MEMBER UPDATE

Building the Bitcoin Foundation

In the first nine months since launching the Bitcoin Foundation in September 2012, we have been primarily focused on establishing goals and objectives, as well as building our organization. To that end, we now have a staff of five.

In addition to paying a salary to Gavin Andresen for his role as Chief Scientist, as we announced in late 2012, Lindsay Holland has been in the role of Assistant Director since our launch. John Stahl joined the Foundation in June as a Communications Assistant, and Jon Matonis accepted the position of Executive Director in early July. Most recently, Patrick Murck

signed on as full time General Counsel. We will continue to assess the needs of the organization and build a strong team.

In addition to our internal organization, we have also established business relationships with professionals such as legal, tax, accounting, and insurance providers. Along the way, we have helped many of those providers in integrating Bitcoin into their systems, thereby starting to establish best practices for operating a Bitcoin-based business.

Membership Snapshot

As our internal ranks grow, we are also very encouraged by a growing rate of new members in recent months.
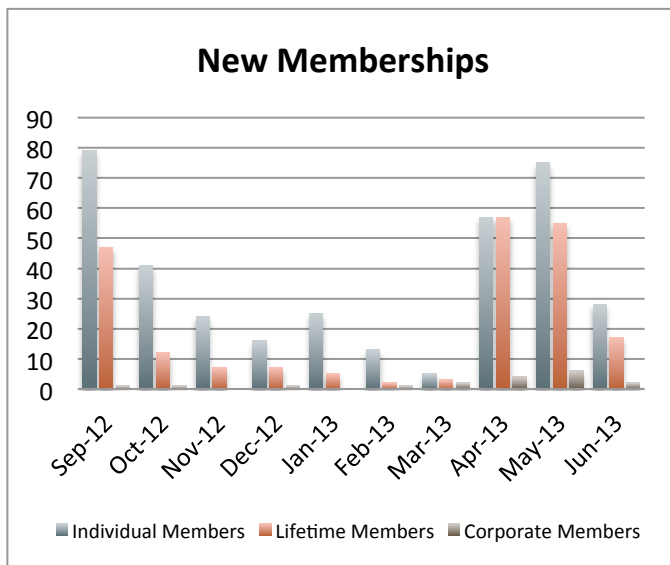
New memberships lagged in March as the rapid rise in Bitcoin exchange rates made the fixed membership pricing structure obsolete. Membership rates rebounded dramatically after the board voted to update membership pricing to be tied to market price, and to add tiers to the business membership pricing structure.
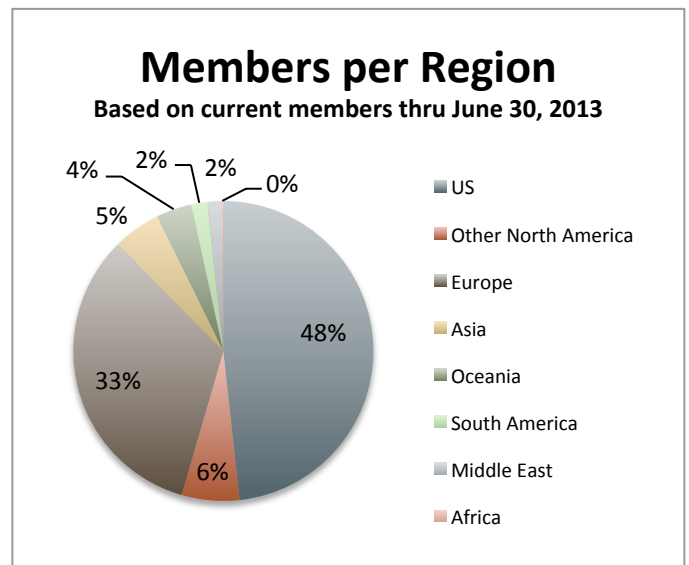
Through June 2013, the Bitcoin Foundation had 580 total members (combined individual and business). The top 5 countries with the largest Foundation membership numbers are the US with 280, Canada with 35, the UK with 34, Germany with 26, and Switzerland with 18.

