

Guide for Innovative countries

Proposal for the Establishment of a National Strategic Bitcoin Reserve

Objective: To strategically acquire, securely hold, and transparently manage a significant reserve of Bitcoin (BTC) on behalf of the adopting country, thereby enhancing national financial resilience, diversifying sovereign assets, and affirming support for digital asset property rights.

1. Establishment of the Strategic Bitcoin Reserve (SBR) Infrastructure

- **1.1. Secure Storage Network:** Develop and maintain a decentralized, geographically distributed network of secure, high-assurance storage facilities within the adopting country. These facilities will employ state-of-the-art cybersecurity measures, physical security protocols, and rigorous operational controls to safeguard the reserve.
- **1.2. Custodial Framework:** Define and implement a clear legal and operational framework for custody, access controls, and emergency response procedures governing the SBR assets.

2. Strategic Bitcoin Acquisition Program

- **2.1. Phased Purchase Plan:** Authorize the Treasury Department (or designated agency) to execute a five-year program commencing a defined commencement date.
- **2.2. Annual Purchase Volume:** Acquire Bitcoin at market rates, targeting an acquisition volume of 10,000 BTC per fiscal year.
- **2.3. Total Acquisition Goal:** The cumulative target for this five-year program is 50,000 BTC.
- **2.4. Long-Term Holding Mandate:** All Bitcoin acquired through this program shall be held within the SBR for a minimum duration of 20 years, establishing a long-term strategic asset position. Exceptions may only be made under specific, pre-defined legislative or executive directives.

3. Implementation of a Robust Proof-of-Reserve System

- **3.1. Transparency Commitment:** Commit to the highest standards of transparency regarding the SBR holdings – Publish the public keys.
- **3.2. Regular Auditing:** Publish comprehensive quarterly reports detailing the SBR's holdings, custodial arrangements, and operational status.
- **3.3. Independent Audit:** Ensure all published reports are independently audited by a reputable, internationally recognized third-party auditing firm.
- **3.4. Cryptographic Verification:** Employ and publicly document cryptographic attestation methods (e.g., hash verification, Merkle proofs) to allow external verification of the reported reserve holdings against the actual controlled assets, enhancing trust and auditability.

4. Consolidation of Existing National Holdings

- **4.1. Centralization of Assets:** Initiate a process to identify all Bitcoin currently held by any agency, department, or instrumentality of the government of the adopting country.

- **4.2. Transfer to SBR:** Mandate the transfer of all identified Bitcoin holdings into the Strategic Bitcoin Reserve under the established custody framework, ensuring a single, consolidated record of national holdings.

5. Framework for Voluntary Regional Participation

- **5.1. Optional Inclusion:** Allow regional governments (states, provinces, territories) within the adopting country the option to voluntarily participate in the SBR.
- **5.2. Segregated Accounts:** Establish a mechanism for voluntary participation that utilizes segregated accounting within the SBR framework or dedicated linked accounts, ensuring clear separation and accountability for regionally contributed funds.
- **5.3. Withdrawal Rights:** Guarantee participating regions the right to withdraw their voluntarily contributed Bitcoin holdings upon notice, subject to defined operational procedures.

6. Mechanism for Funding the Strategic Bitcoin Reserve

- **6.1. Allocation of Reserve Earnings:** Designate a specific funding mechanism for the operational costs and potential capital needs of the SBR.
- **6.2. Reserve Earnings Offset:** Allocate the first e.g. \$300 million in the equivalent national currency) of the Central banks annual net earnings, as determined by audited financial statements, to fund the SBR objectives, subject to annual appropriation or allocation processes.

7. Affirmation and Protection of Bitcoin Property Rights

- **7.1. Self-Custody Principle:** Explicitly affirm the legal right of individuals and entities within the adopting country to exercise self-custody over their legally acquired Bitcoin.
- **7.2. Protection from Seizure/Confiscation:** Enact legislation or issue executive directives ensuring that lawfully owned Bitcoin held by individuals or entities is protected from arbitrary seizure or confiscation by the government of the adopting country, except pursuant to due process of law in specific, legally defined circumstances (e.g., criminal forfeiture under established procedures). This protects both individual rights and the integrity of the SBR holdings.

Conclusion and Strategic Context

The proposed establishment of a Strategic Bitcoin Reserve represents a forward-looking strategic asset allocation decision for the adopting country. It is worth noting the experiences of other nations in navigating the adoption of Bitcoin. While the specific implementation and public focus have evolved, El Salvador continues its program of accumulating Bitcoin, Bitcoin is also legal tender in Lugano (Switzerland), and nations like Bhutan have also explored strategic engagement with Bitcoin, each contributing to the global understanding of its role. It is also worth noting that major economies such as the USA, China, and the UK hold significant amounts of Bitcoin that have been confiscated through various legal processes.

