

BUIP127: Partially re-weight funds, 50% BTC to BCH

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edit: title info

Background:

The Bitcoin Unlimited organization ("BU") is relatively well-financed. BU received \$500k in donations in 2016 alone, which it held primarily in BTC and which has both been partially spent and which has appreciated over time.

Since late 2017, BU has been focused on development for the BCH platform. Since the May 2019 BUIP vote, BU has ended development support for all platforms other than BCH.

However, BU's funds are still balanced in roughly equal numbers of BTC, BCH, and BSV coins. This means that approximately 93% of BU's wealth is tied to BTC's success, 5% is tied to BCH's success, and 2-3% is tied to BSV's success.

One partial conversion from BTC to BCH was performed in 2017-2018, but BCH funds have been preferentially spent since then causing a return to approximate coin-count parity.

Proposal:

BU shall convert 50% of its BTC holdings into BCH.

The conversions will be performed by the President. Before making any conversions, the President will provide a description of the strategy and tools (e.g. exchange accounts) that the President will use to perform the conversion to the Developer and Secretary, and the Developer and Secretary must provide their approval before the conversion begins. This conversion shall happen over a time period no less than 6 weeks, and no more than 24 weeks. The President is authorized to have up to 5 BTC (or the BCH proceeds therefrom) under his sole custodianship at a time during these transfers. The President may use OTC trading desk, centralized exchanges, or decentralized exchanges, as long as the Developer and Secretary approve of the method used. The Developer, Secretary, and President may also use a multisig wallet approach if they prefer; in this case, conversions up to 30 BTC at a time may be performed.

The President shall publish progress reports of the conversion at least once every 2 weeks while the conversion is in progress, and shall publish the percent of BU's original BTC holdings that were converted during that period and overall, and the average exchange rate received during that period and overall.

The total number of BTC, BCH, and BSV in BU's possession need not be publicly disclosed at any time.

Separate BUIPs may be issued to modify the total amount of BTC sold under this BUIP. If such alternate BUIPs are proposed and one passes but this BUIP does not, then the terms of this BUIP modified according to the passing BUIP will be used. If multiple of these BUIPs (including this one) pass, then the BUIP with the highest approval/(approval + disapproval + spoil) vote percent shall be chosen. In the event of a tie, the percent to be sold shall be the average of all of the tied BUIPs.

Rationale:

BU is working to make BCH into a platform that can replace BTC as the dominant

cryptocurrency. Should BU begin to succeed in achieving that, BU would not be in a financial position to grow with the BCH economy. In such a scenario, BCH would only have about as much financial strength as it does now.

On the other hand, if BU goes to a 47/50/3% ratio now, and if BCH ever reaches price parity with BTC, then BU will have approximately 10x more real wealth than it currently does, and will be in a much better position to sustain the elevated level of development that will be needed to keep BCH operating successfully.

Given that BCH is BU's focus, an argument can be made to sell all of BU's non-BCH holdings (including BSV) in favor of BCH. However, BU's long-term goal is not necessarily to promote BCH per se, but instead to promote on-chain scaling for Bitcoin, and it's possible that BCH might flounder in that goal and BU may need to pivot to BTC, BSV, or another fork that has not yet risen to visibility. Furthermore, as the BCH community and market is still quite a bit smaller than BTC's, BCH is more volatile than BTC, and BU needs to be able to weather temporary financial setbacks like we saw during Nov 2018-April 2019, after the BSV fork. Keeping a portion of BU's funds in BTC for now is a conservative step that allows BU to both survive hardship as well as to capitalize on success.

This BUIP does not include the sales of BSV, if for no other reason than the 2-3% value is more drama than it's worth at this time.

Conversions are limited to 30 BTC per phase in the case of multisig transfers in order to mandate time-averaging of the exchange rate and to minimize the potential for market-moving behavior, not for security. Conversions are limited to 5 BTC in the unisig case for funding security.

Publicly disclosing the amounts of BTC, BSV, and BCH is a security and privacy risk, and could deanonymize BU's wallets or attract unwanted attention from hackers. Consequently, this BUIP neither requires nor forbids the President from publicly or privately disclosing absolute amounts. Members who wish to know BU's current finances are encouraged to ask the President ([@solex](#)) directly via forum DM.

Comments:

Please vote on the straw poll at the top of this thread, as it will inform us whether to create alternative BUIPs for different quantities. You may (and should) vote on as many options as you find acceptable.