

Introduction

SEBA submits a proposal to Aave Governance for adding SEBA Bank as a Whitelister to Aave Arc.

SEBA is a licensed and supervised Swiss Bank providing a seamless and secure bridge between digital and traditional assets. SEBA serves professional and institutional clients which include top-tier private banks, asset managers and crypto companies. The interest of SEBA's clients and prospects for crypto earning products has grown substantially overtime. Initially lending crypto and staking with SEBA, those investors are now showing significant interest for accessing yields in DeFi protocols. Due to various regulatory restrictions in their jurisdictions, SEBA's institutional clientele has not been able to deploy liquidities at large scale in Aave until now. The launch of Aave Arc with its permissioned layer represents a great opportunity for them to access DeFi yields while remaining compliant with their regulatory obligations. At SEBA, we believe that this will directly benefit the Aave community with institutional liquidities accelerating growth in TVL and in protocol revenues.

The Aave Governance will review and approve Whitelisters that will conduct the requisite level of due diligence on Aave Arc participants. As a Swiss digital asset bank, we believe that SEBA is ideally positioned to provide those investors with the flexible and fully regulated platform that they need to bridge new liquidities in Aave Arc.

References

- Website: [SEBA Bank](#)
- SEBA introduces program to earn yield on crypto: [SEBA Earn](#)
- SEBA continues building institutional-grade facilities with [CISA License](#)

About SEBA Bank

Founded in April 2018 and headquartered in Zug, Switzerland, SEBA Bank is a pioneer in the banking industry with the mission to build a regulated and progressive technological bridge between the traditional and the crypto worlds. With a FINMA banking and securities dealer license, SEBA Bank closes an important gap between the new digital economy and traditional banking. At SEBA, we believe that the proliferation of Distributed Ledger Technology (DLT) is leading to the formation of new markets and innovative ways of creating value. The idea of an integrated and supervised bank with focus on digital assets arose from the growing demand for investment alternatives and the increasing affinity for technology and process engineering.

SEBA Bank enables professional individuals and companies as well as institutional clients to invest, custody, trade, stake, lend and borrow digital and traditional assets, all in one place.

SEBA Bank and DeFi

With an increasing demand from institutional investors for accessing new opportunities in the DeFi space, SEBA has positioned DeFi at the heart of its strategy by developing a suite of products and services in relation with decentralized finance. Recently, SEBA has integrated several DeFi tokens into its proprietary institutional-grade cold storage custody solution, including AAVE.

Beyond innovation and transparency brought by permissionless DeFi, SEBA is a strong believer that Aave Arc represents a thoughtful response to a growing institutional demand, which is subject to anti-money laundering (AML) and combatting the financing of terrorism (CFT) regulations in various

jurisdictions. In line with that vision and with innovation at the center of its values, SEBA believes it fulfills the key attributes to perform the role of Whitelister in Aave Arc.

Whitelister: what will SEBA bring to market participants and to the Aave Arc community

- A large institutional client base eager to explore opportunities in DeFi

With a large institutional client base – crypto companies, hedge funds, private banks, asset managers – and tight connections to the crypto ecosystem, SEBA has received increasing institutional demand to access DeFi liquidity protocols like Aave over the past months. The launch of Aave Arc represents a great opportunity for the Aave community, with more institutional market participants joining DeFi. SEBA has a significant interest from its client base to participate in Aave Arc and with its tight connections to money managers in Switzerland and beyond, SEBA is ideally positioned to bridge institutional liquidities in the Aave Arc protocol.

- Industry-leading AML/KYC standards that will benefit market participants as well as Whitelisters

Many institutions who want to participate in Aave are subject to AML/CFT regulations in their respective jurisdictions. Such regulation requires that all counterparties to any financial transaction with those institutional market participants be subject to an equivalent level of AML and CFT oversight by an authorized, regulated entity. SEBA is particularly well suited to take on such responsibilities for a number of reasons, including but not limited to that it operates under the supervision of the Swiss Financial Market Supervisory Authority (FINMA).

