January 13, 2021

Nathan McCauley
President & Director
Anchorage Trust Company
4901 S. Isabel Place
Sioux Falls, SD 57101

Re: Application by Anchorage Trust Company, Sioux Falls, South Dakota to Convert to a National Trust Bank
Application for Residency Waiver

OCC Control Numbers: 2020-WE-Conversion-317667
2020-WE-Waiver-317826

Dear Mr. McCauley:

The Office of the Comptroller of the Currency (OCC) hereby approves the application by Anchorage Trust Company (Anchorage Trust) of Sioux Falls, South Dakota, to convert (the Conversion) to a national trust bank operating under the title of Anchorage Digital Bank, National Association (ADB-NA).[1] This approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC, including commitments and representations made by the applicant's representatives during the application process. This approval is also subject to a condition set out herein.

I. Introduction

Anchorage Trust was chartered as a non-depository public trust company by the state of South Dakota in 2019. Anchorage Trust is a wholly owned subsidiary of Anchor Labs, Inc., (Anchor Labs) a Delaware corporation headquartered in San Francisco, California. Anchorage will convert from a South Dakota-chartered trust company to a national trust bank. Post-conversion, ADB-NA will remain a wholly owned subsidiary of Anchor Labs.[2]

[1] Additionally, the OCC also approves the request for waiver of residency requirements for ADB-NA pursuant to 12 USC 72.

[2] In addition to Anchorage Trust Company, Anchor Labs wholly owns a number of subsidiary businesses, including Anchorage Hold, LLC, a Delaware limited liability company, Anchorage Lending, LLC, and Anchorage Lending CA, LLC, both commercial lenders. Anchor Labs is also the parent of two dormant entities – Anchorage Global, LLC, a Delaware limited liability company, and Anchorage Services, LLC, a Delaware limited liability

Currently, Anchorage Trust solely performs the functions and activities that may be performed by a trust company, including activities of a fiduciary, agency, or custodial nature, in the manner authorized by state law.[3] Anchorage Trust offers custody services primarily to institutional investors that transact in digital assets and cryptocurrencies, including but not limited to certain tokenized securities and cryptocurrencies such as Bitcoin, Bitcoin Cash, Ethereum, Zcash, and Filecoin.[4] In addition to its core custody services, Anchorage Trust provides various custody services to its customers that are distinct from, but ancillary to, its core custody services. These services will, among other things, allow customers to be active participants in the protocols underlying each digital asset. Specifically, Anchorage Trust engages in the following core activities as a state trust company pursuant to South Dakota law:[5]

(1) **Custody of Digital Assets:** Anchorage Trust is authorized to perform fiduciary custody of the digital assets.

company, as well as a non-operating international holding company, Anchorage Intermediate, Inc., a Delaware corporation.

[3] Under South Dakota law, a trust company may exercise the following powers necessary or incidental to carrying on a trust company business, including: (1) Act as agent, custodian, or attorney-in-fact for any person, and, in such capacity, take and hold property on deposit for safekeeping and act as general or special agent or attorney-in-fact in the acquisition, management, sale, assignment, transfer, encumbrance, conveyance, or other disposition of property, in the collection or disbursement of income from or principal of property, and generally in any matter incidental to any of the foregoing; (2) Act as registrar or transfer agent for any corporation, partnership, association, limited liability company, municipality, state, or public authority, and in such capacity, receive and disburse money, transfer, register, and countersign certificates of stock, bonds, or other evidences of indebtedness or securities, and perform any acts which may be incidental thereto; (3) Act as trustee or fiduciary under any mortgage or bond issued by a person; (4) Act as trustee or fiduciary under any trust established by a person; (5) Act as fiduciary, assignee for the benefit of creditors, receiver, or trustee under or pursuant to the order or direction of any court or public official of competent jurisdiction; (6) Act as fiduciary, guardian, conservator, assignee, or receiver of the estate of any person and as executor of the last will and testament or administrator, fiduciary, or personal representative of the estate of any deceased person when appointed by a court or public official of competent jurisdiction; (7) Establish and maintain common trust funds or collective investment funds pursuant to the provisions of chapter 55-6; or (8) Act in any fiduciary capacity and perform any act as a fiduciary which a South Dakota bank with trust powers may perform in the exercise of those trust powers. S.D. Codified Laws § 51A-6A-29.

[4] Although it primarily serves institutional investors, Anchorage Trust may serve a limited number of high-net-worth individuals that meet certain minimum assets under custody (AUC) thresholds or the retail clients of regulated broker-dealers pursuant to the No-Action Letter titled "ATS Role in the Settlement of Digital Asset Security Trades" issued on September 25, 2020 by the Securities and Exchange Commission Division of Trading and Markets staff to the Financial Industry Regulatory Authority.

[5] All of Anchorage Trust's core services, activities, and functions are fiduciary in nature, and performed by Anchorage Trust in a manner authorized, under South Dakota law. Anchorage Trust also engages in back-office and other activities necessary, convenient, or incidental to its core activities, services, and functions.

(2) Custody of Fiat Currency (using a sub-custodian): Anchorage Trust is authorized to custody client cash deposits, in addition to cryptocurrency. Client cash deposits will be held at a state- or federally-chartered bank insured by the Federal Deposit Insurance Corporation in omnibus accounts held for the benefit of Anchorage Trust clients.

(3) Governance Services: Anchorage Trust is authorized to provide on-chain governance services allowing its clients to participate in the governance of the underlying protocols on which their assets operate.

(4) Staking Services: Anchorage Trust, via an affiliate or otherwise, is authorized to operate validator nodes, providing staking as a service, and also to provide clients the ability to delegate staking to third-party validators.

(5) Settlement Services: Anchorage Trust is authorized to settle transactions facilitated by its affiliates as well as other third-party brokers (each a "Broker" and collectively "Brokers") as well as by clients themselves. Clients or their Brokers may direct Anchorage Trust to receive digital assets into and to transfer digital assets out of their vaults from and to external accounts or digital asset addresses controlled by third parties, including but not limited to transfers made in connection with the settlement of a purchase or sale of digital assets.

