

Trust is now audited. As an outsourced custodian you hold assets you do not own - one lapse in key management, segregation or a third party becomes your client's loss and their auditor's finding. So clients, auditors and regulators all ask the same thing: can you prove the controls held every day? Because ultimately, the assets belong to your clients. The accountability sits with you.

Why this matters now

You hold the risk

Custody failures trace back to key management, approvals and third-party access.

Trust is the law

Client assets must be kept separate from your own and reconciled - that is law here, not best practice.

Your controls tested

Your clients have to prove your controls work to their own auditors, boards and regulators.

How an ISAE 3402 report answers

01 **One report, every client**

Replace repeat client questionnaires and audit visits with a single independent report. You free your control owners from repeat due diligence.

02 **Proof across a period**

A Type 2 opinion shows controls operated all year - not only on the day of review. Your clients' auditors can rely on the report instead of testing your controls themselves.

03 **Faster client onboarding**

Removes a standard gate from institutional onboarding and vendor risk review. New client wins land sooner, and tenders stop stalling on assurance questions.

Understanding traditional and digital custody

Traditional custody

Traditional custody is about secure safekeeping and segregation, transaction authorisation and settlement, cash and securities reconciliations, corporate actions and income management, records, and client reporting.

Digital custody

Digital custody demands private-key lifecycle governance, wallet controls, real-time on-chain and off-chain reconciliation, management of protocol and token events, and oversight of platform and third-party dependencies.

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ISAE 3402 and SOC 2 - what each one covers

Two ways to evidence the same trust. Most custodians need both, and scoping them together saves a cycle.

ISAE 3402

Equivalent to SOC 1 - unblocks your clients' financial audit

- Read by your clients' finance teams and their auditors
- Covers safeguarding, reconciliation, settlement and records
- Type 1 tests design; Type 2 tests design and operation

SOC 2

AICPA Trust Services Criteria - clears third-party risk review

- Read by security, technology and third-party risk teams
- Covers security, availability, integrity, confidentiality, privacy
- Expected by traditional clients, and now digital asset counterparties

Worth knowing

The system description is yours, not the auditor's. How you scope it decides how much reliance the report carries. Clear boundaries also help ensure the report covers the services, systems and risks users actually rely on.

How PwC gets you there

Phase 1 | 6-8 Weeks

Readiness Assessment

- Scope, control objectives and system boundary
- Gap analysis against ISAE 3402 and SOC 2
- System description, control matrix, remediation plan

Your value: a costed, board-ready path to an unqualified opinion - no surprises at audit

Phase 2 | 8-12 Weeks

Attestation Reporting

- Independent testing of design and operating effectiveness
- Signed Type 1 or Type 2 report
- Type 2 needs a 6–12 month observation period

Your value: one report your clients, their auditors and MAS all accept

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