Institutional Custody Due-Diligence Checklist

Fourteen questions to structure a custodian evaluation. A discussion guide for your investment committee, not a scoring system.

Regulatory Status

01 What specific **license or charter** does the custodian hold (state trust, OCC national trust, SEC qualified custodian, none), and in which jurisdiction was it issued?

02 Does that license actually **cover the asset class and account type** you intend to custody?

Asset Segregation and Bankruptcy Remoteness

03 Are client assets held in **individually titled (segregated) accounts**, or in an omnibus structure?

04 Has outside counsel opined on **bankruptcy remoteness** of client assets in the custodian's specific jurisdiction?

05 Does the custodian's own balance sheet ever have a **claim on client assets** under any circumstance (rehypothecation, lending programs)?

Insurance Scope

06 What does the insurance policy actually cover (crime, specie, smart-contract risk, insider theft), and are these under **one policy or several**?

07 Is the insurance limit **per-client or aggregate** across the custodian's entire book of business?

08 What are the **named exclusions** in the insurance policy?

Operational Controls

09 Does the custodian have a current **SOC 1 and/or SOC 2 Type II** report, and how recent is it? Flag anything older than 12 months.

10 What is the cadence of independent **penetration testing and key-ceremony audits**?

Jurisdiction, Rules in Motion, and Commercial Terms

11 Which specific jurisdiction's regulatory regime **governs the custody agreement**, and does that align with your own institution's regulatory obligations?

12 For U.S.-facing programs: how does the custodian's current practice align with the **OCC's pending stablecoin-custody rulemaking** (proposed 12 CFR Part 15, Subpart C: segregation and non-commingling standards), given that rule remains at proposal stage?

13 Does the custodian publish a **written, itemized fee schedule** (custody, settlement, insurance, onboarding), or is pricing quote-only? Request a written quote covering your specific asset mix and volume before comparing providers.

14 What is the custodian's **business continuity plan** if it is acquired, sold, or wound down, and does your custody agreement survive a change of control?

How to use this checklist: the right weighting of these questions depends on your institution's mandate, asset mix, and regulatory posture. Greenwich Sound Capital provides independent, conflict-free custody architecture evaluation. No provider pays to appear in our analysis.