

Official Document:

Closed-Loop System Using Bitcoin as Community Points

This document serves to define the framework for the closed-loop system initiated by the Bitcoin Indonesia community and will come into effect on the 17th day of August 2024.

1. Description

The closed-loop system is an innovative initiative where bitcoin is redeemed as community points in a controlled environment. Since bitcoin cannot yet be used directly as a means of payments in Indonesia, therefore, bitcoin can be collected and redeemed among community members and limited participating merchants of the closed-loop system defined in this document. This system is designed with good intentions towards the ecosystem to explore the social and economic benefits of using Bitcoin and to create a blueprint and positive example for other communities and use cases.

2. Objectives

The closed-loop system is designed to achieve several important goals:

1. **Support The Technology:** Demonstrate and showcase the practical applications of Bitcoin in a controlled environment to explore the benefits of the technology's everyday use for people and the economy.
2. **Support The Community:** Foster a sense of belonging and engagement within the local community by providing a unique and innovative experience.
3. **Support Local Businesses:** Local businesses can benefit from increased, loyal customers from the community, as they are incentivized by the points system to visit merchants that are part of the closed-loop system. At the same time, it offers merchants the opportunity to prepare for the future and test innovative technologies in a secure environment.
4. **Support Tourism:** Attract tourists to the Canggu area by offering a novel and tech-savvy experience, thereby boosting the local economy.

3. Limitations of Area, Members, Amount, and Time Frame

1. **Area:** The Closed-Loop System is limited to Indonesia and focuses on the island of Bali, primarily centered in Canggu. Known for its vibrant community and forward-thinking mentality, Canggu provides the perfect environment to implement and showcase the potential of the closed-loop system. Bitcoin House Bali serves as an anchor for the closed-loop system to onboard members into the closed-loop system and provide support.

2. **Members:** The closed-loop system is exclusively for the Bitcoin Indonesia community and is only available to a very limited number (to a reasonable extent for this sandbox) of users and merchants.
3. **Amount:** You may not redeem and/or collect more than 1,000,000 satoshi through your wallet, and you may not redeem and/or collect more than 200,000 satoshi in any individual transaction.
4. **Time Frame:** The closed-loop system remains active until the end of the year, at which time the Community will do an internal audit of the closed-loop system to decide on its continuation or termination.

4. Onboarding Process For Individuals

To become part of the closed-loop system, individuals must follow a streamlined onboarding process:

1. **Download The Fedi App:** Individuals need to download and install the Fedi app on their mobile devices.
2. **Register & Create Profile:** Users must register and create their profile on the app.
3. **Scan Community Code:** Customers must scan the unique community code and agree to the terms and conditions of the community.
4. **Membership:** After joining, individuals become official members of the closed-loop system and can collect and redeem points within this closed-loop system.

5. Onboarding Process For Merchants

To become part of the closed-loop system, merchants must follow a streamlined onboarding process:

1. **Introduction:** Merchants must be informed about the framework conditions, objectives, and functionality of the closed-loop system and receive an introduction to the technology used.
2. **Agreement:** Merchants must agree to the conditions of the closed-loop system.
3. **Download the Fedi App:** Merchants need to download and install the Fedi app on their mobile devices.
4. **Register & Create Profile:** Merchants must register and create their profile on the app.
5. **Scan Community Code:** Merchants must scan the unique community code and agree to the terms and conditions of the community.
6. **Membership:** After joining, merchants become official members of the closed-loop system of the community and can collect points when individuals redeem their points at these merchants for the offered products and services.
7. **Print QR Code:** The merchants print out their QR code to collect the points and place it at the point of sale.
8. **Signal Membership:** Merchants should put a sticker on their door to signal their membership and attract individuals, saying e.g. "Redeem your bitcoin here - Tukar Poin Bitcoin".

6. Other

Other important information and processes involved in the closed-loop system:

1. **Community Points:** Community points are bitcoin in the form of e-cash on the Fedimint protocol.
2. **Top Up & Withdraw Points:** Community members can top up their points at any time at any merchant or with another community member participating in the closed-loop system by providing a corresponding amount in Indonesian Rupiah for the desired points. The same applies vice versa. If a member wishes to reduce the number of points they have, they can change them to Indonesian Rupiah at any participating merchant or another community member.
3. **Proof of Membership:** Individuals and merchants can prove their membership of the closed-loop system by showing their profile in the Fedi App.
4. **Collect Points:** Individuals can collect points for small, one-time services within the community. For example, Person A goes for a walk with Person B's dog and receives points in return.
5. **Funds & Responsibility:** Individuals and merchants are the owners of their funds (points account) and are responsible for securing them. Bitcoin Indonesia Community, Bitcoin Indonesia and Fedi do not hold the funds for users and are not reliable for any losses.
6. **Accounting & Taxes:** Merchants must report and pay tax on their income in Indonesia according to standard practice.
7. **Usage:** Individuals and merchants must not use the closed-loop system for any illegal purpose or activity, including but not limited to any act of money laundering or act which causes, or may be likely to cause, physical harm to any person.
8. **Terms of Service:** The attached Federation Terms of Service are an important part of this closed-loop system, and you agree to such terms.

7. Disclaimer

1. Individuals guarantee and submit with high awareness that all bitcoin in activities in the closed-loop system are not against the applicable law sources. There is no attempt or intention to hide or disguise the origin of bitcoin including but not limited to in relation to money laundering and terrorism.
2. Using a closed-loop system involves significant financial risk. The value of bitcoin can be very volatile and there is no guarantee of returning the initial bitcoin value. You must be prepared to lose some or all of your value and/or bitcoin.
3. This closed-loop system is decentralized and is not managed by a single entity. You are solely responsible for securing your personal keys and access to your funds. Loss of information can result in permanent loss of funds.
4. There are always technical risks including potential bugs or security attacks. No system is completely immune to threats.
5. There is no guarantee of complete anonymity. Some transaction may still be tracked by an experienced third party. Be careful when managing your personal information.
6. Participation in this closed-loop system may involve laws and regulations. You are solely responsible for ensuring that you comply with applicable laws.
7. This closed-loop system may involve reliance on multiple entities that manage the Fedi app. You should understand that these parties have a certain degree of control and influence over the management.

8. Please ensure that you have sufficient knowledge of bitcoin, blockchain, and related cryptographic mechanisms. Ensure that you have sufficient knowledge to make informed decisions.
9. This system is provided and may be changed at any time as is, without warranty of any kind either express or implied including warranties of fitness for a particular purpose, security or accuracy.
10. Fedi, Inc. (the owner of the Fedi App) did not create and does not control, manage or own this closed-loop system.

I declare that I have received and read the “Closed-Loop System Using Bitcoin as Community Points” and the “Federation Terms of Service” to understand and agree to its contents.

Bitcoin Indonesia Community

Signature: *Dimas Surya*

Represented by

Name: Dimas Surya Al Faruq

Title: Community Leader

E-Mail: dimas.surya.alfaruq@gmail.com

Place: Bandung, Indonesia

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