

BlockFi's Approach to a High Assurance Platform

How BlockFi manages a emerging audit and evolving regulatory landscape in the growing digital asset industry.

*BlockFi is not a custodian or an exchange

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Introduction



Adam Healy Chief Security Officer

Bakkt. Palantir. Microsoft. CIA. Marine Corps.

Nearly 20 years of emerging technology and security experience having safeguarded institutions and operations from DC to Wall Street to Silicon Valley to Afghanistan.

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BlockFi Overview

BlockFi bridges the gap between trading crypto by funds or market makers and their need for backwards compatibility to the world of traditional securities. We execute, margin and provide lending of digital assets, all with the reporting and trade life cycle you expect.

Our lending inventory, institutional backing (including Bain, Tiger Global, Fidelity, Susquehanna and Akuna, amongst others) and regulatory compliance enable us to offer crypto trading and financing services for traditional investors.

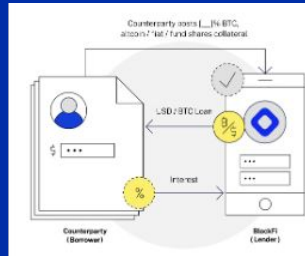
BlockFi

Retail



- Bitcoin Rewards Credit Card
- Yield-earning Accounts
- Trading
- Lending

Institutional



- Prime Services
- Investment Products
- Custom Lending (crypto & USD)
- Custom Trading (crypto & USD)

3 Topics for Today

Custody

Safekeeping of private keys used to transact digital asset transactions.

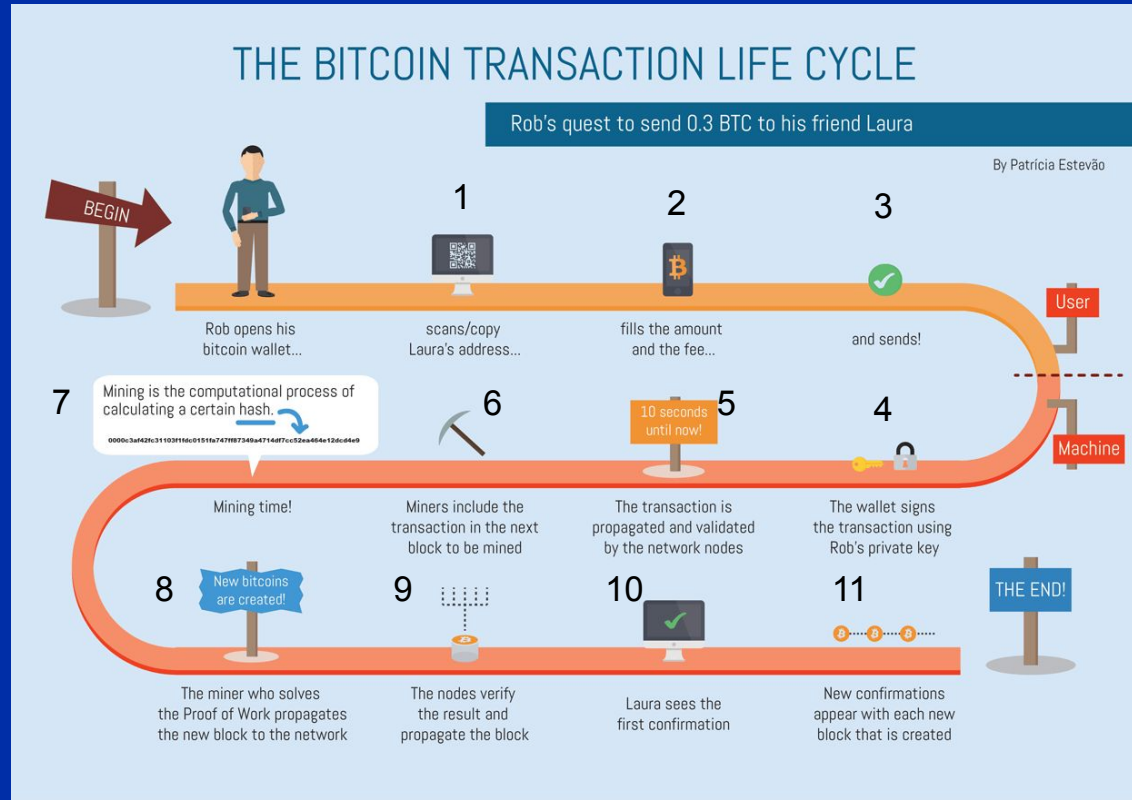
Key Validation

Ability to confirm the control of the private keys used to transact digital asset transactions.

Disaster Recovery

Tools, processes and procedures used to restore private keys used to transact digital asset transactions.

