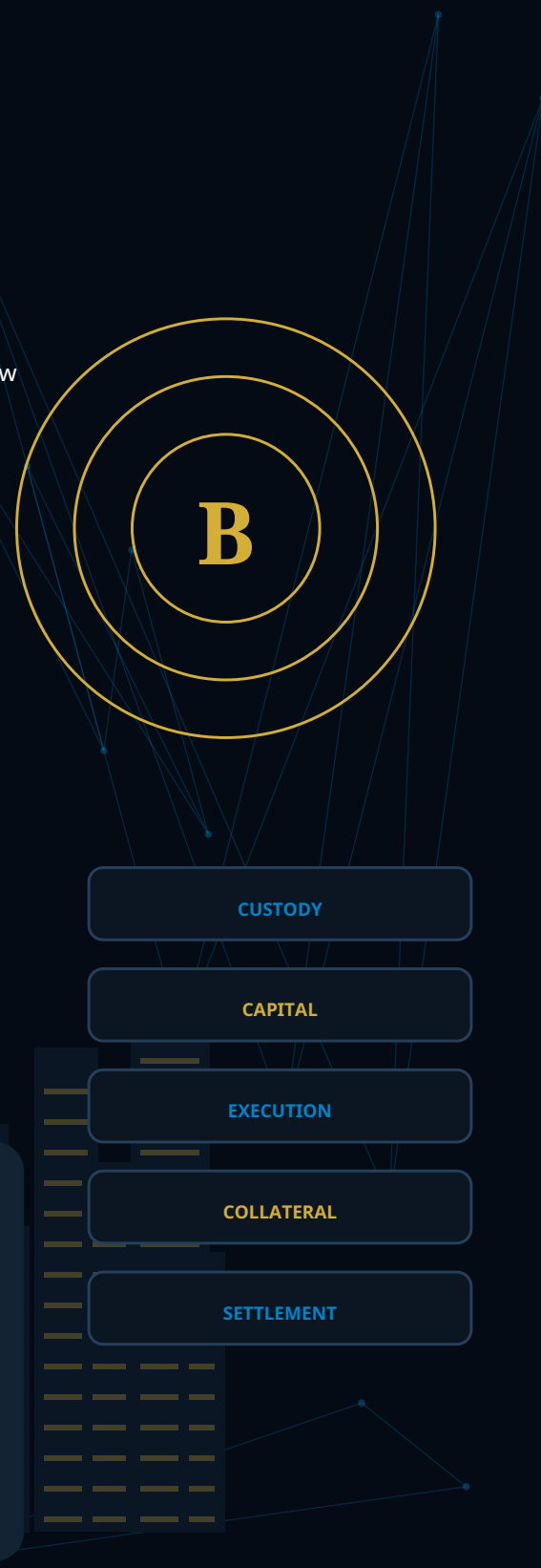
INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Payments	Programmable transfer	Bank-money movement
Deposit token	JPM Coin	Institutional cash leg
Tokenization	Digital representation of assets	Workflow automation
Settlement	Near-real-time rails	Liquidity efficiency

Sources: [14], [15], [16] | Research cutoff: 18 August 2026

Canton & Institutional Market Infrastructure

Canton is positioned as institutional blockchain infrastructure designed around privacy, interoperability and synchronized settlement. Its 2026 work with DTCC-related tokenized Treasury infrastructure illustrates how traditional market assets can become programmable collateral.



KEY INSTITUTIONAL TAKEAWAYS

- Canton's value proposition centers on institutional privacy and interoperability.
- Tokenized Treasuries can support off-hours financing and collateral mobility.
- This is market infrastructure adjacent to Bitcoin, not a replacement for Bitcoin or bank money.



Canton & Institutional Market Infrastructure

WHY PRIVACY MATTERS

Institutional markets cannot expose every position, counterparty and transaction to every network participant. Canton's architecture is designed to synchronize shared state while limiting information to relevant parties. That feature is important for collateral, repo, securities and treasury workflows where confidentiality is commercially and regulatorily significant.

2026 COLLATERAL USE CASES

Canton and industry participants have highlighted 24/7 collateral mobility, while DTCC/Digital Asset work targets tokenized U.S. Treasury securities and broader DTC- and Fed-eligible asset connectivity. The objective is to make high-quality collateral more mobile outside conventional settlement windows while preserving institutional controls.

