



October 21, 2017

bitFlyer, Inc.

### Policy on Bitcoin Gold-related chain split in Bitcoin blockchain

A chain split (“split”) related to Bitcoin Gold (BTG) is scheduled to occur on October 25th. Our response to the chain split is as follows.<sup>1</sup>

- We will credit you with an amount of BTG corresponding to the amount of Bitcoin (BTC) in your bitFlyer account prior to the split.<sup>2</sup> If the BTG split is deemed by bitFlyer to be permanent and secure in regards to customer assets, you will be able to own both BTC and BTG in your bitFlyer account.
- Services allowing users to buy, sell, deposit, and send BTG are planned for release.
- No suspension of service is scheduled around the split. All bitFlyer services will continue running as usual.

#### Schedule

Time (JST)	Planned Measures
October 25, 09:00 PM (ETA)	<b>Calculation</b> The amount of BTG to be distributed to customer assets will be calculated based on the amount of BTC held in their corresponding bitFlyer accounts at the time of the split. <sup>3</sup>
TBD after November 1	<b>Distribution and BTG Availability</b> If the BTG split is deemed by bitFlyer to be permanent and secure in regards to customer assets on November 1 (tentative), users will be credited with BTG and purchase and sale of BTG will be made available on bitFlyer.
TBD after observing the stability of the BTG chain	<b>BTG Deposits and Withdrawals</b> After sufficient observation of the stability in the BTG chain after the split, BTG deposit and withdrawal services will be made available on bitFlyer.

## **Overview of Bitcoin Gold (BTG)**

BTG is an altcoin that will emerge as a result of a hard fork of the Bitcoin blockchain (Bitcoin Core). This hard fork is expected to take place on the 491,407<sup>th</sup> block (ETA: 2017/10/25). Its being led by Hong Kong miners. The BTG blockchain is expected to start after 2017/11/1. As of now, BTG is still under development (2017/10/21 JST).

## **Main Features of BTG**

- BTG plans on adding SIGHASH\_FORKED (replay protection measure) <sup>4</sup> as Bitcoin Cash (BCH) did when it hard forked, but as of 2017/10/21.
- BTG is pre-mined. This refers to the blockchain mining that takes place in a non-public environment, which may result in unequal distribution of new coins and profits margins that lean heavily towards the original supporters and developers of BTG.
- BTG will apply the Equihash Proof of Work (PoW) algorithm. This algorithm is different from the SHA256 algorithm that Bitcoin is using because it is a memory-oriented PoW, which limits hash power by how much RAM you have. As a result, it is resistant to mining using ASICs.
- As of 2017/10/21, BTG does not have replay protection and has not yet completed the move to an Equihash PoW algorithm. The date of the hard fork and the activation of the BTG blockchain is still unconfirmed, and it is uncertain whether or not blocks will be stably generated.

As a result, it is not finalized that we will credit customer assets with BTG at the time of the hard fork. If the BTG split is deemed by bitFlyer to be permanent and secure in regards to customer assets, we will credit users with BTG, and purchase, sale, deposit and withdrawal services will be made available to customers.

For more information on BTG, see <https://btcgpu.org>.

Lastly, we strongly hope that the Bitcoin ecosystem, which has been supported by its users since 2009, will continue to grow in a stable fashion going forward. As members and stakeholders in this community, we will continue to do everything we can to contribute. We appreciate your continued support.

<sup>1</sup> Based on current conditions as of October 21, 2017 (JST); described measures may be subject to change pursuant to ongoing changes in the Bitcoin ecosystem. An additional announcement will be issued in the event of any changes in measures.

<sup>2</sup> If we decide that the BTG split is not permanent or that it poses a security risk to customer assets (e.g. measures against replay attacks are insufficient, vulnerabilities exist in the protocol, etc.) there is a possibility that we will not credit users with BTG. bitFlyer will not compensate for any losses or damages that result from the decision not to provide BTG to users.

<sup>3</sup> The amount of BTC held in your bitFlyer account can be confirmed under "My Assets" after logging into the bitFlyer homepage, or through bitFlyer Lightning under "Fund Balances" on the Funds menu. Any Bitcoin in your margin deposit (Lightning FX/Futures Account) is also included in the calculation of your current balance. Be careful not to confuse this balance with the balance for your bitFlyer deposit address on the Bitcoin blockchain. Open interest (positions) on bitFlyer Lightning FX / Futures is not included in the calculation of BTC balances.

<sup>4</sup> If there is no replay protection, transfers on one chain may also be reflected on the other chain without intention.

*Even following the BTG split, BTC in our services (including bitFlyer Lightning FX / Futures) will solely refer to Bitcoin on the existing Bitcoin blockchain (Bitcoin Core).*

*We waive all liability for any damages to clients and/or third parties due to defects, changes, or other deficiencies in the content above.*

*We cannot answer any questions at this time about our decision regarding whether the BTG split will be permanent or any other related questions.*

*Please be assured that your open interest (positions) on bitFlyer Lightning FX/Futures prior to the split will not be automatically settled (closed) before/after the split.*

*Please be aware that the Bitcoin Gold currency code may change.*

*In the case of a chain split, change in the specification of the cryptocurrency, or an airdrop, we reserve the right to respond as we deem necessary. We waive all liability for any damages to clients and/or third parties due to defects, changes, or other*

*deficiencies regarding our response to the hard fork.*

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