



The Definitive Institutional Guide to Starting with Digital Assets

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Financial institutions seeking exposure to digital assets should adopt a systematic approach to ensure they navigate this new and potentially volatile market wisely.

Here's a step-by-step guide on what they can do:

The fundamental step is to define an investment strategy:

Determine the institution's risk appetite, investment goals, and time horizon. Digital assets can be highly volatile, so having a clear investment strategy is essential. Typically, institutions prefer to start with a small allocation (between 1-2%) and gradually increase exposure as they become more comfortable and knowledgeable about the market.

Beyond that, here are 3 critical considerations for institutions taking their first steps into digital assets:

Ensure a Secure Investment Approach: This includes aspects like ensuring reputable custody solutions for secure storage of digital assets and choosing a trustworthy exchange or broker. Smaller institutions should opt for a reputable cryptocurrency exchange or broker that offers a secure and user-friendly platform for buying, selling, and storing digital assets. The institution must be assured that they maintain full control of their funds at all times.

Risk Management:

Due to the high volatility of digital assets, it's important to establish risk management strategies. Strategies that set limits on investment sizes, regular portfolio reviews, and having an exit strategy are all essential considerations. Additionally, manage asset risk by starting with established cryptocurrencies like Bitcoin (BTC) and Ethereum (ETH).

Professional Guidance:

Smaller institutions can benefit from seeking advice from financial consultants experienced in digital assets. These professionals provide tailored guidance based on the institution's specific needs and goals, helping them stay informed in a rapidly evolving landscape.

As this new asset class evolves, institutions can develop their investment approach. However, since most institutions aim to gain experience through small allocations, it's important to take a measured approach.