RELATIONSHIP TO BITCOIN BANKING

A bank could use different rails for different objects: Bitcoin may be held by a custodian; tokenized Treasury collateral may move on Canton; bank money may move via tokenized deposits or conventional payment rails. The institutional architecture is therefore multi-rail. Interoperability and legal finality matter more than forcing all assets onto one chain.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

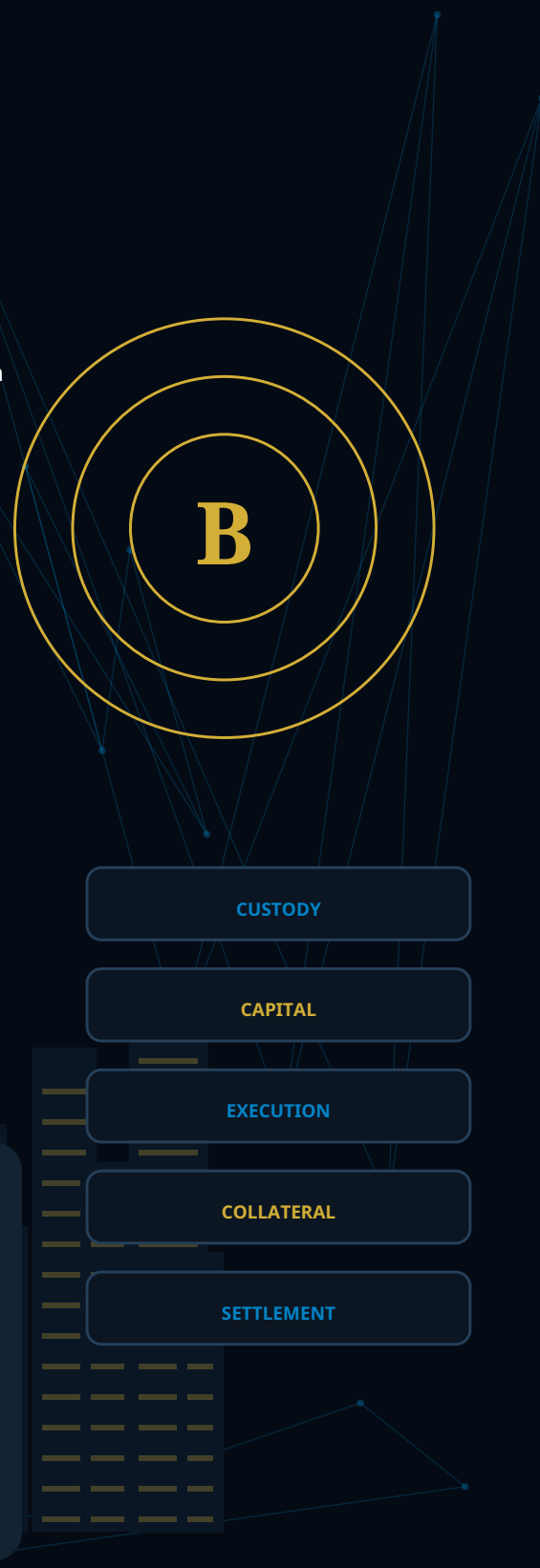
Layer	Function	Primary risk focus
Privacy	Need-to-know data sharing	Institutional confidentiality
Collateral	Tokenized UST / securities	24/7 mobility
Interoperability	Apps and asset domains	Reduced silos
Bank use	Settlement / financing layer	Not Bitcoin issuance

Sources: [17], [18] | Research cutoff: 18 August 2026



Interbank Settlement Architecture

The future institutional settlement stack is likely to be multi-rail: central-bank money, commercial-bank deposits, tokenized deposits, securities settlement systems and blockchain networks will coexist, with orchestration deciding which rail carries each leg.



KEY INSTITUTIONAL TAKEAWAYS

- Atomicity reduces principal risk only when legal finality is clear.
- 24/7 asset markets create liquidity-management demands for banks whose traditional rails have cutoffs.
- Tokenized cash and collateral can improve velocity but introduce new operational dependencies.



Interbank Settlement Architecture

THE TWO-LEG PROBLEM

Institutional settlement usually moves an asset leg and a cash leg. Bitcoin can settle continuously on its network, but bank cash historically moves through systems with operating windows, correspondent chains and cutoff times. This mismatch creates prefunding, settlement and liquidity risk.

PROGRAMMABLE SETTLEMENT

Tokenized deposits and bank-led blockchain rails can keep commercial-bank money available for settlement for longer periods and can coordinate delivery-versus-payment. Tokenized securities and collateral networks can similarly move asset ownership with fewer reconciliations. The design objective is synchronized transfer with known finality, not merely faster messaging.

LIQUIDITY AND CONTINGENCY

Always-on settlement can shift rather than eliminate liquidity risk. Banks need intraday and weekend liquidity policies, limits by rail, fallback procedures, reconciliation to core ledgers, cyber controls and a clear understanding of what happens if one leg or network becomes unavailable. Resilience requires the ability to return to alternative rails.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

