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The Bitcoin start-up self-custody solution

A prime example of how self-custody can be tailored to the exact needs of a Bitcoin start-up: a case study of a small Bitcoin publisher.

Lightning News is a popular news channel that has decided to hold its company Bitcoin in self-custody, structured so that neither the investor nor the operator can move the funds alone, leading to a trustless design. The setup will follow what we consider the gold standard for company self-custody: keys held on signing devices from different manufacturers, no single point of failure, and no one device, person or company that an attacker could compromise to reach the funds. If either key holder dies or becomes incapacitated, the funds will remain accessible, and the monthly bills will pay themselves within a fixed limit through agents.

Client	Lightning News, a Bitcoin publisher run by its founder and backed by an investor
The problem	One company reserve, two key holders, no plan for death, incapacity or disagreement
The reserve	A wallet that the founder and the investor must both sign (2-of-2), with a lawyer's key that only becomes usable after six months of inactivity (any 2-of-3)
Day to day	A separate operations wallet, plus a payments agent with a hard monthly limit
What changes	No single person, including the lawyer, will be able to move the reserve alone. A death will be recoverable in months, not never.

The situation

Lightning News is a small Bitcoin publisher. The founder runs the business, and an investor backs it. Revenue arrives in Bitcoin, expenses go out in Bitcoin, and the company intends to keep a long-term reserve in Bitcoin.

Like many small Bitcoin start-ups, it wanted to build a Bitcoin reserve and hold it in self-custody, but the complexity of fitting that to its governance structure meant the plan was put on the back burner. The questions that kept the founder and investor up at night were the following:

- If one of us dies tomorrow, can the company still reach its money?

- If we ever disagree, can either of us empty the reserve?
- Can the setup be simple and robust?
- Who pays the bills each month, and what stops a mistake from becoming a disaster?
- If a new investor joins, how do we change the setup without starting from scratch?

A custodian is the easy way out, but it takes away one of the primary benefits of having control over Bitcoin. Lightning News wants to keep the keys and answer these questions.

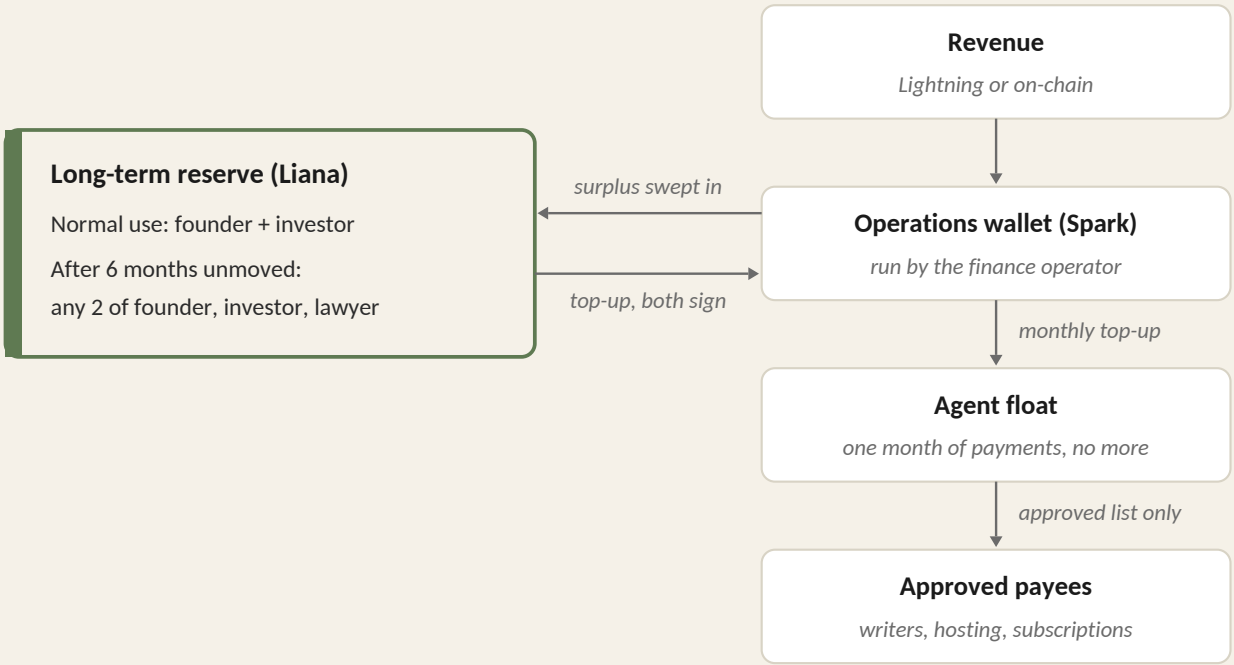
What the structure has to do

We agreed five requirements before choosing any software or device:

