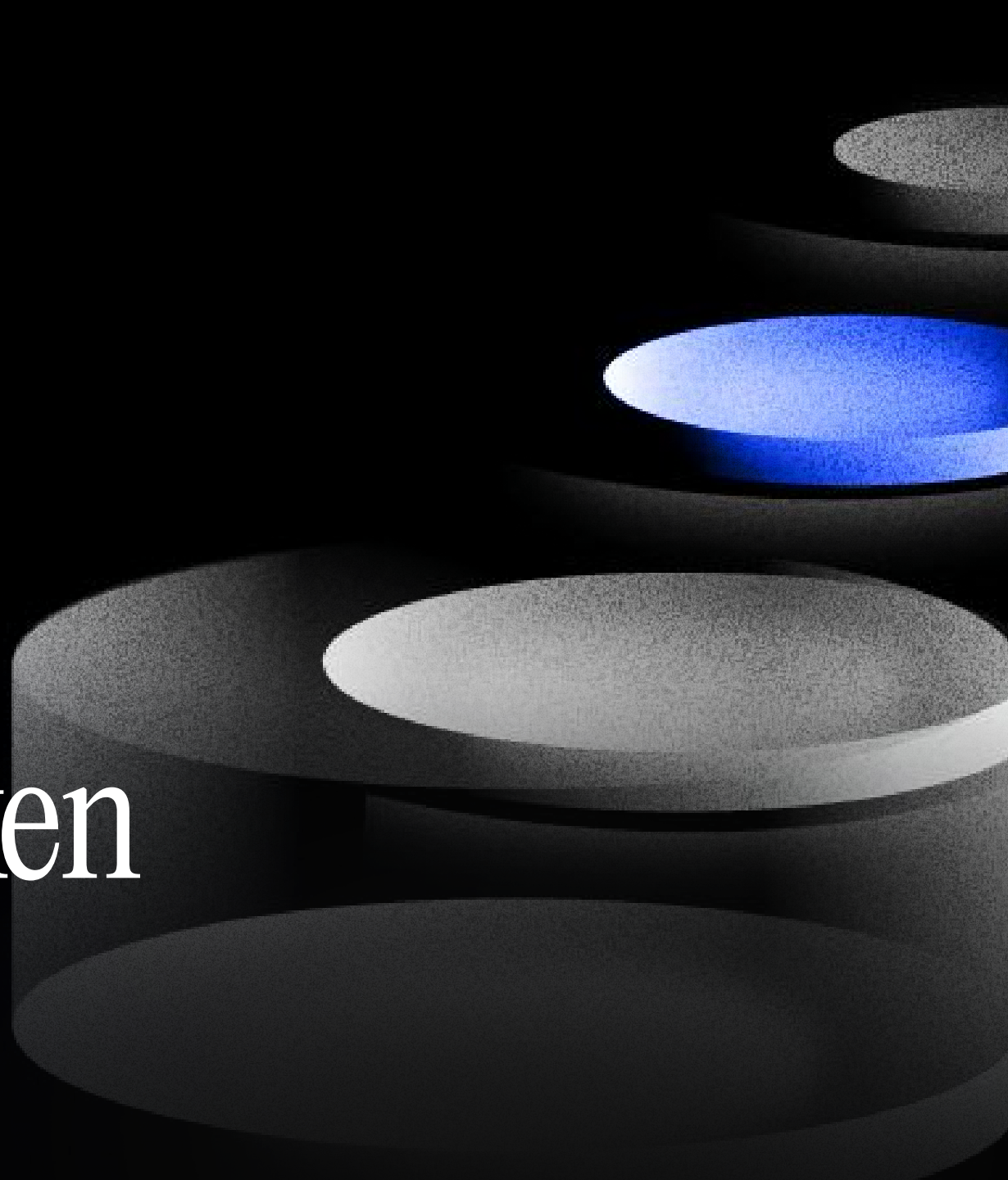


# Understanding Digital Asset Token Management



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Digital assets, often simply called tokens, come in a variety of classes, including utility tokens, security tokens, and more. Managing these tokens is a comprehensive process involving creation, distribution, and ongoing oversight. When done right, token management is secure, efficient, and simple.

BitGo provides the tools for complete control over your organization's tokens.

This handbook will explore the key aspects of token management, including vesting, unlocking, and distribution, as well as highlight the importance of security and compliance.



## Why Digital Asset Insurance?

Effective token management will boost your:



### Operational Efficiency

Reduce administrative burdens and free up your teams to focus on core business activities.



### Security

Keep tokens safe from theft or unauthorized access.



### Compliance

Adhere to regulatory standards and build trust with stakeholders.



### Stakeholder Satisfaction

Manage token distribution schedules, vesting, and unlocking to keep all stakeholders—including employees, investors, and community members—satisfied.



