

Solving the Crypto Trading & Operations Trilemma

The crypto trading and operations trilemma addresses three potentially complementary but opposing forces from an operations perspective – security, efficiency, and scalability. Security is the actual safety of your firm's own funds, or those it manages on behalf of clients. Efficiency is how quickly you can respond to market moves, transfer assets, and settle balances. Scalability is how easily you can grow your operations and team, adopting new strategies without compromising.

Security

CHALLENGE 1

Malicious and non-malicious insiders

HOW TO SOLVE

- ✓ Create a risk-based approach in distributing controls of transaction approvals, wallet creations, and administrative activities
- ✓ Differentiate between types of transactions (e.g. those to internal accounts vs external accounts)

CHALLENGE 2

People-based attacks (e.g. phishing, social engineering)

HOW TO SOLVE

- ✓ Build good SecOps
- ✓ Rigorous training for personnel to recognize and combat phishing and social engineering attacks
- ✓ Split responsibility for transaction approvals, wallet creation, and admin among multiple independent parties with strong governance policies in play

CHALLENGE 3

Interacting with malicious dApps or smart contracts

HOW TO SOLVE

- ✓ Engage in whitelisting smart contract addresses and creating policies that only allow insiders to work with those addresses
- ✓ Approval capping and removing approvals
- ✓ Utilize transaction simulation services to determine if you are interacting with a malicious contract

CHALLENGE 4

Counterparty risk

HOW TO BALANCE

- ✓ Create good deposit address hygiene with your counterparties and ensure address whitelisting is occurring
- ✓ Frequently sweep funds from centralized exchanges
- ✓ Hold assets separate exchange's control in order to distribute counterparty risks



Efficiency

CHALLENGE 1

Transaction approvals and automated workflows

HOW TO SOLVE

- ✓ Apply automation to low-risk transaction types and amounts
- ✓ Make the approval process easy and secure with built-in redundancy

CHALLENGE 2

Address management and settlement

HOW TO SOLVE

- ✓ Store the whitelisted deposit addresses securely
- ✓ Admin quorum for whitelisting addresses
- ✓ Automatic checks for deposit address validity

CHALLENGE 3

Compliance checks

HOW TO SOLVE

- ✓ Utilize transaction simulation services to determine if you are interacting with a malicious contract

Scalability

CHALLENGE 1

Scaling operations as your team grows

HOW TO SOLVE

- ✓ Create and automate transaction approval policies, enabling governance for user permissions within the organization, the wallets each user can interact with, and maximum transaction amounts within specific time frames
- ✓ Whitelist deposit addresses to reduce manual tasks
- ✓ Choose a flexible and scalable wallet infrastructure that allows you to execute on a diverse set of strategies (e.g. CeFi and DeFi together) within a single interface and platform
- ✓ Offer programmatic options for teams looking for robust developer tooling and SDKs to enhance automation and efficiency
- ✓ Choose an easy-to-use and well-documented platform to streamline new employee onboarding

CHALLENGE 2

Strategy flexibility

HOW TO BALANCE

- ✓ Utilize wallet infrastructure that allows easy listing of new tokens and chains
- ✓ Choose a flexible and scalable infrastructure so you can execute on multiple strategies
- ✓ Offer programmatic options for teams looking for robust developer tooling and SDKs to enhance automation and efficiency

CHALLENGE 3

Adding new trading partners and venues

HOW TO SOLVE

- ✓ Find a platform that can provide a single pane of glass view of CeFi and DeFi operations