1. **No one acts alone.** Not the founder, not the investor, not an adviser, not us.
2. **A death or incapacity is recoverable.** The surviving key holder can reach the reserve without the other's key.
3. **A disagreement cannot become a theft.** Waiting out the other key holder gains nothing.
4. **Day-to-day spending stays simple.** Paying a writer, as well as dividends, should be simple and not need a signing ceremony.
5. **The structure can grow.** A further investor can be added without anyone losing control in the process.

The design: two wallets, two jobs

The company's Bitcoin will be split by purpose. The reserve is for the long term and will be touched rarely, by both key holders together. The operations wallet will run the business and hold only what the next months require. When the operations wallet has more than a six-month runway, 20% can be sent to the long-term treasury.



The reserve is never touched for day-to-day spending.

Money flows down the right-hand side every month. It crosses to the reserve in only two directions: surplus swept in, and top-ups that both key holders sign.

The reserve: who can sign, and when

The reserve will live in a Liana wallet with three keys: one for the founder, one for the investor and one for an independent lawyer. Liana lets a wallet change its signing rule depending on how long the coins have sat untouched.

COINS UNTOUCHED FOR	WHO CAN SIGN	WHAT IT IS FOR
Less than 6 months	Founder **and** investor (2-of-2)	Normal use. The lawyer's key does nothing.
6 months or more	Any **two** of founder, investor, lawyer (2-of-3)	Death, incapacity, or a dispute decided by a court or arbitrator

Every five months, the founder and the investor will sign one transaction that moves the reserve back into the same wallet. This "refresh" resets the clock, so the lawyer's key never becomes usable while both are present and cooperating.

> *At every point in time, two people have to agree. The lawyer can never move funds alone, and neither can the founder or the investor.*

Three things that could go wrong, and what happens

The founder dies, or is in hospital for months

The investor stops receiving refresh requests. Once six months have passed since the last refresh, the investor and the lawyer sign together and move the reserve to a new wallet for the company. The lawyer signs only on proof (a death certificate, or medical evidence of incapacity) as set out in the shareholders' agreement. The founder's heirs inherit his stake in the company, not a key.

The founder and the investor fall out

One of them stops signing. Six months later, neither can act alone. The lawyer signs with one of them only to carry out a court order or an arbitration award. The lawyer does not judge the dispute, only enforces its outcome. Running out the clock gains nothing.

A device is lost or a key is stolen

One key alone can never move the reserve. A key holder who loses a device restores it from one of their two backups and carries on. If a key may have been seen by someone else, the founder and the investor sign together, move the reserve to a fresh wallet, and retire the old keys. Only if a key holder loses the device and both backups does the six-month path come into play, and even then the reserve is recoverable.

The operations wallet carries the company through the wait. It will hold enough to cover at least six months of expenses, so payroll and suppliers are paid while the reserve is being recovered.

Keys, backups and custody maps

Each key holder will create their own key, on their own signing device, in their own home or office. Nobody else will see it at any point: not the other key holders, and not Schelling Point. Only the public half of each key is shared to build the wallet. Each key holder will use a device from a different manufacturer, so a flaw in one brand's hardware or software cannot put the reserve at risk. Schelling Point will keep no copy of the descriptor.

The lawyer is independent of the company's own counsel, so there is no conflict if the founder and the investor disagree. The lawyer's role will be written into the shareholders' agreement and into a one-page instruction sheet: when to sign, what proof to require, and when to refuse.

