

Bitcoin-Denominated Partnership Agreement

Date: []

Operator: [Name]

Investor: [Name]

1. Purpose

The parties agree to form a **Bitcoin-denominated partnership** (the “Partnership”) to finance and operate [describe business activity]. All accounting, valuation, profit, and loss are measured in **Bitcoin (BTC)**. Fiat equivalents may be displayed for reference but do not affect the calculation of rights or outcomes.

2. Capital at Start (T_0)

Contributor	Contribution	BTC Value	Notes
Operator	[amount / assets locked in BTC escrow]	[X.XX BTC]	Capital contribution
Investor	[fiat converted at T_0 exchange rate]	[Y.YY BTC]	Equivalent value locked via trustee
Total Partnership Value at T_0		[Total BTC]	Reference exchange rate: [] USD/BTC

3. Escrow and Custody

- Operator’s BTC is held in a **2-of-3 multisig escrow** (Operator / Investor / Trustee).
- Investor’s fiat-equivalent funds are held in a **custodial wallet or lockbox** managed by the Trustee for Partnership purposes only.
- Withdrawals require mutual consent or trigger-based release as per this Agreement.

4. Profit, Loss, and Termination

a. Accounting Basis

All accounting, settlement, and reporting occur in **Bitcoin (BTC)** only. Fiat values may be shown for reference but are never used to determine outcomes.

- **Profit** occurs when total BTC returned at term exceeds total BTC contributed at T_0 .
- **Loss** occurs when total BTC returned at term is less than total BTC contributed at T_0 .
- Fiat price movements of BTC never redefine BTC loss or profit.

b. Profit Distribution

If the Partnership's total BTC at settlement exceeds its BTC capital at T_0 , the **excess BTC** constitutes profit and is shared according to the **profit ratio** (commonly 1:2 Investor:Operator).

Example A (BTC Profit Scenario): - Start: 1.5 BTC (Operator 1.0 BTC, Investor 0.5 BTC)

- End: 1.512 BTC → Profit = 0.012 BTC

- Distribution: Investor receives 0.004 BTC profit + 0.5 BTC capital = 0.504 BTC total.

- Operator receives 0.008 BTC profit + 1.0 BTC capital = 1.008 BTC total.

c. Loss Distribution

If the Partnership's BTC balance is less than total capital at T_0 , the shortfall is allocated **proportionally to initial BTC contributions**.

Example B (BTC Loss Scenario): - Start: 1.5 BTC (Operator 1.0 BTC, Investor 0.5 BTC)

- End: 1.4 BTC → Loss = 0.1 BTC

- Investor bears 0.033 BTC (1/3 share); Operator bears 0.067 BTC (2/3 share).

- Investor receives 0.467 BTC, Operator receives 0.933 BTC.

d. Behavior in Mixed Market Conditions

To promote fairness and prevent manipulation:

Scenario 1 – BTC Down in Fiat (Honest Case):

If BTC price drops (e.g., -50%) but total BTC increases, this is a **profit** in BTC terms. Both parties share the gain according to the profit ratio.

Scenario 2 – BTC Up in Fiat (Potential Malincentive):

If BTC price rises (e.g., +50%) but fewer BTC are returned, this remains a **loss** in BTC terms. The fiat equivalent may appear larger, but it is not classified as profit.

This ensures honesty during both bull and bear markets.

e. Incentives and Cooperation

- The Operator's BTC stake remains locked until proper settlement.
- Misconduct (fraud, breach, misreporting) can result in BTC forfeiture to cover damages.
- The Trustee may initiate liquidation only for verified misconduct.
- Both parties agree to transparent reporting and on-chain auditability of BTC balances.

f. Assignment and Transfer of Interest

The **Investor** may sell, assign, or transfer their Partnership interest or units (wholly or partially) to another party, subject to notifying the Operator and Trustee. The assignee assumes the same rights and obligations under this Agreement.

g. IRR (BTC-Based)

Each partner's return is calculated in BTC terms only:

$$\text{IRR} = ((\text{Final BTC received} / \text{Initial BTC contributed}) ^ {12 / \text{months}}) - 1$$

Fiat IRR may be displayed for information only.

5. Fiat-Perspective Explanation (Reference Only)

From a fiat perspective, the Partnership may resemble a **50% loan-to-value (LTV) structure** with a **33% upside participation** by the Operator. However, this is not a loan:

- There is no interest, guaranteed return, or compounding.
- The Investor effectively holds a 50% BTC-equivalent interest in the venture.
- If BTC appreciates, the Operator's share grows faster due to operational participation.
- If BTC depreciates, the Investor's BTC-equivalent expands, preserving fiat purchasing power.

Analogy Table:

Market Move	BTC Value	Fiat Interpretation	Effect
BTC ↓	Investor's BTC share expands	Fiat value stable	Investor protected
BTC ↑	Operator's BTC share expands	Investor flat in BTC but gains in fiat	Operator rewarded
Flat BTC	Both sides share profit/loss from operations	Neutral	

This section is for explanation only and does not modify any BTC-denominated terms of the Agreement.

6. Reporting and Duration

- The Operator provides monthly BTC-based financials and NAV statements.
 - The Partnership term is [__ months], unless dissolved earlier by reaching a profit ceiling or mutual consent.
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7. Dispute Resolution

Disputes are resolved by **arbitration in [jurisdiction]**, under mutually agreed rules. The Trustee may hold or freeze assets pending resolution.

8. Acknowledgment

Both parties acknowledge that this is a **profit-and-loss-sharing Bitcoin Partnership**, not a debt contract. There is **no guaranteed return, no fixed repayment**, and all outcomes are realized through actual BTC performance.

9. Signatures

Operator: ____

Date: ____

Investor: ____

Date: ____

Trustee (if applicable): ____

Date: ____