# Token Vesting

Vesting refers to the process by which tokens are gradually released to stakeholders over a predetermined period. This is commonly used to incentivize long-term commitment from employees and investors. Proper management of token vesting schedules ensures that stakeholders receive their tokens in a controlled and predictable manner.

## HOW TO MANAGE TOKEN VESTING:

**Set Clear Vesting Schedules:** Define the timeline and milestones for token release.

**Automate the Process:** Use smart contracts to automate token vesting, reducing the risk of manual errors.

**Communicate with Stakeholders:** Keep stakeholders informed about their vesting schedules and any changes that may occur.



# Token Unlocking

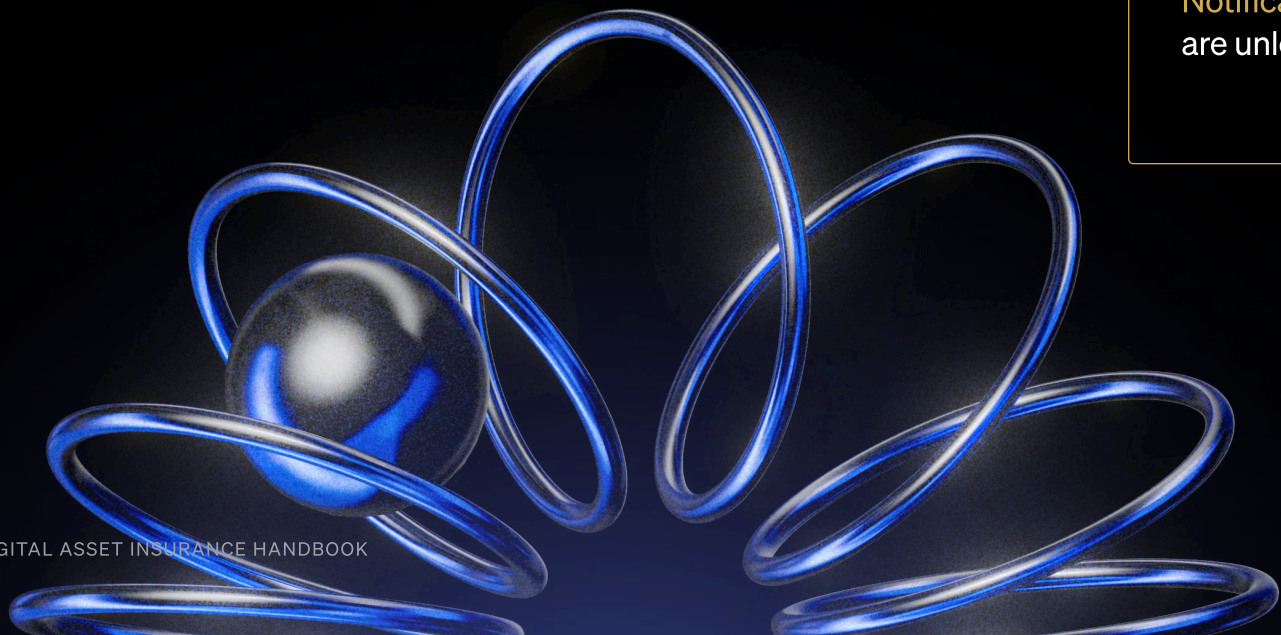
Unlocking refers to the process of making vested tokens available. This typically follows the vesting period and allows stakeholders to access and utilize their tokens.