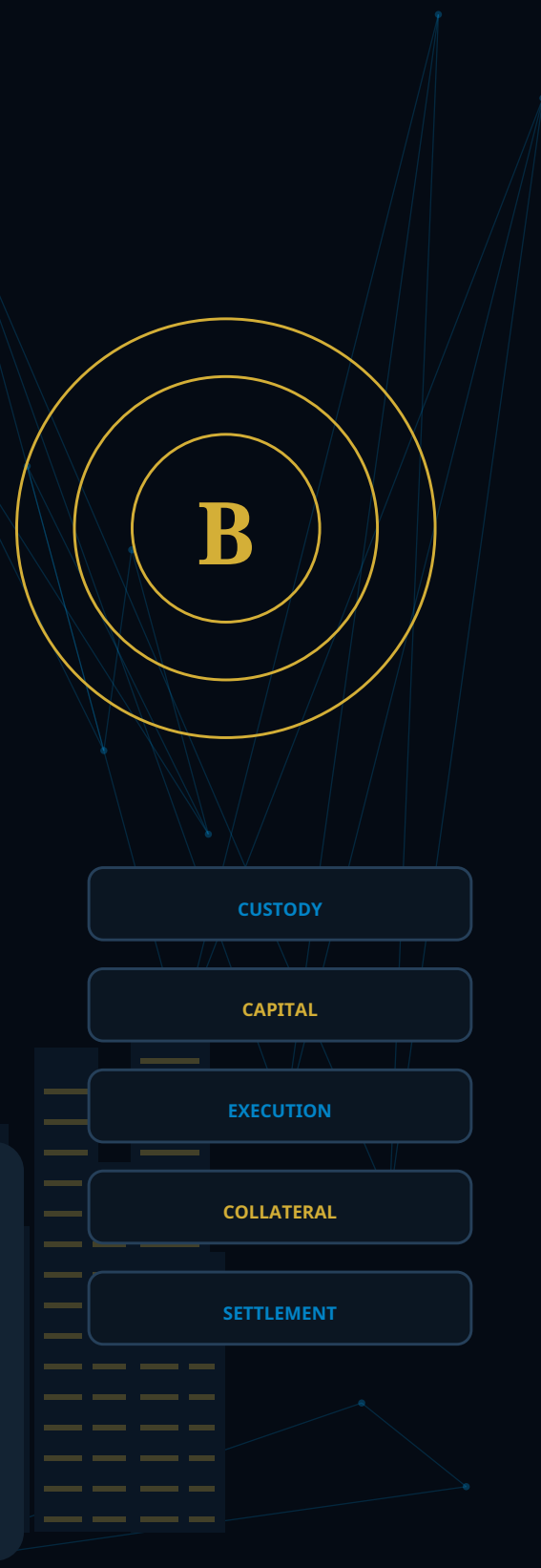
Layer	Function	Primary risk focus
Asset leg	Bitcoin / securities	Ownership transfer
Cash leg	Deposits / tokenized deposits	Payment finality
Orchestration	DvP / conditional logic	Principal-risk reduction
Fallback	Traditional rails	Operational resilience

Sources: [14], [15], [17], [18], [22] | Research cutoff: 18 August 2026



U.S. Regulatory Framework

The U.S. framework changed materially in 2025-26. The direction is toward clearer permission for banks to conduct lawful digital-asset activities through ordinary supervisory channels, while maintaining strong expectations for risk management, legal compliance and operational resilience.



KEY INSTITUTIONAL TAKEAWAYS

- SAB 122, OCC IL 1183, FDIC FIL-7-2025 and Federal Reserve actions reduced prior procedural constraints.
- The July 2025 interagency safekeeping statement remains a key risk-control reference.
- The Federal Reserve's 2026 examination manual explicitly covers crypto safekeeping, collateralized lending and dollar-token activities.



U.S. Regulatory Framework

ACCOUNTING AND SECURITIES-POLICY CONTEXT

SAB 122 rescinded the SEC staff guidance in SAB 121, reducing a specific accounting impediment associated with safeguarding crypto-assets. It did not determine whether a particular bank may act as custodian or whether a particular entity is a qualified custodian under every securities-law context.

BANKING-AGENCY DIRECTION

OCC IL 1183 reaffirmed permissible custody, stablecoin-reserve and distributed-ledger activities for national banks and federal savings associations and removed the prior non-objection process. The FDIC likewise clarified that permissible crypto activities do not require prior FDIC approval. The Federal Reserve withdrew specified prior crypto and dollar-token guidance in April 2025.

SUPERVISION REMAINS RISK-BASED

The July 2025 joint safekeeping statement and the Federal Reserve's 2026 examination manual reinforce the core message: permissibility does not remove supervisory discipline. Banks should expect examination of governance, cybersecurity, legal authority, third parties, consumer and investor protections where applicable, liquidity, capital, BSA/AML and operational continuity.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
SEC	Safeguarding accounting	SAB 122
OCC	National bank authority	IL 1183 + related guidance
FDIC	FDIC-supervised institutions	FIL-7-2025
Federal Reserve	Supervision / examination	2025 withdrawals + 2026 CBEM