II. The Conversion

Anchorage Trust has filed an application to convert to a national trust bank under 12 USC 35 and 12 CFR 5.24. A state bank, including a state trust company, may convert into a national bank under 12 USC 35, with the approval of the OCC.[6] Anchorage Trust is a non-depository public trust company organized under South Dakota law and is authorized to convert to a national bank under 12 USC 35 and 12 CFR 5.24.

The OCC concludes that the Conversion meets the criteria in 12 USC 35. First, the Conversion would not be in contravention of applicable law. Anchorage Trust also meets the other criteria in section 35, including shareholder approval. Thus, the Conversion is authorized under section 35. In addition, the OCC has reviewed the factors applicable to the Conversion under 12 CFR 5.13(b) and 5.24(e)(2) and found them consistent with approval. Moreover, since ADB-NA will continue performing the current activities of Anchorage Trust, in a manner authorized by South Dakota law for a state trust company, ADB-NA will be a national bank whose operations are those of a trust company and activities related thereto. Accordingly, ADB-NA's activities are permissible pursuant to the plain terms of 12 USC 27(a).[7]

---

[6] *See, e.g.*, OCC Conditional Approval #1170 (May 2017).

[7] *See* OCC Interpretive Letter #1176 ("IL 1176") (January 2021).

Immediately following the Conversion, ADB-NA will continue to operate its office at S. Isabel Place, Sioux Falls, South Dakota, as its main office.[8]

III. Fiduciary Activities

As part of its conversion application, Anchorage Trust also seeks OCC approval to exercise fiduciary powers pursuant to 12 USC 92a and 12 CFR 5.26. The OCC has reviewed the criteria set forth in 12 USC 92a(i) and the factors in 12 CFR 5.26(e)(2)(iii) for national banks seeking to exercise fiduciary powers. Based on a thorough review of all information available, including the representations and commitments made in the application and by Anchorage Trust's representatives, the OCC hereby grants ADB-NA the authority to conduct the fiduciary powers requested in its application under 12 USC 92a and 12 CFR 5.26.[9] ADB-NA will conduct its activities from its single home office and through the internet on a nationwide basis, and will designate South Dakota as the state in which it acts in a fiduciary capacity for purposes of 12 CFR 9.7 post-conversion.

Thus, upon its conversion, Anchorage Trust will solely perform the functions and activities that may be performed by a trust company, including activities of a fiduciary, agency, or custodial nature, in the manner authorized by federal and state law. Moreover, because ADB-NA will continue performing the current activities, services, and functions of Anchorage Trust, all of which are fiduciary in nature, in a manner authorized by South Dakota law for a state trust company, ADB-NA will be acting in a fiduciary capacity pursuant to 12 USC 92a and will be subject to the relevant provisions of 12 CFR Part 9, as the OCC determines appropriate.

IV. Pre-Conversion Requirements

The following items must be satisfied on or before the effective date of the Conversion:

1. ADB-NA must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists factors the directors should consider to determine adequacy.

2. ADB-NA must apply for membership in the Federal Reserve System.

3. ADB-NA must ensure all other required regulatory approvals have been obtained.

---

[8] ADB-NA will not have any additional offices at the time of conversion and currently has no plans to open any additional offices.

[9] *See* IL 1176, *supra* note 7.

4. The directors of ADB-NA must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.

Upon completion of all steps required to convert to a national banking association, the enclosed Conversion Completion Certification certifying completion should be submitted. Please provide the OCC with advance notice of the Conversion. When ADB-NA has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national bank. Shortly after conversion, you will receive a charter certificate.

If the Conversion is not consummated within six months from the date of this approval, the approval will automatically terminate unless the OCC grants an extension. The OCC does not grant extensions of the approval period, except under extenuating circumstances, and expects the Conversion to occur as soon as possible after approval.

V. Conditions

Approval of the Conversion is subject to the following conditions under 12 USC 1818:

1. ADB-NA shall limit its business to the operations of a trust company and activities related or incidental thereto. ADB-NA shall not engage in activities that would cause it to be a "bank" as defined in section 2(c) of the Bank Holding Company Act.

2. ADB-NA shall enter into, and thereafter implement and adhere to, a written Operating Agreement with the OCC, in a form acceptable to the OCC, within one (1) business day of the Conversion. This condition shall remain in effect until the Operating Agreement is terminated under the provisions set forth in the Operating Agreement.

3. Within three (3) business days after the effective date of the Operating Agreement between ADB-NA and the OCC, ADB-NA shall enter into a written Capital and Liquidity Support Agreement ("CSA") with Anchor Labs and the OCC on terms and conditions acceptable to the OCC, setting forth Anchor Labs obligation to provide capital and liquidity support to ADB-NA if and when necessary. ADB-NA shall thereafter implement and adhere to the terms of the CSA.

4. Within three (3) business days after the effective date of the Operating Agreement between ADB-NA and the OCC, ADB-NA shall enter into a written Capital Assurance and Liquidity Maintenance Agreement ("CALMA") with Anchor Labs on terms and conditions acceptable to the OCC, setting forth Anchor Labs obligation to provide capital and liquidity support to ADB-NA if and when necessary. ADB-NA shall thereafter implement and adhere to the terms of the CALMA.

OPERATING AGREEMENT

By and Between
Anchorage Digital Bank National Association, and
The Office of the Comptroller of the Currency

This Operating Agreement is entered into between Anchorage Digital Bank National Association, Sioux Falls, South Dakota ("Bank"), and the Office of the Comptroller of the Currency ("OCC" or "Comptroller") to ensure that the Bank operates in a safe and sound manner and in accordance with all applicable laws, rules and regulations.