## HOW TO MANAGE TOKEN UNLOCKING:

**Automated Unlocking:** Similar to vesting, unlocking can be automated using smart contracts.

**Compliance Checks:** Ensure regulatory requirements are met before unlocks.

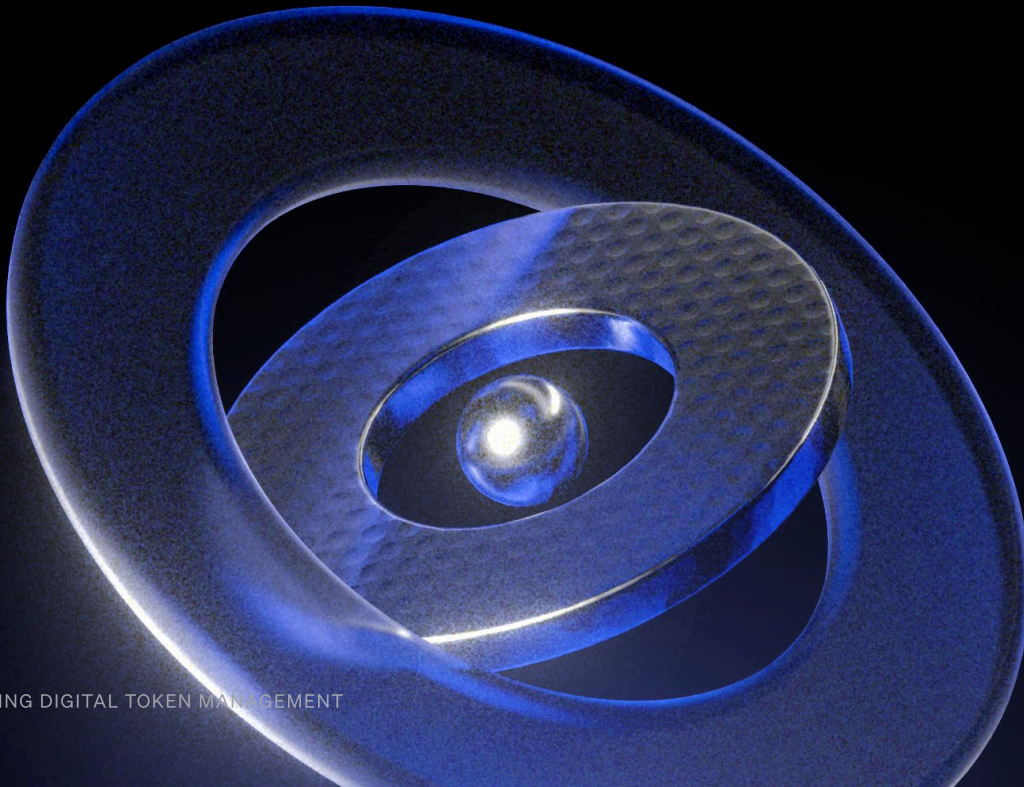
**Notification System:** Inform stakeholders when their tokens are unlocked and available for use.





# Token Distribution

Distribution involves the initial issuance of tokens to stakeholders and any subsequent allocations. Efficient and secure token distribution is important for maintaining trust and ensuring tokens reach the intended recipients.



## HOW TO MANAGE TOKEN DISTRIBUTION:

**Custom Token Distribution Schedules:** Tailor distribution schedules to meet the needs of different stakeholders.

**Batch Processing:** Distribute tokens in bulk to streamline processes.

**Secure Channels:** Prevent unauthorized access during token distribution by leveraging the security of the custody platform.



Security and compliance are non-negotiable aspects of token management. Here's the criteria that matter most to achieve them.

# Top-Tier Security

### Why Security Matters:

**Asset Protection:** Prevent loss or theft of digital assets.

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**Trust:** Build and maintain trust with stakeholders.

#### HOW TO SECURE YOUR TOKENS:

**Regulated Custody:** Use institutional-grade custody solutions to store and manage tokens.

**Encryption:** Ensure your data is encrypted in transit and at rest.

**Multi-Signature Wallets:** Implement multi-signature wallets to add an extra layer of security.

**Regular Audits:** Conduct regular security audits to identify and address vulnerabilities.

**Insurance:** Choose a custodian that maintains a reputable insurance policy to guard against theft or loss.





# Compliance

## Why Compliance Matters:

- ✓ Legal Protection: Stay compliant and protect yourself from legal complications.
- ✓ Market Access: Gain access to liquidity markets.

### HOW TO ACHIEVE COMPLIANCE:

**Know Your Customer (KYC):** Implement KYC processes to verify the identity of stakeholders.

**Anti-Money Laundering (AML):** Adopt AML practices to detect and prevent money laundering activities.



# Custom Token Distribution Schedules

Customizing token distribution schedules allows companies to tailor the release of tokens to meet the different needs of their stakeholders. This flexibility is important for maintaining stakeholder satisfaction and ensuring the smooth operation of the token ecosystem.

## BENEFITS:

**Flexibility:** Adapt schedules based on changing requirements.

**Stakeholder Satisfaction:** Meet the unique needs of different stakeholder groups.

## IMPLEMENTATION:

**Smart Contracts:** Use smart contracts to automate and customize distribution schedules.

**Stakeholder Communication:** Keep stakeholders informed about their specific schedules.



## Seamless Staking with Asset Visibility

Staking is a process where token holders lock their tokens with a blockchain network to support the operations of that network in exchange for rewards. Managing staking with full asset visibility promotes transparency and trust.