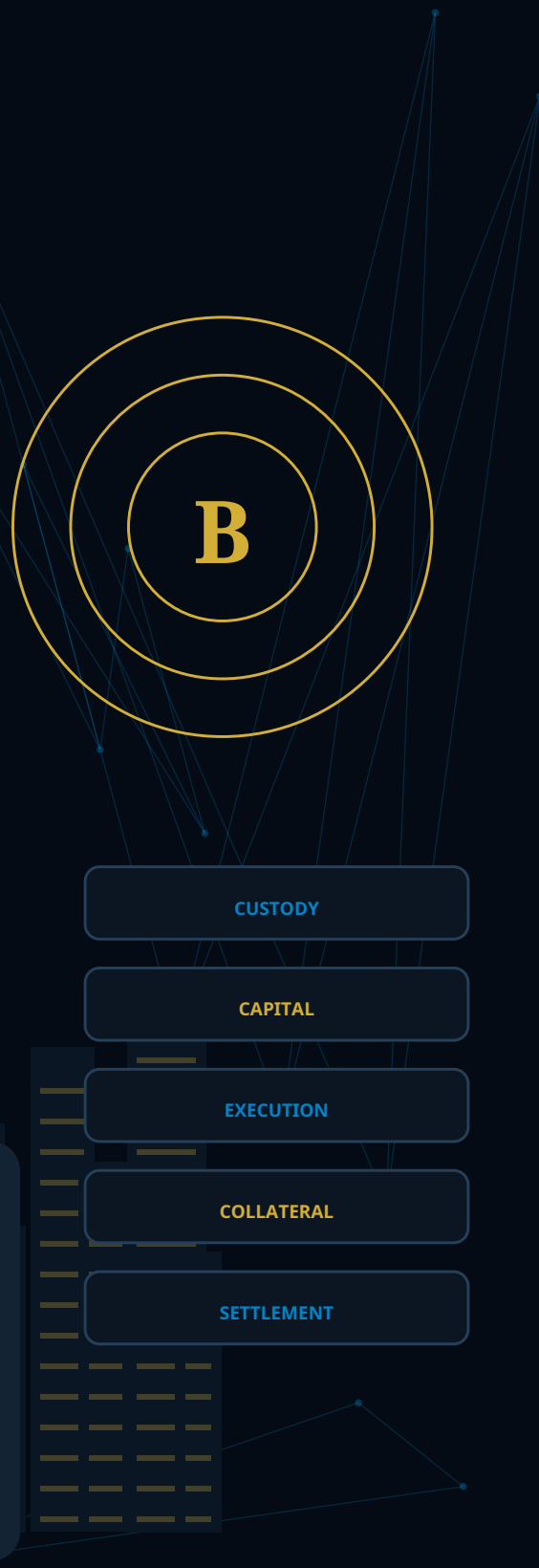
Sources: [1], [2], [3], [4], [5], [6], [7] | Research cutoff: 18 August 2026



CHAPTER 19 | ONE BASEL REFERENCE, MULTIPLE LOCAL IMPLEMENTATIONS

Global Banking Regulation

Global banks cannot run a single crypto policy based only on the Basel standard. Prudential, conduct, custody and stablecoin rules are being implemented through different legal systems and at different speeds.



KEY INSTITUTIONAL TAKEAWAYS

- Basel provides the international prudential reference point, not a single global rulebook.
- EU and UK implementation paths differ in timing and technical approach.
- Cross-border operating models need entity-by-entity legal and capital mapping.

Sources: [8], [9], [10], [19], [20], [21], [22] | Research cutoff: 18 August 2026



Global Banking Regulation

BASEL AS THE COMMON LANGUAGE

The Basel Committee's cryptoasset framework provides a shared classification and prudential vocabulary for banks. Its 2026 implementation date matters for international consistency, but the Committee also began a targeted review of elements of the standard in late 2025. Banks should treat the framework as a moving international baseline.

EUROPE

The EBA has developed technical standards on cryptoasset exposures under the EU Capital Requirements Regulation, while MiCA governs important crypto-asset issuer and service-provider activity. The ECB continues to focus on tokenized markets and the distinction between bank money, tokenized assets and other forms of digital value.

UNITED KINGDOM

The PRA's May 2026 letter updated expectations for tokenized assets, stablecoins and other cryptoasset exposures and referenced the ongoing Basel targeted review. Separately, the FCA finalized elements of the future cryptoasset conduct regime, with commencement scheduled later. The prudential and conduct tracks therefore need to be analyzed separately.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Basel	International prudential standard	Classification + capital
EU	CRR / EBA + MiCA	Prudential + market regulation
UK PRA	Bank prudential supervision	Cryptoasset exposure expectations
UK FCA	Conduct perimeter	Future regulated activities

Sources: [8], [9], [10], [19], [20], [21], [22] | Research cutoff: 18 August 2026