Background



Source: <https://twitter.com/KhalidHamdan0/status/6735233355333599232/photo/1>



**CRYPTOCURRENCY
SECURITY STANDARD**



Office of the
Director of National Intelligence

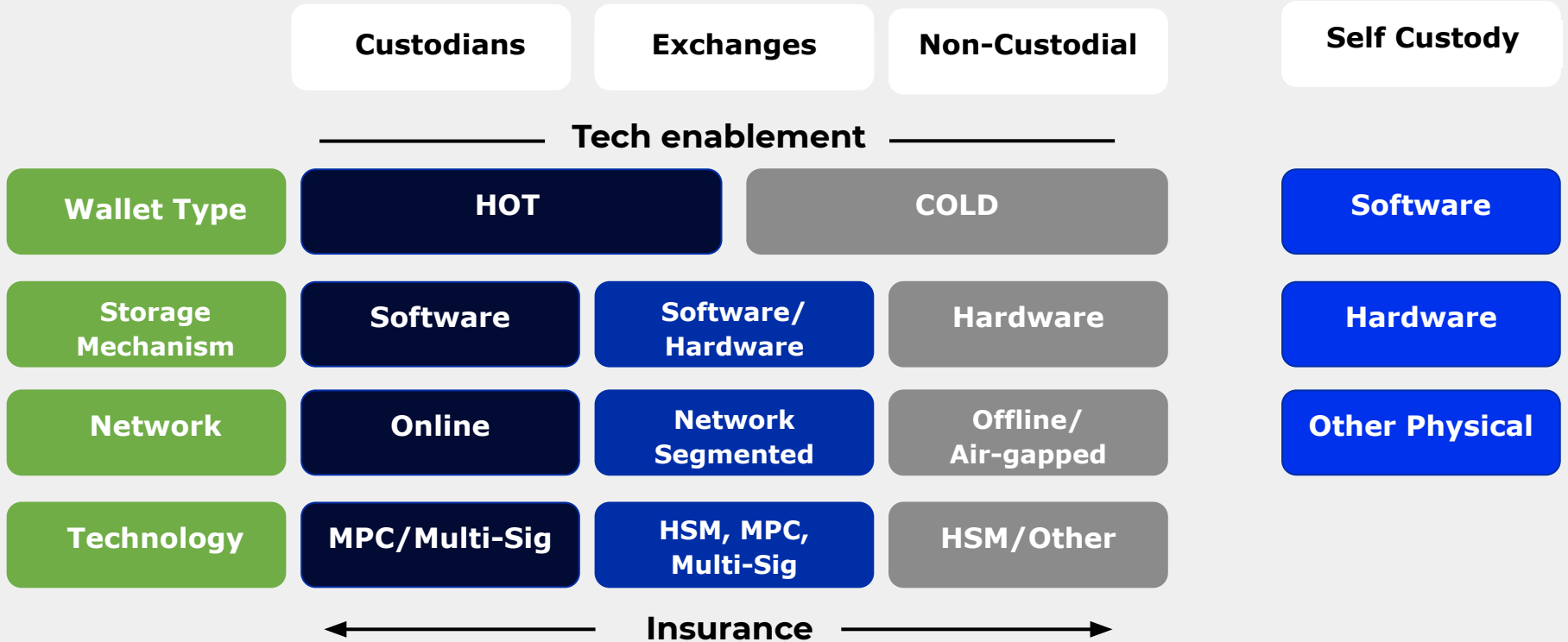
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Custody

Navigating the Crypto Storage Landscape



Key Validation

Key Control Validation - Approach 1, Small Value Transaction

Client moves a small amount of cryptocurrency from the audited wallet to another wallet providing the auditor wallet addresses and blockchain transaction hashes.



Key Control Validation - Approach 2, Encrypted Text

Auditor provides a text string encrypted with the public key associated to the blockchain address being audited. The client to decrypts said text string and provides the plane text output of the auditor.