WHEREAS, Anchorage Trust Company, a South Dakota chartered trust company, submitted an application to the OCC to convert to a national banking association ("Application");

WHEREAS, the OCC granted conditional approval for the conversion on January 13, 2021 subject to certain conditions imposed in writing, including a condition that the Bank enter into this Operating Agreement with the OCC;

WHEREAS, the Bank is a direct wholly-owned subsidiary of Anchor Labs, Inc. ("Anchor Labs") and, accordingly, Anchor Labs directly controls the Bank;

WHEREAS, Anchor Labs, the Bank, and the OCC seek to ensure that the Bank operates in a safe and sound manner and in accordance with all applicable laws, rules and regulations;

WHEREAS, to assist the Bank in adjusting its existing policies and procedures to comply with the laws, rules and regulations applicable to national trust banks and to account for the OCC's standards to operate as a national trust bank, the OCC determined it would be useful to provide the Bank with a framework of the criteria and requirements that would be expected;

NOW THEREFORE, it is agreed between the OCC, by and through its authorized representative, and the Bank, by and through its Board of Directors ("Board"), that the Bank shall enter into and at all times operate in compliance with the articles of this Operating Agreement ("Agreement").

ARTICLE I
JURISDICTION

(1) The Bank is a national banking association chartered and examined by the OCC pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq*.

(2) The OCC is "the appropriate Federal banking agency" regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) By virtue of 12 U.S.C. § 1818(b)(5), all of the provisions of 12 U.S.C. § 1818 apply to the Bank.

(4) This Agreement shall be construed to be a "written agreement" within the meaning of 12 U.S.C. § 1818. The Bank also expressly acknowledges that this Agreement is enforceable by the OCC pursuant to 12 U.S.C. § 1818.

(5) This Agreement shall not be construed to be a "formal written agreement" within the meaning of 12 C.F.R. § 5.3(g)(5), 12 C.F.R. § 5.51(c)(7), and 12 C.F.R. § 24.2(e)(4), unless the OCC informs the Bank otherwise.

ARTICLE II
THE BANK'S MINIMUM CAPITAL AND LIQUIDITY REQUIREMENTS

(1) At all times, the Bank shall continue to maintain capital (the Bank's "Basic Capital Requirement") at least equal to the greater of:

(a) the amount required to be "well-capitalized" under the standards applicable to national banking associations under 12 C.F.R. Part 6;

(b) Seven million dollars ($7,000,000) in Tier 1 capital; or

(c) such other higher amount as the OCC may require pursuant to the exercise of its regulatory authority under 12 U.S.C. § 1818, 12 C.F.R. Part 3, or in connection with any action on any application, notice, or other request made by the Bank.

(2) At all times, at least fifty percent (50%) of the Bank's Basic Capital Requirement shall be comprised of Eligible Liquid Assets (the Bank's "Minimum Liquid Capital Requirement"). The Basic Capital Requirement and the Minimum Liquid Capital Requirement together shall constitute the Bank's Minimum Capital Requirement (the Bank's "Minimum Capital Requirement").

(3) At all times, the Bank shall maintain liquidity in the form of Eligible Liquid Assets in an amount at least equal to the greater of three million dollars ($3,000,000) or one hundred and eighty (180) days coverage of operating expenses, excluding any Excluded Expenses (the Bank's "Minimum Liquidity Requirement"). For purposes of meeting the Minimum Liquidity Requirement, the Bank's Minimum Capital Requirement is not an available liquidity source. Thus, in determining compliance with the Minimum Liquidity Requirement and the Minimum Capital Requirement, Eligible Liquid Assets needed to meet the Minimum Capital Requirement shall not be included in calculating whether the Minimum Liquidity Requirement is met.

(4) Within thirty (30) days after the Effective Date of this Agreement, the Board shall adopt, and ensure the Bank implements and maintains, a safe and sound system to

analyze and maintain levels of capital and liquidity commensurate with the Bank's risk profile. Refer to OCC Bulletin 2007-21, Supervision of National Trust Banks – Revised Guidance: Capital and Liquidity (June 26, 2007), the "Capital and Dividends" booklet of the *Comptroller's Handbook* (July 2018), the "Liquidity" booklet of the *Comptroller's Handbook* (June 2012) as applicable, and any subsequent OCC guidance.

(5) The Board shall review the Bank's capital and liquidity periodically, and at least quarterly, to determine if the Bank requires additional capital or liquidity. If at any time the Board determines the Bank requires capital in excess of the Minimum Capital Requirement (the Bank's "Additional Capital Requirement") or liquidity in excess of the Minimum Liquidity Requirement (the Bank's "Additional Liquidity Requirement"), the Bank shall seek the assistance of Anchor Labs as necessary and promptly raise capital and/or increase liquidity to meet the Additional Capital Requirement and/or the Additional Liquidity Requirement.

(6) The Bank shall not declare or pay a dividend or reduce its capital unless:

(a) the Bank is in compliance with the Minimum Capital Requirement of paragraphs (1) and (2) and the Minimum Liquidity Requirement of paragraph (3) and would remain in compliance immediately following the declaration or payment of any dividend or any reduction in capital;

(b) the Bank is in compliance with the Business Plan required under Article V and would remain in compliance following the dividend or capital reduction;

(c) the Bank is in compliance with the provisions of this Agreement and would remain in compliance following the dividend or capital reduction;

(d) the declaration or payment of the dividend or the reduction in capital is in compliance with 12 U.S.C. §§ 56, 59 and 60 and with 12 C.F.R. Part 5; and

(e) the Bank has received the OCC's prior written supervisory nonobjection.

(7) If the Bank fails to maintain the level of capital required by the Minimum Capital Requirement or the level of liquidity required by the Minimum Liquidity Requirement or fails to comply with paragraph (6), then the Bank shall be deemed not in compliance with this Article, and the Bank shall take such corrective measures as the OCC may direct from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's capital and liquidity to levels that comply with the Minimum Capital Requirement and the Minimum Liquidity Requirement, and any other action deemed advisable by the OCC to address the Bank's capital or liquidity deficiency or the safety and soundness of its operations.

ARTICLE III
CAPITAL AND LIQUIDITY SUPPORT AGREEMENT

(1) No later than three (3) business days after the Effective Date of this Agreement, the Bank shall execute a Capital and Liquidity Support Agreement ("CSA") with Anchor Labs and the OCC that complies with the requirements of this Agreement and that sets forth the Bank's right and obligation to seek and obtain all necessary capital and liquidity support from Anchor Labs and Anchor Labs' obligation to provide the Bank with such support.