THE BENEFITS ARE MUTUAL:

**Reward Generation:** Token holders earn rewards by securing the network, so assets are never left idle.

**Transparency:** Provide stakeholders with visibility into staking activities and rewards.



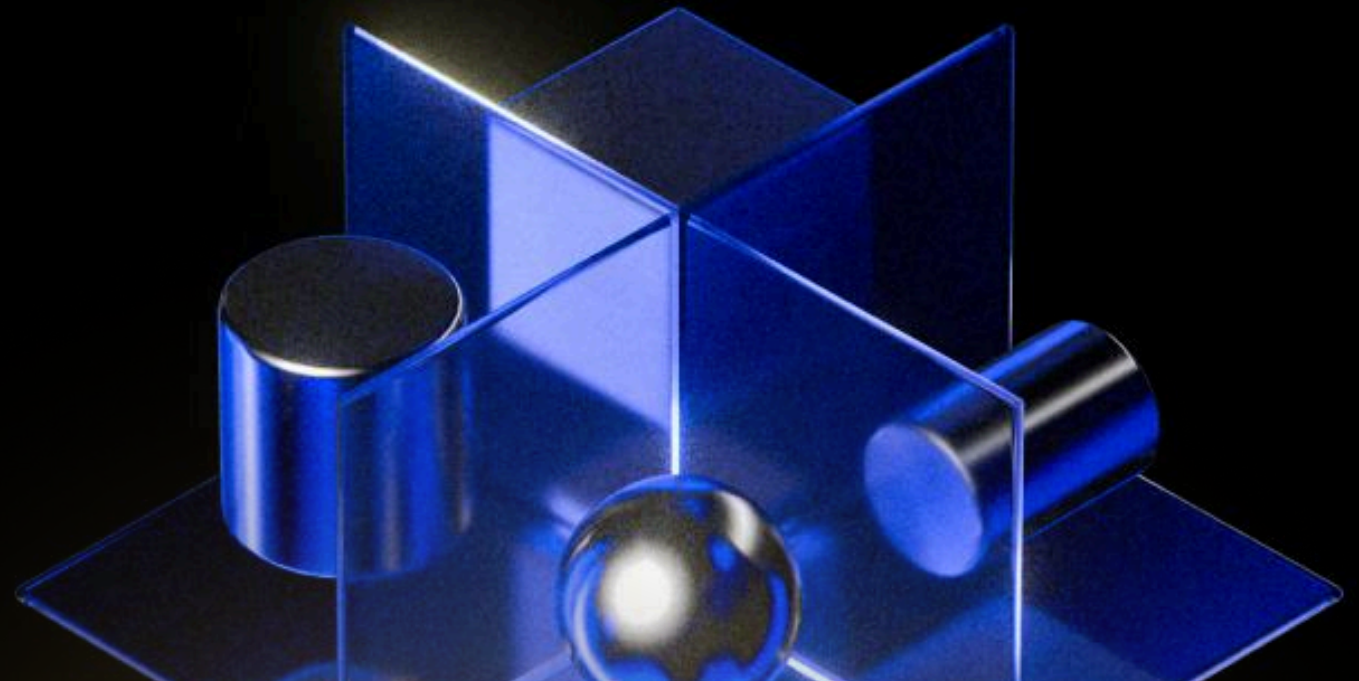
# Secure Custody for Deploying and Storing Assets

Secure custody solutions are necessary for protecting tokens from theft and unauthorized access. They can also automate the deployment of assets for various purposes, such as investment or operational activities.

## IMPLEMENTATION:

**Institutional-Grade Custody:** Use custody solutions that offer the highest level of security.

**Redundant Security Measures:** Implement multiple layers of security to protect assets.





# Scalable Asset Distribution

Scalable asset distribution ensures that tokens can be efficiently distributed to a large number of stakeholders, even as the network grows.

## IMPLEMENTATION:

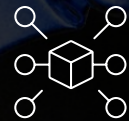
**Batch Processing:** Distribute tokens in large batches to streamline the process.

**Automated Systems:** Use automated systems to manage distributions at scale.





Token management involves various stakeholders, each with unique needs and considerations:



### Blockchain Networks

Blockchain networks are the primary entities that issue and manage tokens. They require robust token management solutions to ensure the efficient and secure operation of their ecosystems. Networks need to be protected from any potential threats. Demonstrating proper security will promote transparency with stakeholders and community alike.



### Employees

Employees often receive tokens as part of their compensation packages and need help securing them from theft and unauthorized access. Strong token management ensures they receive their tokens according to the agreed schedules and that their assets are secure.



### Investors

Investors receive tokens in exchange for their investments. Effective token management ensures they receive their tokens accurately and on time and can track their holdings and rewards.



Token management is an important function of the digital asset ecosystem and an opportunity to build trust. Network communities pay close attention to blockchain security and appreciate transparent token management, as do employees and stakeholders.

Partnering with a platform that can simplify and automate token management enhances operational efficiency. By understanding and implementing best practices in token vesting, unlocking, and distribution, and by leveraging advanced features such as custom schedules, seamless staking, and secure regulated custody, companies can effectively manage their tokens and meet the needs of all stakeholders. This comprehensive approach not only enhances operational efficiency but also builds trust and satisfaction among employees, investors, and the broader community.