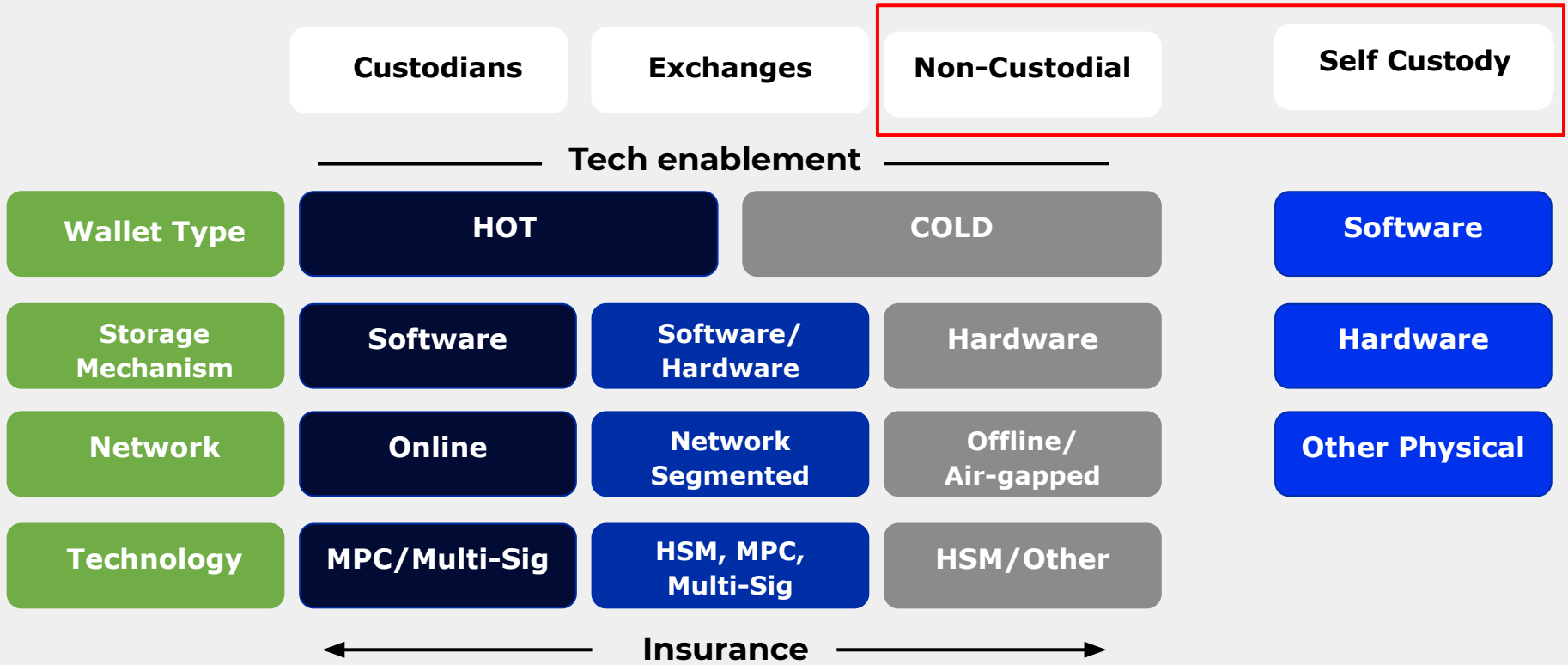
Key Control Validation - Reality Check

There is NO WAY to cryptographically confirm
SOLE control or possession of the private key.



Disaster Recovery

Navigating the Crypto Storage Landscape



Disaster Recovery

Expertise

Without deep industry knowledge, the nuances of DR are often lost or misunderstood. Self custody and non-custodial wallets are *not* fire and forget.

Technical Mechanics

Fault boundaries found with normal enterprise systems are magnified. Ultimately someone needs to control the keys that protect the keys. Who and how is that done?

Lacking Standards

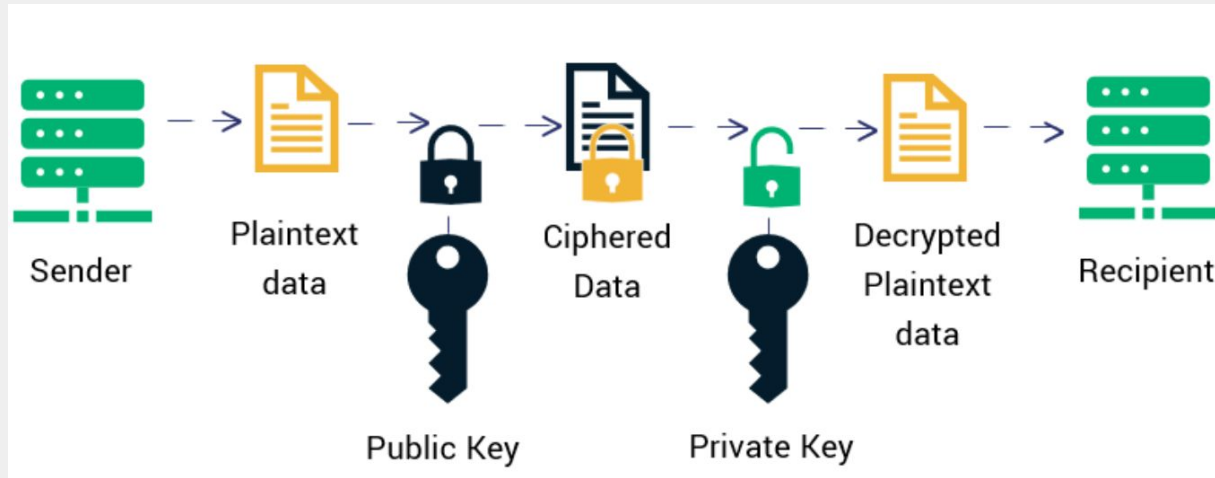
Outside of some vague recommendations from CCSS there is no comprehensive standard that balances operational requirements with security. Each firm must invent their own.

Questions?

**Contact us to
learn more**

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Backup - Asymmetric Encryption





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