(2) The terms of the CSA at a minimum shall require Anchor Labs to provide the Bank with all financial support necessary to ensure the maintenance of capital and liquidity in accordance with Article II of this Agreement.

(3) The Bank shall take all actions necessary to exercise its rights and enforce the terms of the CSA, if and when necessary. Any Bank demand or request to Anchor Labs for compliance with the CSA shall be in writing, and the Bank shall provide the OCC with a copy of such written demand or request within one (1) business day after delivery to Anchor Labs.

ARTICLE IV
CAPITAL ASSURANCE AND LIQUIDITY MAINTENANCE AGREEMENT

(1) No later than three (3) business days after the Effective Date of this Agreement, the Bank shall execute and at all times maintain a legally enforceable Capital Assurance and Liquidity Maintenance Agreement ("CALMA") with Anchor Labs in a form acceptable to the OCC that sets forth the Bank's right and obligation to seek and obtain all necessary capital and liquidity support from Anchor Labs and Anchor Labs' obligation to provide the Bank with such support.

(2) The terms of the CALMA at a minimum shall require Anchor Labs to provide the Bank with all financial support necessary to ensure the maintenance of capital and liquidity in accordance with Article II of this Agreement.

(3) Upon execution of the CALMA, the Bank shall forward a copy to the OCC, along with certified copies of the resolutions adopted by the Board and by Anchor Labs' boards of directors evidencing their respective approvals and authorizations to enter into and be bound by the CALMA.

(4) The Bank shall take all actions necessary to exercise its rights and enforce the terms of the CALMA, if and when necessary. Any Bank demand or request to Anchor Labs for compliance with the CALMA shall be in writing, and the Bank shall provide the OCC with a copy of such written demand or request within one (1) business day after delivery to Anchor Labs.

(5) The Bank shall not modify, amend or terminate, nor agree or consent to a modification, amendment or termination of the CALMA without obtaining a prior written supervisory non-objection from the OCC.

ARTICLE V
BUSINESS PLAN; NO SIGNIFICANT DEVIATION

(1) The Bank shall limit its business to the operations of a trust company and activities related or incidental thereto. The Bank shall not engage in activities that would cause it to be a "bank" as defined in section 2(c) of the Bank Holding Company Act.

(2) Within sixty (60) days after the Effective Date of this Agreement, the Bank shall update and revise the business plan submitted with the Application and submit the written updated Business Plan (the "Business Plan") to the OCC for a prior written determination of no supervisory objection. The Business Plan shall incorporate the following:

(a) written policies and procedures on corporate governance, audit, and compliance as set out in Article VI;

(b) a written information technology and security risk management program as set out in Article VII;

(c) written Bank Secrecy Act/Anti-Money Laundering/Office of Foreign Assets Control compliance programs as set out in Article VIII;

(d) a safe and sound third-party risk management program as set out in Article IX;

(e) written policies and procedures on affiliate agreements and transactions that include measures to ensure the Bank's interests are independently assessed and appropriately protected as set out in Article X;

(f) a written program to mitigate risks associated with new products and services, alterations or modifications to existing products or services, and expansion of products and services through growth, changes in outsourcing arrangements, or other proposed changes in the Bank's operating environment. Refer to OCC Bulletin 2017-43, New, Modified or Expanded Bank Products and Services: Risk Management Principles (October 20, 2017);

(g) provisions requiring the Bank's maintenance of appropriate types and amounts of insurance to adequately cover the Bank's activities and functions, particularly its activities involving digital assets, including but not limited to fidelity bond, errors and omissions, fraud and cyber insurance, and requiring the Board's periodic review and assessment of the adequacy of insurance coverage based on an appropriate assessment of the Bank's risks; and

(h) a forecast for the three-year period covered by the Business Plan, broken down on a quarterly basis, to include projections for:

(i) major balance sheet and income statement accounts, capital and liquidity statements, earnings and profit, and desired financial ratios (collectively, an "Operating Budget"); and

(ii) the amount of assets under management, assets under administration, and assets held in custody.

(3) Within fifteen (15) days after the Effective Date of this Agreement, the Bank shall engage a qualified consultant, who shall be subject to the OCC's written supervisory nonobjection, to assist the Bank in maintaining, enhancing, and, as necessary, developing, and thereafter implementing the programs, policies, procedures and other requirements of the Business Plan in this Article and the other articles of this Agreement.

(4) Once the Bank receives the prior written determination of no supervisory objection from the OCC required by paragraph (2) of this Article, the Bank shall promptly adopt and within thirty (30) days implement, and thereafter adhere to the Business Plan.

(5) Once the Business Plan is adopted under paragraph (4), the Bank shall not make a material change to or significantly deviate from the Business Plan unless the Bank has first given the OCC at least thirty (30) days prior written notice of its intent to do so, and obtained the OCC's prior written determination of no supervisory objection to such action, *provided that,* if such change or deviation is the subject of an application to the OCC requiring the OCC's prior approval, additional notice under this paragraph (5) is not required. The Bank's request for prior written determination of no supervisory objection to a material change or significant deviation shall include, at a minimum, (a) an assessment of the adequacy of the Bank's management, staffing levels, organizational structure, financial condition, capital adequacy, funding sources, management information systems, internal controls, and written policies and procedures with respect to the proposed significant deviation and (b) the Bank's evaluation of its capability to identify, measure, monitor, and control the risks associated with the proposed significant deviation.

(6) Once the Bank receives the OCC's prior written determination of no supervisory objection for a material change to or significant deviation from the Business Plan, the Bank shall revise the Business Plan to reflect the change and the Bank shall implement and thereafter adhere to the revised Business Plan. If, after receiving supervisory non-objection from the OCC for a significant deviation from or change to its Business Plan, the Bank decides not to make such change, the Bank shall, within ten (10) days of its decision, provide written notice to the OCC.