Further analysis of early adopter experiences, such as the case of El Salvador, which adopted Bitcoin as legal tender in 2021 but has since then changed, can provide valuable insights – here

<https://www.docdroid.net/lw5EKJV/bitcoin-el-salvador-one-country-a-fiat-currency-and-bitcoin-pdf>

Crucially, while the establishment of a national reserve is proposed here, it is recognized that the security and preservation of individual wealth through personal custody of Bitcoin ("Personal Bitcoin Reserves") is a fundamental aspect of the asset's utility. However, the increasing global presence and demonstrated resilience of Bitcoin (BTC) are leading a growing number of nations to understand its potential as a secure, open digital store of value – effectively a globally accessible, censorship-resistant digital vault for wealth preservation.

Furthermore, numerous businesses and corporations globally have adopted strategies to include BTC in their treasury reserves, recognizing its potential as a store of value, a trend also observed among governments. The growing popularity of investment vehicles, such as Exchange-Traded Funds (ETFs) and other financial products, has also contributed to Bitcoin's increasing adoption as a legitimate asset class.

Each of these developments contributes to the global understanding of its role.

A national Strategic Bitcoin Reserve aligns the adopting country with this evolving strategic perspective.

Appendix: Supplementary Analysis and Stakeholder Considerations for a Strategic Bitcoin Reserve (SBR)

Section 1: Economic and Financial Implications Analysis

A comprehensive assessment of the SBR's economic and financial implications is essential to inform policymaking. This analysis should address three critical dimensions:

1.1 Cost-Benefit Analysis

A structured evaluation of costs and benefits should include:

Cost Considerations:

- **Acquisition Costs:** Initial expenditures for Bitcoin purchases, accounting for market impact (e.g., slippage from large-scale acquisitions) and transaction fees.
- **Operational Costs:** Ongoing expenses for secure storage (e.g., cold wallets, cybersecurity), maintenance, and specialized personnel (e.g., blockchain analysts).
- **Opportunity Costs:** Comparative analysis of Bitcoin's potential returns versus alternative reserve assets (e.g., foreign exchange, sovereign bonds, or infrastructure investments).

Benefit Considerations:

- **Hedge Against Currency Volatility:** Potential to diversify reserves and mitigate risks from fiat currency devaluation, particularly in high-inflation or geopolitically unstable environments.
- **Economic Competitiveness:** Enhanced positioning in global digital asset markets, attracting fintech investment and fostering innovation.
- **Revenue Potential:** Capital gains from Bitcoin appreciation, which could fund public projects or stabilize fiscal balances.

1.2 Risk Assessment and Mitigation Strategies

A systematic review of key risks and corresponding mitigation measures:

Risk Category	Mitigation Strategies
Market Volatility	Phased acquisition to average entry prices; use of derivatives (e.g., futures, options) for hedging (where feasible).
Regulatory Uncertainty	Proactive engagement with international bodies (e.g., FATF) and development of a domestic legal framework.
Cybersecurity Threats	Multi-signature wallets, regular security audits, and partnerships with cybersecurity firms.

Risk Category	Mitigation Strategies
Systemic Financial Impact	Stress-testing market reactions and establishing clear communication protocols to manage public expectations.

1.3 Macroeconomic and Financial System Impact

An evaluation of broader economic effects, including:

- **Monetary Policy:** Interactions with domestic monetary supply, particularly if the SBR backs digital currencies or supports liquidity management.
- **Banking Sector:** Potential shifts in deposit flows, demand for crypto-related services, and impacts on traditional financial intermediation.
- **Capital Flows:** Attraction of foreign direct investment (FDI) in blockchain sectors versus risks of capital flight during domestic crises.

Section 2: Stakeholder Engagement and Collaboration

The SBR's success hinges on aligning stakeholder interests and fostering collaboration.

2.1 Domestic Stakeholders

- **Financial Institutions:** Banks and credit unions could support custody, liquidity provision, and infrastructure development. Early engagement ensures operational feasibility and trust.
- **Investors and Market Participants:** Institutional investors (e.g., pension funds) may enhance liquidity and expertise, while corporate adoption could benefit from regulatory clarity.
- **The Public:** Transparent communication and education campaigns are critical to address concerns about risk, public fund usage, and long-term benefits.

2.2 International Collaboration

Given Bitcoin's global nature, multilateral cooperation is advantageous:

- **Knowledge Sharing:** Learning from nations with existing reserves (e.g., El Salvador) to navigate operational and regulatory challenges.
- **Joint Initiatives:** Multilateral agreements to reduce market impact costs, establish shared liquidity pools, or standardize reserve management.
- **Diplomatic Engagement:** Collaboration with global bodies (e.g., IMF, World Bank) to shape international norms and enhance the SBR's legitimacy.

Conclusion

This appendix provides a structured framework to deepen the proposal's analytical rigor, ensuring alignment with economic, financial, and stakeholder interests. By addressing these considerations, policymakers can make informed decisions regarding the SBR's feasibility and strategic value.

Disclaimer

This proposal serves as a general guide for innovative countries considering the establishment of a Strategic Bitcoin Reserve and is not intended as specific legal, financial, or investment advice. For expert guidance on adapting this proposal, consult qualified professionals in your region. Each country should conduct its own thorough analysis, consult with appropriate experts (including legal, economic, and regulatory professionals), and adapt the recommendations to its unique circumstances. The information provided is based on publicly available data as of July 2025 (Block 903871) and may not reflect future developments in cryptocurrency markets, regulations, or global economic conditions.