



+



+



# DIGITAL FUND

(An Alpha Node Capital Investment Fund)

CASE STUDY

---

**How Alpha Node Capital staked  
Ethereum without incurring a tax  
liability and maintaining full control  
of its private keys**



## CASE STUDY

# How Alpha Node Capital staked Ethereum without incurring a tax liability and maintaining full control of its private keys

*"Since the launch of the Ethereum Shanghai update, we have been searching for a non-custodial staking service, which ensures the control of the underlying Ethereum remains with the Trustee, and the nature of the underlying asset stays consistent for tax purposes."*

*-Ben Ritchie, Director, Alpha Node Capital*

## BACKGROUND

Alpha Node Capital, a leading Australian financial services provider with a custody license, has been at the forefront of financial activities for its wholesale clients. With the evolving regulatory landscape in Australia, especially concerning crypto assets, Alpha Node Capital recognised the need for a robust and secure infrastructure to manage its digital asset operations effectively.

## CHALLENGE

The primary challenge for Alpha Node Capital was navigating the complex and changing regulations surrounding crypto assets in Australia. Liquid staking solutions such as Lido and Rocketpool offer a wrapped ETH token which is used to redeem your ETH, and also allow for various DeFi activities. This approach relies on a counterparty to custody the ETH and also triggers a tax event. Additionally, Alpha Node Capital required a system that could efficiently managed crypto assets with multiple signatories across various jurisdictions and time zones.

# SOLUTION: PIER TWO'S NON-CUSTODIAL ETH STAKING AND SECURE NODE SERVICES

Alpha Node Capital chose Pier Two for its enterprise-grade infrastructure, specialising in non-custodial ETH staking and secure node & validation services. Pier Two's process for ETH staking, coupled with its ability to provide additional ETH rewards through MEV boost rewards, presented an ideal solution for Alpha Node Capital's needs. Assessing Pier Two's staking service included:

- **ETH Staking:** Pier Two offers non-custodial ETH staking, requiring a minimum of 32 ETH per Validator. Alpha Node Capital retains control over the ETH, as Pier Two never gains access to the staked ETH or the rewards, which accrue to the Fund's nominated withdrawal address.
- **Secure Node & Validation Services:** Since 2019, Pier Two has ran high-performing Chainlink infrastructure, supporting over 10 blockchains and 1500 data feeds, securely writing over 35 million transactions on-chain.
- **Rewards Structure:** Rewards from staking with Pier Two include attestation, block proposer, sync committee, and MEV bundle rewards, with competitive APR rates.
- **Risk Management:** In the unlikely, but front-of-mind event of slashing, Pier Two operates a number of controls to limit the possibility of slashing, offer coverage for customers and supports insurance products, where required.

*"Implementation process was seamless with private keys remaining in control of Alpha Node Capital at all times. By integrating Pier Two's non-custodial ETH staking services, we are ensuring that our unitholders benefit from the best-in-class infrastructure, security, and potential returns, without an unnecessary tax burden."*

*-Ben Ritchie, Director, Alpha Node Capital*

## IMPLEMENTATION PROCESS

The implementation process involved several steps:

- **Client Onboarding:** Alpha Node Capital signed up with Pier Two, providing necessary details and accepting the ETH Staking Terms & Conditions.
- **Infrastructure Setup:** Pier Two initiated the necessary Validator infrastructure for ETH staking, ensuring readiness for the activation of Validators on the Beacon Chain.
- **Validator Node Activation:** Alpha Node Capital activated the Beacon Chain nodes using its private keys. ETH was successfully assigned to the Beacon Chain and visible for audit purposes on Etherscan.
- **Integration and Monitoring:** Alpha Node Capital was able to monitor Validator performance and manage the staking process, including the option to unstake and withdraw ETH and rewards.
- **Validator Node Cancellation:** Alpha Node Capital successfully deactivated the Beacon Chain nodes using its private keys and ETH was successfully moved from the Beacon Chain to the Main Chain.



# SOLUTION: LEDGER ENTERPRISE DIGITAL ASSET GOVERNANCE AND SELF-CUSTODY TECHNOLOGY

**100+**  
Institutional Clients  
(Including Regulated Industry Leaders)

---

**20%**  
of World Crypto Asset Value is secured by Ledger innovative technology

---

**\$0**  
Digital assets secured by Ledger Enterprise ever compromised or mismanaged

Alpha Node Capital sought a digital asset platform for self-custody which was institutional grade and therefore offered advanced security measures, SOC 2 certification, and a top-tier insurance program. In addition, to future-proof its business, there was a strong need for an intuitive user interface which is secure yet simple to use.

Ledger’s solution was customisable and scalable, providing capabilities such as fully auditable and complaint reporting, 24/7 monitoring, access to transaction details, the ability to export data to the back office system, and more.

Finally, Ledger’s in-depth understanding of the space, together with its outstanding reputation and track record, set the company apart from other vendors that approached digital asset custody from a more traditional finance (TradFi) perspective.

*“With the rising complexities and sophistication in the digital finance domain, security is paramount. Our collaboration with Ledger Enterprise amplifies our commitment to provide our clients with the utmost level of trust and security in their investments,”*

*-Dr. Ting Shang Ping, Chief Investment Officer, Alpha Node Capital*

## IMPLEMENTATION PROCESS

The Ledger Enterprise team operate a concierge process to establishing the multi-signatory, governance and secure wallet infrastructure. Additional support and training has assisted Alpha Node Capital complete the implementation and continue uninterrupted with its operations. In addition, Ledger Enterprise integration with Wallet Connect allowed the necessary functionality to simply integrate with Pier Two’s staking infrastructure and launch the ETH Validator Nodes.



## RESULTS AND IMPACT

The partnership with Pier Two and Ledger Enterprise has allowed Alpha Node Capital to:

- **Enhance Security:** By combining Ledger Enterprise and Pier Two's technology and infrastructure, Alpha Node Capital ensured the security of its crypto assets whilst staking Ethereum.
- **Improve Scalability:** The two solutions have provided Alpha Node Capital the ability to create new Ethereum Validator nodes quickly and securely.
- **Ensure Compliance:** The solution provides a best-in-industry approach to an evolving regulatory environment, and provides a secure foundation for future regulatory changes.

*"Working with Ledger Enterprise has significantly enhanced our operational efficiency. Their robust custody technology has not only streamlined our digital asset management but also fortified our security protocols, which is paramount in our industry. Pier Two's non-custodial ETH staking and secure node services perfectly align with our vision of providing secure and innovative financial solutions to our clients." -Peter Wong, Director, Alpha Node Capital*

## LOOKING FORWARD

Alpha Node Capital continues to explore staking opportunities in the digital asset space, leveraging off its partners infrastructure to enhance its service offerings and maintain compliance with regulatory standards.

As the government potentially moves towards integrating crypto assets under the Australian financial services license (AFSL) regime, Alpha Node Capital is perfectly placed already holding a wholesale AFSL with custody to service the Australian digital asset sector.

As a result, Alpha Node Capital will be releasing its staking-as-a-service offering to institutional and high net worth investors. To register your interest visit [www.alphanodecapital.io/staking/](http://www.alphanodecapital.io/staking/)

*"Our collaboration with Ledger Enterprise and Pier Two is more than a service agreement; it's a partnership for innovation. We are excited about the future, exploring new opportunities in the digital asset space, and confident that our partner's infrastructure will be a cornerstone in our growth and success." -Ben Ritchie, Director, Alpha Node Capital*