(7) For purposes of this Article, significant deviations or changes that may have a material impact on the Business Plan include, but are not limited to, any significant deviations from or material changes consistent with the description provided in Appendix F (Significant Deviations After Opening) of the "Charters" booklet of the *Comptroller's Licensing Manual* (October 2019), and any subsequent guidance.

(8) Notwithstanding any other provision of this Article, the Bank's intent to offer any significant product or service or engage in any activity that the Bank was not offering or engaging in at the time of its conversion is considered a material change to or significant deviation from the Business Plan for purposes of this Article and subject to the requirements of paragraph (5) above, regardless of whether the product, service or activity was identified in the business plan submitted with the Application.

(9) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the Business Plan. The Bank shall not operate or conduct business in a manner inconsistent with the most recent Business Plan that has received supervisory non-objection from the OCC.

(10) The Board shall ensure that the Bank has executive officers and other management with sufficient experience and expertise to implement the Business Plan, in a safe and sound manner. The Bank shall not commence offering a product or service included in the Business Plan until the Bank has appropriate management, staffing, systems, and risk controls fully in place for the product or service. The Bank shall not commence offering a new product or service not included in the Business Plan until the Bank has appropriate management, staffing, systems, and risk controls fully in place for the new product or service.

(11) The Board shall ensure that performance under the Business Plan is reviewed at least quarterly. The Bank shall report any material deviation from the Business Plan or any material deviation from the financial projections required under paragraph (2)(h) above to the OCC within five (5) days of the discovery of the deviation. The report shall describe and provide an explanation of any material deviations.

(12) The Board shall ensure that the Business Plan is updated annually, no later than one month prior to the end of the Bank's current fiscal year, to cover the next three (3) year fiscal period. The Bank shall submit the updated annual financial projections included in the Business Plan under paragraph (2)(h) above to the OCC within ten (10) days of the Board's review and update. If there is no material change to the Business Plan in the annual update other than the updated financial projections, the Bank shall so certify to the OCC within ten (10) days of the Board's review and update. If the Bank proposes a material change to the Business Plan in the annual update, the Bank shall submit the amended Business Plan to the OCC for review and supervisory non-objection and shall not implement any proposed material change until it has received written supervisory non-objection from the OCC.

ARTICLE VI
<u>CORPORATE STRUCTURE AND GOVERNANCE; AUDIT; COMPLIANCE</u>

(1) As required under paragraph (2)(a) of Article V, within sixty (60) days after the Effective Date of this Agreement the Bank shall maintain, enhance, and, as necessary, develop as part of the Business Plan safe and sound written policies and procedures on corporate governance. Refer to the "Corporate and Risk Governance" booklet of the *Comptroller's Handbook* (July 2019), and any subsequent OCC guidance. The policies and procedures on corporate governance shall include, at a minimum:

(a) measures to maintain the Bank's separate corporate identity, distinct from Anchor Labs and any other affiliates;

(b) measures to ensure that the Bank's directors, officers, and employees (i) act in the interest of the Bank, and (ii) do not have any conflicts of interest with respect to Anchor Labs and any other affiliates, or any such conflicts are appropriately disclosed and resolved;

(c) measures to ensure that the Bank's books and records are (i) maintained separately from those of Anchor Labs and any other affiliate, (ii) under the control of the Bank, and (iii) readily available to the OCC upon request;

(d) a delineation of lines of reporting within the Bank;

(e) specific requirements for the types, amount, and timing of information to be supplied to the Board; and

(f) internal policies that specifically address the need and structure for independent audit and compliance reviews.

(2) Within ninety (90) days after the Effective Date of this Agreement the Board shall appoint a qualified individual to serve as the Bank's Chief Operating Officer, who shall be subject to the OCC's written supervisory nonobjection, who will be responsible for the day-to-day operations of the Bank, including responsibilities agreed to between the Bank and the OCC.

(3) The Board shall be comprised of members who have sufficient experience and expertise to oversee the Bank's business model, business plan and the Bank's inherent risks.

(4) Within thirty (30) days after the Effective Date of this Agreement, the Board shall participate in a training program covering laws, regulations, and safe and sound banking practices relevant to the Bank's operations and specifically tailored to the Bank's products, services, business lines and risks. On an ongoing basis, the Board shall participate

in training programs to stay informed and current on industry trends and regulatory developments relevant to the Bank's business.

(5) On the Effective Date of this Agreement and at all times thereafter, at least forty percent (40%) of the members of the Bank's Board of Directors must be independent directors. For purposes of this provision, an "independent director" is one that (a) is not an officer or employee of the Bank, (b) is not an officer, director, principal, managing member, or employee of Anchor Labs or any other affiliate, ,(c) is otherwise "independent of management" within the meaning of 12 C.F.R. Part 363, and (d) has not been otherwise determined by the OCC to lack sufficient independence.

(6) The Bank shall maintain an Audit Committee that shall be comprised of at least three (3) Bank directors, the majority of whom are independent directors as defined in paragraph (5).

(7) The Bank shall maintain a Fiduciary Audit Committee that meets the requirements of 12 C.F.R. § 9.9(c). A director may serve on both the Audit Committee and the Fiduciary Audit Committee if the director meets the qualifications and requirements for each committee. One committee may serve both functions if all members of the committee meet the qualifications and requirements for both.

(8) The Board shall ensure the Bank's adherence to safe and sound independent internal and external audit functions. Refer to the "Internal and External Audits" booklet of the *Comptroller's Handbook* (July 2019), and any subsequent guidance. The Bank's internal and external audit functions shall include regular audits, at a minimum annually, of the Bank's compliance with each requirement of this Agreement.

(9) Within fifteen (15) days after the Effective Date of this Agreement, the Board shall engage a qualified independent firm, that shall be subject to the OCC's written supervisory nonobjection, to perform the Bank's internal audit function. The independent firm shall be responsible for:

(a) developing and managing an effective risk based internal audit program at the Bank, subject to the Audit Committee's review and approval, with particular emphasis on assessing the effectiveness of:

(i) the Bank's information technology and security systems and controls and its compliance with applicable regulatory requirements;

(ii) the Bank's AML/BSA/OFAC program and related internal controls and its compliance with applicable regulatory requirements;

(iii) the Bank's fiduciary and related activities, including the Bank's compliance with 12 C.F.R. Part 9 and other applicable law and regulatory requirements;

(iv) the Bank's crypto activities and related internal controls;

(v) the Bank's third-party risk management program;

(vi) the Bank's compliance with regulatory requirements governing affiliate agreements and transactions; and

(vii) the Bank's compliance with the terms of this Agreement.

