

## PERFORM VASP OPERATIONAL DUE DILIGENCE "ODD" REPORT

perFORM is considered a leader in the field of crypto operational due diligence, due to its experience in assessing the operational and reputational risks institutional firms face when they engage with counterparties, including Virtual Asset Service Providers ("VASPs"). We have a large and fast-growing coverage of Investment Managers / Funds and VASPs (custodians, exchanges, lenders).

perFORM's clients include Investment Managers, Family Offices / Multi-family Offices, Private Banks, Wealth Managers, Pensions, Endowments, Fund of Funds and Sports Teams.

### ODD Challenges Faced by VASPs

#### 1. Huge internal effort to manage multiple due diligence

**enquiries:** institutional firms wishing to access VASPs bring with them increasing levels of scrutiny, not just on AML procedures but on operational infrastructure, systems, people, governance and regulation.

- This has led to significant increases in RFPs, due diligence questionnaires that are issued by each institutional firm to the VASP. For the VASP, this requires multiple responses, multiple teams, time and cost, without which there is a risk of losing business should the VASP not respond or partially respond.
- VASPs are often frustrated by the level of understanding and knowledge of their prospective clients, leading to delays in completing due diligence or lost business. perFORM, whose team has many years' experience of working with institutional clients, provides a bridge between the VASP and the prospective client, bringing clarity and understanding.
- perFORM is the pre-eminent firm engaging in these due diligence exercises on behalf of Investment Managers and Investors. These reviews often require an NDA, with the target VASP restricting the recycling of our report to other clients, and requiring the VASP to go through the ODD process once again.

- For the VASP, the current process is repetitive, time-consuming (up to three months) and inefficient for all parties. Furthermore, target VASPs are not able to access perFORM's ODD Reports, since it is the client that pays for this intellectual property.

- 2. **SOC and ISO type reports**, whilst timely and useful for institutional firms, are targeted, limited and do not necessarily fulfil, on their own, the due diligence requirements of Investment Managers and Investors. They are a source of information but not an ODD report. perFORM incorporate a review of these assurance documents and certifications, where available, in our ODD Report and go further to address a client's potential concerns across all operational pillars.

### perFORM's Solution & Key Benefits

To be engaged by VASPs directly to perform our review and write the detailed accompanying ODD Report (which we would update and re-issue at an agreed interval). As a result, our ODD Report will be available for distribution to all the VASP's chosen clients and prospects, following a factual accuracy review by the VASP, free of charge. This will:

- ✓ Meet the ODD demands of institutional prospects in a proactive and efficient way, and significantly reduce the

amount of time spent managing inbound due diligence requests

- ✓ Enable VASP prospective clients to complete their work more efficiently, enhancing client / VASP relationship
- ✓ Be a highly impactful demonstration of the VASP's willingness to reach and remain at operational best practice
- ✓ Help the VASP prepare for further regulation
- ✓ Acts as a significant competitive differentiator / first mover advantage
- ✓ Positively impact counterparty selection and allocation of business

#### ODD Reports

perFORM ODD Reports provide comprehensive information, in a traditional ODD format, that allows the VASP's clients and prospects to compare the VASP against institutional standards and their unique needs. These ODD Reports compare each VASP to industry best practice benchmarks. Amongst other areas, each ODD Report includes an analysis of the robustness

of the VASP including:

- Surveillance, Services, Private Key Management and Customer Asset Safety, Ownership and Firm Structure, Operational Infrastructure, Regulation, Compliance and AML/KYC and Transparency

#### ODD Review Process

- perFORM will work with the VASP to agree the scope of the ODD review to cover in-scope business lines, service and/or corporate entities within our ODD Report
- perFORM will, where possible, complete an onsite visit to the VASPs offices
- Significantly less onerous and time consuming compared to a data-heavy, sample based controls audit
- The VASP will complete a factual accuracy check of the ODD Report before issue, and before each re-issue thereafter
- Upon request, perFORM will announce to our e-distribution that the ODD Report is available to the institutional community, adding to the VASP's own visibility efforts

## KEY CONTACTS

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Co-Head James Newman developed and led the Global ODD group at Barclays Wealth.

## ABOUT perFORM

# perFORM

## DUE DILIGENCE SERVICES

perFORM Due Diligence Services Limited ("perFORM") is an award-winning provider of ODD services for a diverse base of UK and international Allocators, Investment Managers and Service Providers.

Launched in 2019 as the only London-based and technology enabled ODD service of its kind, we are a growing team of highly experienced

ODD practitioners with a laser-like focus on client service which ensures high levels of client satisfaction, trust and partnership.

In October 2021 we announced that perFORM had been formed as a subsidiary company of JTC Group PLC, an award-winning provider of fund, corporate and private client services.