



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.

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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.

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These conditions are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

VI. Conclusion

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The OCC’s approval is based on the representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend, or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If you have any questions, please contact Senior Licensing Analyst Ann Marie Fernandez at (202) 553-2716 or by e-mail at Anne.Fernandez@occ.treas.gov. Please include the OCC control number on any correspondence related to this filing.

Sincerely,

Stephen A. Lybarger
Deputy Comptroller Licensing

cc:

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