Board Elections: Two New Seats

As announced at the Bitcoin 2013 conference, the Bitcoin Foundation is adding two new seats to our Board of Directors. Voting will begin in early September, and all members who join by August 23 will be able to vote. For specific election details and FAQs on the nomination and election process, please see this blog post.

Confirmed candidates have been announced on the member forum in a special section, which will continue to be updated until the candidate application deadline of August 16. We encourage a lively debate in the forums, as this is your opportunity, as a member, to directly impact the future of the Foundation.

Election Timeline	
Nomination deadline	*August 1*
Candidate Application deadline	*August 16*
New member sign up deadline	*August 23*
Primary Election	*Sept 2 - 8*
Final Election	*Sept 16 - 22*

Grants

Our grant program is an important part of our mission to standardize Bitcoin. To date, we have awarded four technical grants in three rounds:

Q4 2012

Core Development Grant

Awarded to Gavin Andresen Award amount: 470.89 BTC

A grant was given to the core development team for build and test servers, Windows signing certificates, and other operational costs.

Q1 2013

DNS Seed for TestNet

Awarded to Peter Todd Award amount: 5.54 BTC

TestNet is an alternative Bitcoin block chain, to be used for testing. It allows application developers or Bitcoin testers to experiment without having to use real Bitcoins or worrying about breaking the main Bitcoin chain. The DNS Seed project makes it easier for TestNet-using nodes to sync with the network thus making it more reliable.

TestNet Faucet, eWallet, Node

Awarded to Piotr Piasecki Award amount: 19.22 BTC

This project created a new TestNet faucet in lieu of the now-defunct Bitcoin Faucet. It ensures that anyone is able to acquire free TestNet coins, be able to store them conveniently online, as well as have a stable node to connect to on TestNet.

Q2 2013

Coinpunk

Awarded to Kyle Drake Award amount: 81 BTC

Coinpunk is an open source, self hosted DIY bitcoin wallet service that you can run on your own server. The project has features for individual users, developers, hardware wallet manufacturers and large organizations. We chose to fund the development of Coinpunk because of its contribution to the usability of bitcoin overall, and its ability to serve as a base for a wide range of innovations in keeping with open source ideals.

Conferences and Events

The Bitcoin Foundation hosted the overwhelmingly successful Bitcoin 2013: The Future of Payments conference in May. Over 1,100 attendees and 47 sponsors/exhibitors joined us in San Jose for a weekend of discussion on all things Bitcoin.   You can watch videos of all the speakers and panelists on our YouTube page.

We are in the beginning stages of planning for Bitcoin 2014, which we're looking to host in Europe in the spring. We will keep you posted as more details are available.

In addition to our own conferences, members of our Board of Directors frequently speak at other events as part of their commitment to promote Bitcoin. Some recent events include the iGaming Super Show, the Virtual Economy conference in Washington, DC, TransConstellation Event at SWIFT, and Bitcoin London 2013.

Below is a list of upcoming events where our board members are speaking – come out to support us!

Upcoming Events

Event	Location	Dates	Board Speakers
ACAMS Emerging Payment Solutions	Google HQ, CA	August 22	Patrick Murck
Sibos	Dubai	September 16-19	Patrick Murck
New Technology Conference	Zurich	September 11	Jon Matonis
EFMA The Future of Cash	Madrid	September 24-25	Jon Matonis
EFMA Retails Payments Week	Paris	September 26-27	Jon Matonis
Money 2020	Las Vegas	October 6	Patrick Murck
EMerce	Amsterdam	October 10	Jon Matonis
Electronic Transactions Associations Strategic Leadership Forum	Scottsdale	October 16	Patrick Murck
Forum on Chinese and US Social Media	San Francisco	October 16	Charlie Shrem
Future Banking 2.0	Stockholm	October 24	Jon Matonis *(pending)*
Compliance & Security in Emerging and Evolving Payment Systems	San Francisco	November 21-22	Patrick Murck
Cards and Payments Innovations in Europe	Vienna	December 3-4	Jon Matonis (Keynote)

Legal Focus

GAO Report on Virtual Currencies

As Bitcoin continues to grow in popularity and usage, it will inevitably draw more attention and scrutiny from regulators. The Bitcoin Foundation is committed to educating regulators about the benefits of Bitcoin, which prompted us to collaborate with the US Government Accountability Office (GAO) for a report they released in May. After the report was released, the GOA hosted a live chat to discuss questions with the public, largely focusing on tax considerations. As a result of the report, the US Internal Revenue Service (IRS) has committed to issuing tax guidelines around virtual currencies, which we expect to see later this year.