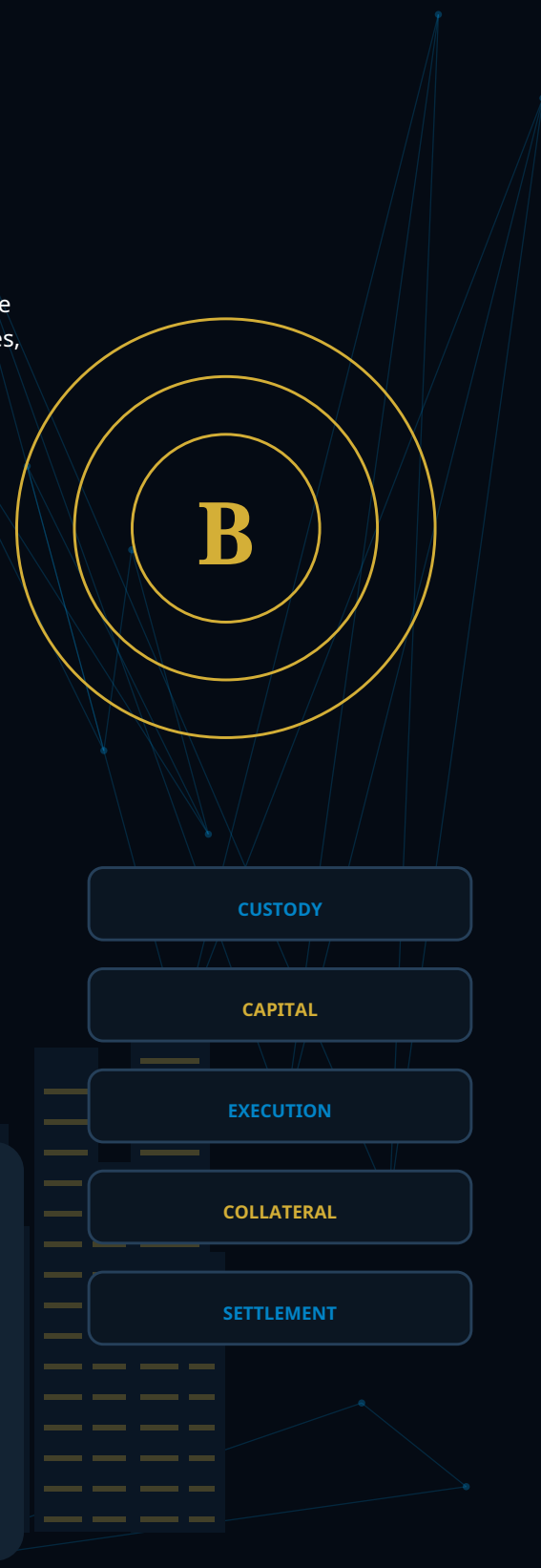


2026-2030 Banking Scenarios

The next phase of banking and digital assets is unlikely to follow a single adoption curve. The strategic variable is not whether blockchain survives, but which activities become bank-native, which remain specialist, and how capital and regulation shape the boundary.

KEY INSTITUTIONAL TAKEAWAYS

- Scenario planning should separate custody adoption from principal balance-sheet exposure.
- Tokenized bank money may scale faster than direct bank Bitcoin holdings.
- Interoperability and regulatory clarity can matter more than any single chain or product.





2026-2030 Banking Scenarios

SCENARIO A - BANK-NATIVE INFRASTRUCTURE

Large banks expand custody, tokenized cash, collateral and institutional execution. Bitcoin becomes a supported asset class inside standard treasury and asset-servicing workflows, while principal holdings remain selective because of capital costs.

SCENARIO B - FEDERATED SPECIALIST MODEL

Banks keep client relationships, cash and credit while specialist custodians and market makers provide digital-asset infrastructure. APIs and legal agreements make the experience appear integrated even though risk remains distributed across providers.

SCENARIO C - TOKENIZED COLLATERAL ACCELERATION

The fastest growth occurs in tokenized deposits, Treasuries, repo and collateral rather than unbacked crypto. Bitcoin benefits indirectly through better institutional settlement and financing, but bank balance sheets remain conservative.

SCENARIO D - REGULATORY FRAGMENTATION

Jurisdictions diverge on capital, custody and stablecoin treatment. Global institutions maintain multiple operating models, liquidity fragments by legal entity, and cross-border scale arrives more slowly. The winning capability becomes regulatory orchestration rather than product breadth.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
A	Bank-native stack	High integration / selective principal risk
B	Federated specialists	Bank front-end / outsourced infrastructure
C	Collateral-first	Tokenized money + securities lead
D	Fragmentation	Entity-specific operating models