(b) periodically preparing written reports to the Bank's Audit Committee, including tracking reports on management's implementation of corrective action to address any identified deficiencies or concerns.

(10) The Bank shall obtain annual audited financial statements and management reports/independent attestations.

(11) Within sixty (60) days after the Effective Date of this Agreement, the Bank shall develop as part of the Business Plan required under Article V an effective compliance program designed to meet the requirements of national banking laws, regulations and safe and sound operations, including the requirements of 12 C.F.R. Part 9. The program shall provide for:

(a) the appointment of a qualified individual to serve as the Bank's Chief Compliance Officer, who shall be subject to the OCC's written supervisory nonobjection, and who will be responsible for overseeing the Bank's compliance with national banking laws, regulations, and safe and sound operational standards;

(b) the appointment of a qualified Chief Trust Officer, who shall be subject to the OCC's written supervisory nonobjection, and who will be responsible for overseeing the Bank's activities subject to, and the Bank's compliance with, the requirements of 12 C.F.R. Part 9, subject to the Chief Compliance Officer's review;

(c) sufficient and qualified staff for the Bank to effectively meet Part 9 compliance program requirements, including segregation of duties and dual control; and

(d) appropriate policies and procedures addressing 12 C.F.R. Part 9 requirements, including:

(i) measures to identify and address any potential conflicts of interest, including conflicts of interest addressed by 12 C.F.R. § 9.12, that could arise in relationships between the Bank and Anchor Labs and any other affiliates (as defined in 12 C.F.R. Part 9), and other individuals or companies with whom there exists an interest that might affect the exercise of the best judgment of the Bank; and

(ii) the Bank's selection and retention of qualified fiduciary legal counsel.

(12) The programs, policies and procedures required to be developed under this Article shall be part of the Business Plan of Article V and subject to the provisions of Article V.

ARTICLE VII
INFORMATION TECHNOLOGY AND SECURITY RISK MANAGEMENT

(1) As required under paragraph (2)(b) of Article V, within sixty (60) days after the Effective Date of this Agreement the Bank shall maintain, enhance, and, as necessary, develop as part of the Business Plan a comprehensive written information security (IT) risk and control framework and information security program that adequately addresses the Bank's IT and information security risks. Refer to the FFIEC IT Examination Handbook for guidance. The framework shall include:

(a) a designated and qualified information security officer, who shall be subject to the OCC's written supervisory nonobjection;

(b) an evaluation of the Bank's inherent risk profile and level of cybersecurity preparedness;

(c) an information security program that includes the following elements, and that otherwise complies with the requirements of 12 CFR Part 30, Appendix B - Interagency Guidelines Establishing Information Security Standards (refer to the "Information Security" booklet of the FFIEC IT Examination Handbook for guidance):

(i) an inventory and classification of assets and sensitivity of data;

(ii) the identification of key controls supporting safeguarding sensitive information;

(iii) an outline of appropriate testing frequency; and

(iv) the assignment of appropriate testing responsibilities;

(d) a business continuity management and resiliency process that includes a business impact analysis, testing strategy, including testing with critical service providers, and annual reporting to the board (refer to the "Business Continuity Planning" and "Information Security" booklets of the FFIEC IT Examination Handbook;

(e) a comprehensive and effective incident identification and assessment process and incident response program (refer to the "Information Security" booklet of the FFIEC IT Examination Handbook and OCC Bulletin 2005-13 "Response Programs for Unauthorized Access to Customer Information and Customer Notice – Final Guidance: Interagency Guidance"; and

(f) periodic independent control testing.

(2) The IT risk and control framework and information security program developed under paragraph (1) shall be part of the Business Plan of Article V and subject to the provisions of Article V.

ARTICLE VIII
BANK SECRECY ACT/ANTI-MONEY LAUNDERING/OFFICE OF FOREIGN ASSETS CONTROL COMPLIANCE PROGRAMS

(1) As required under paragraph (2)(c) of Article V, within sixty (60) days after the Effective Date of this Agreement the Bank shall maintain, enhance, and, as necessary, develop as part of the Business Plan written Bank Secrecy Act/Anti-Money Laundering ("BSA/AML") and Office of Foreign Assets Control ("OFAC") compliance programs that are consistent with the Bank's products, services and customer base and reasonably designed to assure and monitor compliance with applicable laws and regulations, including the suspicious activity reporting requirements at 12 C.F.R. § 21.11.

(2) The BSA/AML compliance program shall meet the requirements of 12 C.F.R. § 21.21 and at a minimum:

(a) provide for a system of internal controls and processes to manage and mitigate identified risks, including:

(i) a comprehensive BSA/AML risk assessment that adequately identifies and analyzes the Bank's specific risk categories, i.e., products, services, customers, entities, transactions, and geographies;

(ii) comprehensive customer due diligence and beneficial ownership processes that include measures for identifying and monitoring higher risk customers;

(iii) measures to mitigate risks associated with transactions involving unhosted wallets;

(iv) measures to ensure compliance with the funds transfer travel rule at 31 C.F.R. § 1010.410(f), and other FinCEN BSA requirements applicable to convertible virtual currencies; and

(v) manual and automated transaction monitoring processes that cover all asset transactions conducted through the Bank.

(b) provide for independent testing of the Bank's compliance by qualified parties, consistent with the requirements of Article VI, paragraph (9);

(c) designate a qualified BSA/AML Officer, subject to the OCC's written supervisory nonobjection; and

(d) provide training for board members and all appropriate personnel.

(3) The BSA/AML compliance function shall be independent from the Bank's business line.