FINMA is responsible for authorizing and licensing companies that seek to operate in the Swiss financial sector. The AML and financial crime requirements imposed upon FINMA supervised Banks such as SEBA are essentially strict KYC rules and procedures, as well as certain organizational requirements: e.g. internal controls, documentation and ongoing education. In addition, Swiss regulated banks such as SEBA have a reporting duty to FINMA in the event that the bank is aware of, or has reasonable suspicion, as regards the criminal origin of the assets involved: e.g. the assets are connected to a predicate offence of money laundering, a criminal organization or terrorism financing activities.

As noted in the Aave Arc whitepaper, it is expected that Aave Governance will approve regulated entities that (1) employ Know Your Customer (KYC) principles in accordance with FATF guidelines to identify their clients; (2) have robust AML/CFT compliance programs; (3) are currently in good standing; and (4) with an active license/registration in the entity's operating jurisdiction to be Whitelisters on Aave Arc. As a fully regulated digital asset bank, SEBA can add significant value market participants by helping them comply with their AML, KYC and CFT regulatory obligations while securely bridging their assets in Aave Arc.

SEBA is also prepared to be responsible for (1) conducting initial KYC/KYB checks on any potential users of Aave Arc; (2) maintaining KYC and customer due diligence documentation; (3) conducting any other necessary compliance checks as required. SEBA will operate as a Whitelister under some of the most recognized AML and KYC standards in the industry. We believe that sharing our experience in the field and partnering with all Aave Arc Whitelisters to continuously improve whitelisting standards in Aave Arc will contribute to reinforce trust from regulated institutions in the protocol and increase participation. At SEBA, we look forward to that tight collaboration with all Whitelisters.

- A State-of-the-art IT security that attracts top-tier institutions

SEBA has state-of-the-art IT security setup with ongoing penetration tests and vulnerability scans and adheres to very stringent capital and liquidity requirements imposed by FINMA. SEBA offers a delicately balanced and scalable combination of software and hardware, physical elements and processes – much more than “just a wallet”. With our differentiation between online and offline solutions, no reliance on single persons and a zero-trust approach, a solution second to none in the market. SEBA's segregated Digital Custody solutions have segregated addresses and are therefore outside of SEBA's bankruptcy estate. An insurance against social engineering as well as hacking of the segregated Digital Custody solutions is in place and insures the bank against those risks up to the insured amount.

SEBA's banking-grade IT security and custody solutions have been key differentiators to attract top-tier regulated institutions looking to explore opportunities in the crypto space. Some of them having already expressed their interest of participating in Aave Arc.

- A Whitelister in a jurisdiction that understands crypto and embraces innovation

Representatives of the Swiss federal government have publicly stated that Switzerland intends to become a leading hub for research and business solutions based on blockchain technology. Swiss parliament followed suit, adopting a DLT Act unanimously. The DLT Act aims to ensure legal certainty and to foster innovation for blockchain-based projects. The positive attitude of the Swiss authorities is also shown by the willingness to support innovation in the crypto field. Innosuisse, the Swiss Agency for Innovation Promotion, is funding a four-year program of the Swiss Blockchain Federation to generate ideas and start-ups in the Swiss blockchain industry.

Also, FINMA has generally taken a welcoming attitude towards fintech and blockchain, even creating a specific fintech desk to address the needs of start-up companies and other players in that space. FINMA issued new guidelines and revised several of its circulars, which specify its practice under applicable regulation, to render them technology-neutral.

The Swiss city of Zug – home of SEBA Bank – is also known as the “crypto valley”. It is also home to a cluster of companies and organizations that are dealing with active blockchain and crypto companies in the region. In 2016, the Swiss Municipality started paying its employees in bitcoin, as a part of a social experiment.

In summary

What SEBA brings to the Aave Arc community:

- A fully regulated digital assets bank that embraces innovation
- With a large institutional client base in demand for exploring new opportunities in DeFi
- And with a banking-grade platform to securely bridge liquidities in Aave ARC