Response to FinCEN on Liberty Reserve Special Measures

After the shutdown of centralized e-currency company Liberty Reserve, the Financial Crimes Enforcement Network (FinCEN) asked the financial community for feedback on how the situation was handled. While the Bitcoin Foundation does not represent or defend Liberty Reserve's actions as a company, we felt it was important to clarify a

number of points raised by FinCEN's actions that could potentially lead to unfair legal and financial harassment of any business involved in cryptographic payments.   In our response, we urged FinCEN to emphasize a specific company's activity or wrongdoing, rather than implicating virtual currencies more generally. You can read the entire response here.

CA DFI Cease and Desist Letter Response

Earlier this year we received a unique opportunity to contribute to our mission of protecting Bitcoin. As was widely reported, the Bitcoin Foundation received a cease and desist letter from the California Department of Financial Institutions (DFI) in June, to which the Bitcoin Foundation issued a formal response. In short, the CA DFI warned the Bitcoin Foundation against operating as a money transmission business without a license. In the interest of transparency, we made our response public, and took the opportunity to provide clarity on our business practices to the State. We will continue to respond to and engage with the CA DFI, as necessary, until the issue is resolved.

Legal Committees

We have created three legal and regulatory focused committees to advise our Board of Directors. To join any of the above-mentioned committees, please contact the chairperson listed. You can check out details on all committees in a new "Committees" section of our member forum.

Legal Defense Fund	**Law and Policy**	**Regulatory Affairs**
Chairperson: Brian Klein	*Chairperson: Mike Hearn*	*Chairperson: Marco Santori*
This committee will review submissions from outside organizations with requests for legal assistance. We are assembling a team of legal experts willing to work pro-bono to protect Bitcoin.	The committee will have a broad, international focus on legal and regulatory issues.	This committee will advise the board on US-specific regulatory topics.

International Focus

Bitcoin is inherently international, and our membership reflects that, as you saw in our membership graphs. In order to effectively represent the Foundation around the globe, we are exploring partnerships with small groups of interested people to start country-specific Foundation chapters.   While the program is still in its infancy, we have working groups in a handful of countries in Europe, Asia, and South America.

We envision local chapters driving regional participation through language and content localization, as well as emphasizing collaboration on legal and regulatory issues across jurisdictions.   The existing Bitcoin Foundation will continue to serve as the global organization, with all memberships channeled through it, so that there will not be a need for separate global and local memberships. After joining, members will be linked directly to their local chapter, if one exists.

We are focusing our efforts on a small group of countries to start, until we create a framework for the program, but long-term we hope to have organizations in every country or region. If you are interested in getting involved with or starting a local chapter in your area, please email Lindsay Holland. She will connect you with anyone who has already expressed interest, and give you more details on getting started.

Member Communication and Outreach

Our blog and member forums have been great channels for communicating Foundation news and announcements, as well as discussion Foundation-specific topics, and we encourage you to actively read and participate in both. Going forward, we will be focused on improved direct member communication and outreach, and to that end, we have a number of initiatives in the works:

Website Redesign/Content Revision

We are working on a major website overhaul, which will include a new profile section where members will be able to login and directly manage the details of their membership. The new site will also have more detailed information about the Foundation's initiatives and resources on Bitcoin for members and the general public.

Quarterly Newsletter

A newsletter like this one will be issued on a quarterly basis to keep our membership updated on what we're up to.

Committees and Polls

We will be starting more committees and polls to help decide contentious topics and inform the board of member opinions.   In addition to the legal committees noted above, there is one additional committee already formed:

Education Committee
Chairperson: Charles Hoskinson
This committee will provide educational and best practices content to help inform Foundation members and the general public about Bitcoin.

We are very excited about our many new initiatives and the direction the Bitcoin Foundation is taking overall. As always, we appreciate your feedback, so please feel free to ask questions on our member forum or contact us directly. Thank you for your support!

Thank you to our Industry Members!

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