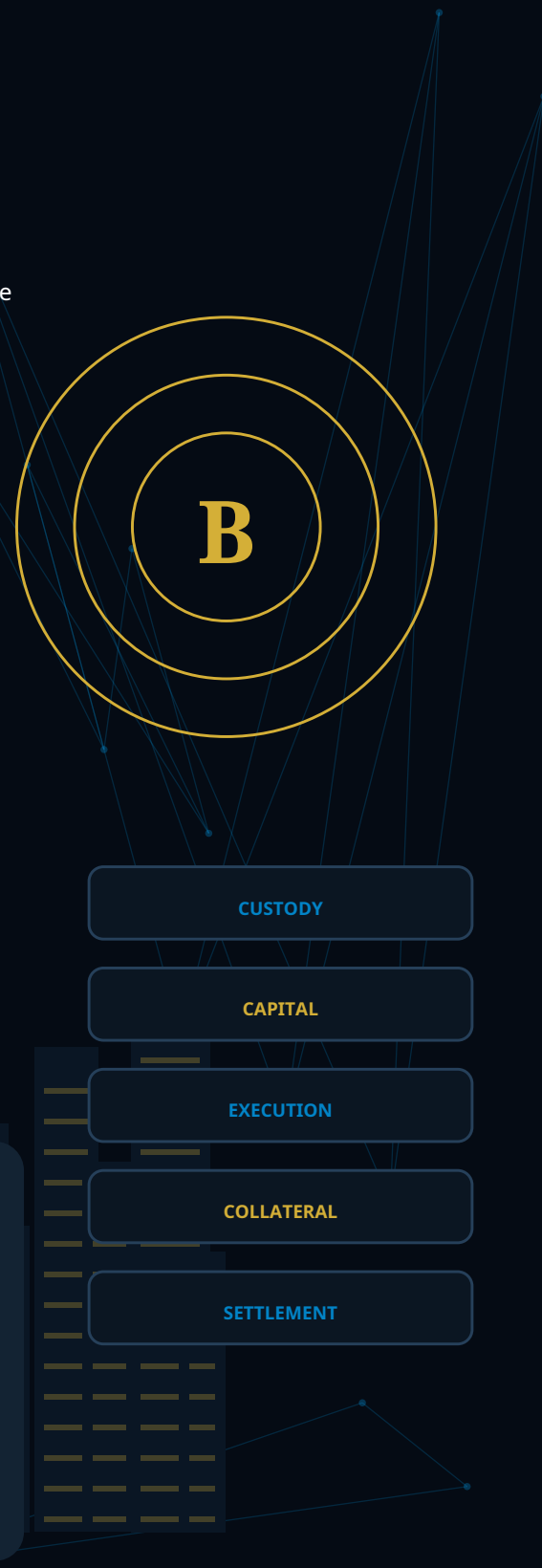
Sources: [10], [12], [14], [17], [19], [20], [21] | Research cutoff: 18 August 2026

Methodology

This report uses a source hierarchy designed for high-stakes financial infrastructure analysis. Official regulations and supervisory documents take precedence over vendor marketing, and public capability claims are separated from verified legal or product availability.

KEY INSTITUTIONAL TAKEAWAYS

- Every time-sensitive regulatory statement is anchored to a dated source.
- Commercial product descriptions are treated as evidence of stated capability, not universal client availability.
- Scenario content is explicitly identified as analysis rather than prediction.





Methodology

SOURCE HIERARCHY

Tier 1 comprises regulators, central banks, Basel Committee materials and official legislation or supervisory publications. Tier 2 comprises bank filings, official bank product pages and investor-relations releases. Tier 3 includes institutional infrastructure providers. Secondary research is used sparingly and is not allowed to override primary-source evidence.

CLASSIFICATION DISCIPLINE

The report distinguishes Bitcoin, stablecoins, tokenized deposits, CBDCs and tokenized securities based on legal and economic substance. It also separates custody from principal ownership and separates international Basel standards from domestic implementation. This prevents common category errors that can materially distort risk analysis.

RESEARCH CUTOFF AND UPDATES

Research cutoff is 18 August 2026. Regulatory and product claims can change after that date. Future editions should refresh dated modules, revalidate hyperlinks, review bank product availability by jurisdiction and update Basel implementation status. Numerical examples are illustrative unless expressly sourced.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Tier 1	Regulators / central banks / BCBS	Authoritative policy
Tier 2	Banks / filings / IR	Stated capability
Tier 3	Infrastructure providers	Technical implementation
Analysis	Banks-Bitcoin research	Interpretation / scenarios

Sources: [1], [2], [4], [8], [11], [12], [14], [17], [19], [20], [21], [22] | Research cutoff: 18 August 2026