(4) The OFAC compliance program shall be reasonably designed to ensure compliance with OFAC sanctions requirements and include an appropriate OFAC risk assessment and procedures for watch list/sanctions screening, clearing of alerts, blocking and rejecting transactions, and reporting matches to OFAC. Refer to OFAC's "*A Framework for OFAC Compliance Commitments*" for additional guidance on risk assessment, internal controls, designated personnel, testing and training.

(5) To the extent the Bank uses or relies on any third parties (affiliated or unaffiliated) to meet its BSA/AML/OFAC compliance requirements, the Bank shall adhere to a safe and sound third-party risk management program consistent with the requirements of Article IX.

(6) The programs, policies and procedures required to be developed under this Article shall be part of the Business Plan of Article V and subject to the provisions of Article V.

ARTICLE IX
THIRD-PARTY RISK MANAGEMENT

(1) As required under paragraph (2)(d) of Article V, within sixty (60) days after the Effective Date of this Agreement, the Bank shall maintain, enhance, and, as necessary, develop as part of the Business Plan a safe and sound third-party risk management program to effectively assess and manage the risks posed by third-party relationships (affiliated and unaffiliated), commensurate with the level of risk and complexity of the relationship. Refer

to OCC Bulletin 2013-29, Third-Party Relationships: Risk Management Guidance (October 30, 2013), OCC Bulletin 2020-10, Third-Party Relationships: Frequently Asked Questions to Supplement OCC Bulletin 2013-29 (March 5, 2020), and any subsequent guidance. The program shall include:

(a) plans that outline the Bank's strategy for third-party relationships, identify the inherent risks of the activities performed by the third parties, and detail how the Bank selects, assesses, and oversees third parties;

(b) proper due diligence in selecting third parties;

(c) written contracts that outline the rights and responsibilities of all parties;

(d) ongoing monitoring of third-party activities and performance;

(e) contingency plans for terminating third-party relationships in an effective manner;

(f) clear roles and responsibilities for overseeing and managing third-party relationships and risk management;

(g) documentation and reporting that facilitates Board and management oversight, accountability, monitoring, and risk management associated with third-party relationships;

(h) independent reviews that allow Bank management to assess whether the Bank's risk management process aligns with its strategy and effectively manages risks associated with third-party relationships; and

(i) a comprehensive third-party service provider contingency plan that addresses appropriate measures and back-up plans the Bank will implement in the event that any material affiliated or unaffiliated third-party service providers are unable to continue to perform according to their respective contracts or arrangements with the Bank.

(2) The third-party risk management program developed under paragraph (1) shall be part of the Business Plan of Article V and subject to the provisions of Article V.

ARTICLE X
TRANSACTIONS WITH AFFILIATES AND OTHERS

(1) The Board shall ensure that all contracts, agreements, and transactions between the Bank and any affiliate, both domestic and foreign, are fair and equitable to the Bank, are in the Bank's best interest, and are conducted in compliance with 12 U.S.C. §§ 371c

and 371c-1, 12 C.F.R. Part 223 (Regulation W), other applicable federal law, and this Article.

(2) Within fifteen (15) days of engagement, the qualified independent firm the Bank is required to engage pursuant to Article VI, paragraph (9), shall review affiliate service agreements and management fees to determine whether agreements and fees meet market terms requirements and otherwise comply with applicable affiliate laws and regulations. Once the initial review required by this paragraph is completed, the qualified independent firm shall be responsible for ongoing review of the Bank's compliance with affiliate laws and regulations consistent with the requirements of Article VI, paragraph (9).

(3) As required under paragraph (2)(e) of Article V, within sixty (60) days after the Effective Date of this Agreement, the Bank shall maintain, enhance, and, as necessary, develop as part of the Business Plan safe and sound written policies and procedures concerning contracts, agreements, transactions, and other relationships between the Bank and any affiliate, insider, or officer, employee, or contractor of an affiliate. The policies and procedures shall include measures to ensure that the Bank's interests are independently assessed and appropriately protected and that the contracts, agreements, transactions, and relationships comply with applicable law and are on terms and conditions that are at least as favorable to the Bank as those for comparable transactions with unrelated third parties.

(4) The policies and procedures regarding contracts, agreements, transactions and other relationships with affiliates, insiders, and others adopted under paragraph (3) shall be part of the Business Plan of Article V and subject to the provisions of Article V.

(5) The Bank shall not enter into any transaction, service agreement, lease, contract, other agreement, or other relationship with any affiliate or insider, or into any agreement or contract with an employee or contractor of an affiliate unless it has been approved by a majority of the members of the Board who are not principals, directors, officers, or employees of the affiliate involved.

(6) The Board shall periodically, and at least annually, review:

(a) all transactions, service agreements, leases, contracts, employee-sharing agreements, tax-sharing agreements, other agreements, and any other relationships (including any cost allocation, fee-sharing, or referral fee provisions) with affiliates and insiders and all service agreements, contracts, employee-sharing agreements, tax-sharing agreements, other agreements, and any other cost allocation, fee-sharing, or referral fee provisions with an employee or contractor of an affiliate to assure that they comply with applicable law, are fair and equitable to the Bank, and comply with established policies and procedures; and

(b) the policies and procedures required under paragraph (3) of this Article to ensure that they continue to provide the foregoing assurances.

(7) The Board shall keep a record of, and documentation for, its conclusions from each approval and review conducted pursuant to paragraphs (5) and (6) and shall maintain such records and documentation, along with a listing of all transactions, contracts, and agreements, and copies of any contracts and agreements, with any affiliate, insider, or employee or contractor of an affiliate in a centralized location at the Bank. The Bank shall provide OCC personnel with prompt and unrestricted access to such listing, copies, records, and documentation.

(8) Within fifteen (15) days after the Effective Date of this Agreement, the Bank shall submit to the OCC a complete list of its affiliates, both domestic and foreign, and shall identify those with which the Bank had or will have contracts, agreements, transactions, or other relationships. Within thirty (30) days of the end of each calendar year, the Bank shall submit a current list of its affiliates to the OCC and identify those with which the Bank had contracts, agreements, transactions, or other relationships that year, if not previously identified as an ongoing relationship.