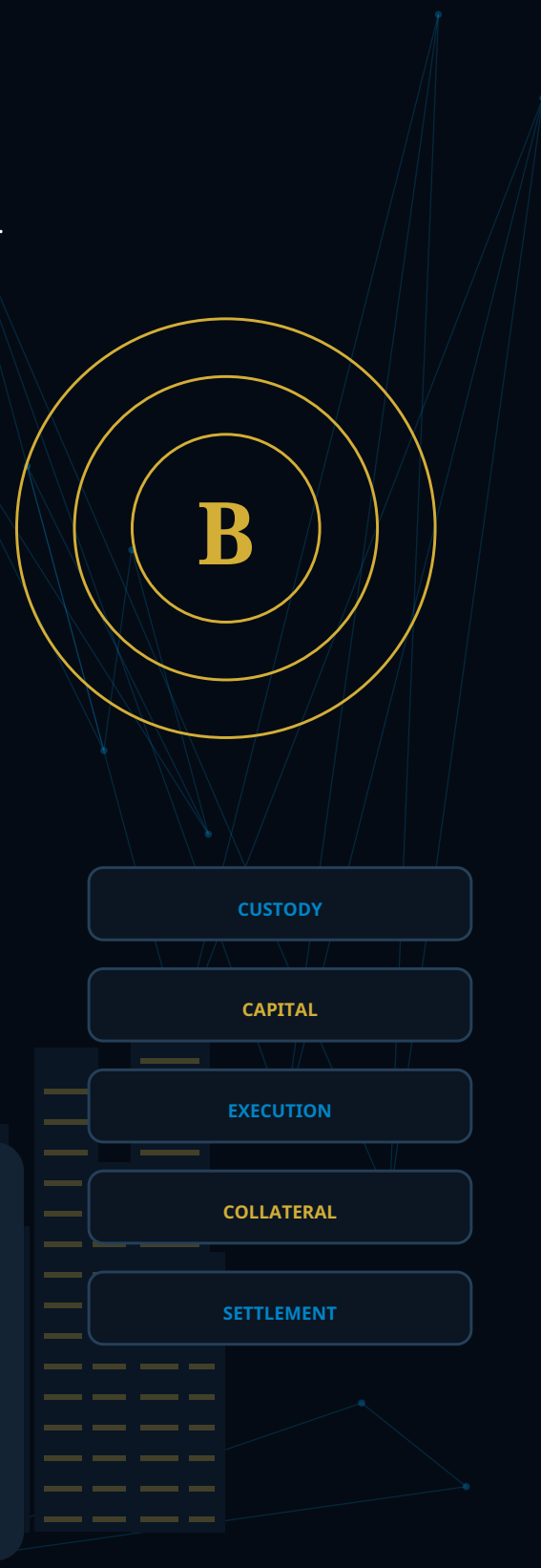


Risk & Limitations

Digital-asset banking remains a high-change, jurisdiction-sensitive field. This report provides institutional research, not legal, accounting, investment, credit or regulatory advice, and it does not certify that any institution or product is available to a particular client.

KEY INSTITUTIONAL TAKEAWAYS

- Regulation can change after the research cutoff.
- Public product announcements may be conditional, pilot-stage or jurisdiction-limited.
- Technology, legal title, insolvency treatment and operational controls must be assessed together.





Risk & Limitations

REGULATORY AND LEGAL LIMITATION

Regulatory references summarize public materials and may omit entity-specific conditions, interpretive nuances or later amendments. Basel standards require domestic implementation. Custody and stablecoin rules can depend on client type, legal entity and jurisdiction. Readers should use qualified counsel and regulatory specialists for decisions.

MARKET AND OPERATIONAL LIMITATION

Bitcoin and digital assets can be highly volatile and may become illiquid. Custody systems can fail through technology, governance, human error, cyber events or third parties. Tokenized settlement can reduce reconciliation but may introduce network, smart-contract, privacy, interoperability and finality risks.

COMMERCIAL LIMITATION

Descriptions of BNY, State Street, Fidelity Digital Assets, Kinexys, Canton and other institutions are based on public materials. They do not imply endorsement, partnership, availability in every jurisdiction or suitability for any reader. Banks-Bitcoin.com is an independent research property and is not a bank, broker, custodian or investment adviser.

BANKING SIGNAL

The institutional question is not whether a capability exists in principle, but whether it is legally available, operationally controlled, capital-efficient and interoperable with the bank's existing risk framework.

INSTITUTIONAL OPERATING MATRIX

Layer	Function	Primary risk focus
Regulatory	Rules can change	Revalidate before use
Product	Availability varies	Confirm with provider
Market	Volatility / liquidity	Stress test
Operational	Custody / cyber / third party	Independent due diligence

Sources: [1], [6], [8], [10], [11], [12], [13], [14], [17], [20], [21] | Research cutoff: 18 August 2026



Institutional Architecture Glossary

Core terms used across custody, execution, capital and settlement.

Custody	Safekeeping and administration of client assets / keys.
Qualified / regulated custodian	Entity meeting applicable legal/regulatory custody conditions; meaning varies by regime.
Prime brokerage	Integrated execution, financing, collateral, settlement and reporting services.
OTC	Bilateral or dealer-mediated execution outside a central order book.
Tokenized deposit	Commercial-bank deposit liability represented on programmable infrastructure.
Stablecoin	Token designed to maintain stable value under a specified issuer/reserve/redemption model.
CBDC	Digital liability of a central bank.
DvP	Delivery versus payment - asset and cash transfers coordinated to reduce principal risk.
RWA	Risk-weighted assets used in regulatory capital calculations.
Group 2	Basel category for cryptoassets that fail Group 1 classification conditions.



Regulatory & Infrastructure Timeline

Key public milestones shaping the 2025-26 institutional banking environment.





Digital Asset Taxonomy

A legal/economic classification map for banking analysis.