(9) If the Bank determines that any contract, agreement, transaction or other relationship with an affiliate, insider, or employee or contractor of an affiliate is not in compliance with applicable law or this Article, the Bank shall promptly notify the OCC and explain the measures the Bank will take to remedy the noncompliance.

ARTICLE XI
BANK DIRECTORS AND SENIOR EXECUTIVE OFFICERS

(1) For a period of three (3) years after the Effective Date of this Agreement, the Bank shall submit the following information to the OCC for a written determination of no supervisory objection prior to the appointment of any individual to a position of "senior executive officer," as defined in 12 C.F.R. § 5.51(c)(4), or the appointment of any individual to the Board:

(a) the information sought in the "Changes in Directors and Senior Executive Officers" booklet of the *Comptroller's Licensing Manual* (June 2019), including fingerprint checks for the proposed individual, unless not required under OCC policy;

(b) a written statement of the Board's reasons for selecting the proposed individual; and

(c) a written description of the proposed individual's duties and responsibilities.

(2) Notwithstanding the requirements of paragraph (1) of this Article, the Bank may request that one or more individuals assume positions of senior executive officer or director on an interim basis by submitting such request, in writing, to the OCC. If the OCC grants the Bank's request, then the proposed individual or individuals may assume the specified position or positions on an interim basis. Thereafter, within thirty (30) days, the

Bank shall submit to the OCC the information required by paragraph (1) of this Article. If the Bank fails to submit such information within thirty (30) days, then the proposed individual(s) shall resign his/their position(s). The OCC, in its sole judgment, may waive any or all of the submission requirements.

(3) Upon receipt of the information required by paragraph (1) of this Article, the OCC will review such information. The requirement to submit information is based on the authority of 12 U.S.C. § 1818(b) and 12 C.F.R. § 5.13(a)(1) and does not require the OCC to complete its review and act on any such information or authority within ninety (90) days.

ARTICLE XII
DEFINITIONS

(1) For purposes of this Agreement, the following terms shall have the following meanings:

(a) the term "Liquid Assets" shall mean: (i) unencumbered cash; (ii) deposits at insured depository institutions with a maturity of 90 days or less; (iii) United States government obligations maturing within 90 days or less; and (iv) such other assets as to which the Bank has obtained a written non-objection from the OCC.

(b) the term "Eligible Liquid Assets" shall mean only Liquid Assets that exceed the aggregate amount of all deposits, borrowed funds, and other liabilities on the Bank's balance sheet that reflect an obligation to repay funds to any party. The term Eligible Liquid Assets shall not include any assets that are pledged in any manner, nor any assets that are not free and kept free from any lien, encumbrance, charge, right of set off, credit or preference in connection with any claim against the Bank. The term Eligible Liquid Assets shall not include any obligation of Anchor Labs or any other affiliate.

(c) the term "Excluded Expenses" shall mean (i) any non-cash charges (*e.g.,* amortization and depreciation expenses); and (ii) such other fees as to which the Bank has obtained a written non-objection from the OCC that directly correlate to the revenues received on the affected account.

ARTICLE XIII
CONCLUDING PROVISIONS

(1) <u>Effective Date.</u> This Agreement shall become effective immediately upon its execution by all parties hereto ("Effective Date").

(2) <u>Term of Agreement.</u> The term of this Agreement shall commence on the Effective Date and will continue until (a) three years after the Effective Date, unless the

OCC determines, in its sole discretion, to extend the term of this Agreement for three additional years in one-year increments, (b) it is terminated in writing by the OCC, (c) the consummation of a merger, consolidation, or other business combination in which the Bank is not the resulting entity, or (d) the Bank otherwise ceases to be a national banking association.

(3) Amendment, Exception, Modification or Waiver. The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or are excepted, modified, waived, or terminated in writing by the Comptroller or his duly authorized representative. The Bank may seek termination of all or any portion of this Agreement, or exceptions, modifications, or waivers of all or any portion hereof, from the OCC at any time, which relief may be granted by the OCC in its sole judgment.

(4) Extensions of Time. Any time limitations imposed by this Agreement shall begin to run from the Effective Date of this Agreement. Such time requirements may be extended in writing by the Comptroller or his duly authorized representative for good cause upon written application by the Board.

(5) Other Action. It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(6) Board Responsibility. In each instance in this Agreement in which the Board is required to act, the Board shall be obligated to take such measures within the scope of its authority necessary to accomplish such act, and, to the extent that such measures involve directions to management of the Bank, the Board shall be obligated to ensure that management of the Bank follows such directions.

(7) Controlling Agreement. To the extent that any of the provisions of this Agreement conflict with the terms found in any existing agreement between the Comptroller and the Bank, the provisions of this Agreement shall control.

(8) Agreement not a Contract. This Agreement is intended, and shall be construed to be a supervisory "written agreement entered into with the agency" as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither it nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee

has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or arrangements, or negotiations between the parties, whether oral or written.

(9) Notices. All notices, written submissions, or other correspondence required by, included in, or relating to this Agreement shall be in writing and shall be made by electronic mail or facsimile transmission, with a copy sent by overnight mail, to the following persons:

If to the OCC:
Associate Deputy Comptroller
Specialty Supervision
Office of the Comptroller of the Currency
343 Thornall Street, Suite 610,
Room Number: 670G
Edison, NJ 08837

If to the Bank:
Board of Directors
Anchorage Digital Bank, National Association
4901 S. Isabel Place, Suite 200
Sioux Falls, South Dakota 57101

The OCC may, by thirty (30) days written notice, change the OCC's designated recipient listed in this paragraph.

(10) Subsequent Changes. Each citation or referenced guidance included in this Agreement includes any subsequent citation or guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

Edward Dowling
Associate Deputy Comptroller
Specialty Supervision

Date

IN TESTIMONY WHEREOF, the undersigned, as the directors of the Bank, have hereunto set their hands on behalf of the Bank.

Georgia Quinn	Date
Nathan McCauley	Date
Walter Mix	Date
Christopher Prendergast	Date
Julie Veltman	Date