Instrument	Issuer / obligor	Primary role	Key bank risk
Bitcoin	None	Asset / collateral / traded instrument	Market, custody, capital
Stablecoin	Token issuer	Payments / settlement	Issuer, reserve, redemption
Tokenized deposit	Commercial bank	Bank money / settlement	Bank credit, ops, legal finality
CBDC	Central bank	Sovereign money	Policy / infrastructure
Tokenized security	Security issuer	Investment / collateral	Securities, settlement, custody

CLASSIFICATION RULE

Do not infer legal treatment from token format. Identify the issuer or obligor, redemption rights, economic claim, custody model and applicable law first. Bitcoin, stablecoins, tokenized deposits, CBDCs and tokenized securities can share technology while remaining fundamentally different instruments.



Source Hierarchy

How evidence is ranked and reconciled when sources differ.

TIER 1

Regulators, central banks, BCBS/BIS, official legislation
Controls regulatory and prudential statements

TIER 2

Bank filings, investor relations and official product documentation
Controls bank capability descriptions

TIER 3

Institutional market-infrastructure providers
Controls technical implementation claims

TIER 4

Carefully selected secondary research
Used only for context; never overrides primary sources



Definitions & Interpretation Rules

Editorial definitions that prevent category errors.

AS OF DATE

Date on which a regulatory or market-status statement was last verified.

PUBLICLY STATED CAPABILITY

Capability described by the institution in an official public source; not a guarantee of universal availability.

INSTITUTIONAL

Banks, asset managers, broker-dealers, funds, corporates, market infrastructures and professional counterparties.

COMMERCIAL BANK LAYER

Custody, cash, credit, balance-sheet, execution and settlement functions provided by regulated banking entities.

PROGRAMMABLE SETTLEMENT

Conditional or automated movement of cash/assets using digital infrastructure.

SCENARIO

Forward-looking analytical construct, not a forecast or investment recommendation.



Official Source Register - U.S. Regulation & Basel

- | | | |
|------------|---|------------------------------------|
| [1] | SEC Staff Accounting Bulletin No. 122 | 23 Jan 2025; effective 30 Jan 2025 |
| | <p>Rescinds SAB 121 safeguarding-accounting guidance.
https://www.sec.gov/rules-regulations/staff-guidance/staff-accounting-bulletins/staff-accounting-bulletin-122</p> | |
| [2] | OCC Interpretive Letter 1183 | 7 Mar 2025 |
| | <p>Reaffirms permissibility of crypto-asset custody, certain stablecoin activities and DLT participation for national banks and federal savings associations; rescinds prior non-objection process.
https://www.occ.gov/topics/charters-and-licensing/interpretations-and-actions/2025/int1183.pdf</p> | |
| [3] | OCC: Bank Authority for Crypto Custody and Execution Services | 7 May 2025 |
| | <p>Clarifies permissible custody and execution-related activities.
https://www.occ.gov/news-issuances/news-releases/2025/nr-occ-2025-42.html</p> | |
| [4] | FDIC Financial Institution Letter FIL-7-2025 | 28 Mar 2025 |
| | <p>Clarifies FDIC-supervised institutions may engage in permissible crypto-related activities without prior FDIC approval.
https://www.fdic.gov/news/financial-institution-letters/2025/fdic-clarifies-process-banks-engage-crypto-related</p> | |
| [5] | Federal Reserve: withdrawal of crypto and dollar-token guidance | 24 Apr 2025 |
| | <p>Withdraws specified prior guidance and aligns supervision with evolving risks.
https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250424a.htm</p> | |
| [6] | Federal bank agencies: crypto-asset safekeeping risk-management statement | 14 Jul 2025 |
| | <p>Highlights risk-management considerations for banks holding crypto-assets on customers' behalf.
https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250714a.htm</p> | |
| [7] | Federal Reserve Commercial Bank Examination Manual - Crypto-Asset-Related Activities and Exposures | Feb 2026 |
| | <p>Adds examination coverage for crypto safekeeping, collateralized lending, dollar tokens and related exposures.
https://www.federalreserve.gov/publications/files/cbem.pdf</p> | |
| [8] | Basel Committee: final cryptoasset disclosure framework and amendments | 17 Jul 2024 |
| | <p>Sets 1 Jan 2026 implementation date for the revised standard and disclosure framework.
https://www.bis.org/press/p240717.htm</p> | |



Official Source Register - Prudential & Banking Infrastr

[9]	Basel Framework SCO60 - Cryptoasset exposures	Consolidated framework
	Sets classification, capital treatment and Group 2 exposure limits. https://www.bis.org/basel_framework/chapter/SCO/60.htm	
[10]	Basel Committee: targeted review of cryptoasset standard	19 Nov 2025
	Committee agreed to expedite review of targeted elements after market developments. https://www.bis.org/press/p251119.htm	
[11]	BNY Digital Assets Custody	Accessed 18 Aug 2026
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