KEY HOLDER	HOLDS	BACKUPS	DOCUMENTS
Founder	Signing device	Two, in two separate places	Custody map, refresh instructions
Investor	Signing device	Two, in two separate places	Custody map, refresh instructions
Independent lawyer	Signing device	One, held by the firm	Key holder instructions

Every key holder will also keep a copy of the wallet description file. It lists the three keys and the rules, and without it the wallet cannot be rebuilt. It cannot spend anything on its own, but it reveals the company's holdings, so it is kept private.

Each custody map is one printed page, filled in by pen: where each backup is kept, who to call, and the rules in plain words. Locations are never typed into any file.

Operations: the wallet that pays the bills

The reserve is for the long term. Running the business will happen in a separate operations wallet, managed by a finance operator the company designates. That can be the founder, the investor or an independent bookkeeper; the structure works the same way.

- **Income** will arrive in the operations wallet, a self-custodial Spark wallet: the company holds its keys, and it receives both Lightning and on-chain payments.
- **Top-ups** from the reserve need both key holders' signatures, like any other spend from it.
- **Surplus** is swept into the reserve on a schedule the company sets, so the operations wallet never holds more than it needs.

The payments agent

Recurring costs (writers, hosting, subscriptions) will be paid by a software agent. The limit on what it can spend is enforced by the wallet, not by the agent's instructions:

- The agent controls a small float wallet, never the operations wallet itself.
- The finance operator tops the float up once a month with that month's payments, nothing more.
- The agent pays only payees on an approved list, and every payment is logged for the books.

The worst case is that the agent loses one month's float. That is a limit a business can live with, and one anyone can explain in a sentence.

Rehearsal and the refresh routine

The key holders will do multiple rehearsals so that they are comfortable with the structure and understand it in practice. Before any real funds move, they will go through it together:

1. **Receive.** Each key holder generates an address and confirms it on their own device.
2. **Send.** A small test amount goes out, with the founder and the investor signing remotely, each from their own location.
3. **Recover.** On a separate practice wallet with a one-day timer instead of six months, they run the recovery path end to end: one of them and the lawyer signing together, as they would after a death.
4. **Refresh.** They perform a refresh once, so the first real one is a repeat, not a first attempt.

The refresh will be due every five months, leaving a month of margin before the six-month path opens. The key holders and Schelling Point will all hold the date in their calendars.

When a new investor joins

A Bitcoin wallet's rules cannot be edited after it is created. Adding an investor means building a new wallet and moving the reserve into it, in one planned session:

1. The new investor creates their key on their own device, the same way the existing key holders did.
2. A new wallet is built: all three of them sign in normal use, and after six months any two of them, or one of them with the lawyer's key, can act. The exact rule follows the new shareholders' agreement (unanimity or majority).
3. The current key holders sign one transaction moving the reserve from the old wallet to the new one.
4. New backups and custody maps are made. The old wallet is emptied, and its descriptor and backups are retired.

The wallet mirrors how decisions are made. The structure of the wallet has to suit the company's governance and decision-making structure.

The trade-offs

Every structure gives something up. These are the choices Lightning News has made, and why.

WE CHOSE	OVER	BECAUSE
A lawyer holding a controlling key after 6 months	Letting either key holder act alone after 6 months	A timer alone means a disagreement can turn into a race to swipe the funds
Six months	Twelve months	A shorter wait after a death, at the cost of refreshing more often
A lawyer who enforces decisions	A lawyer who decides disputes	Courts and arbitrators judge; the key holder only carries out the result
A Spark hot wallet for operations	Running the business from the reserve	Fast, cheap payments; because it is online, it holds only a few months of expenses ahead
A capped float for the agent	Giving the agent the operations wallet	A mistake costs one month's payments, not the business
No further fallback after the lawyer	A third timer to a single key	It would only help if all three key holders were lost at once, and it would reopen the risk of one person acting alone

What Lightning News will hold

- A reserve that cannot be moved by one person, and that survives the death or incapacity of either key holder
- An operations wallet that runs the business without touching the reserve
- A payments agent with a limit enforced by the wallet itself
- A custody map and refresh instructions for the founder and the investor, and a key holder sheet for the lawyer
- A shareholders' agreement clause that matches the wallet's rules exactly
- A rehearsed recovery, and a calendar that keeps the structure alive

Schelling Point designed the structure and will walk Lightning News through every step.

> *"[Quote from the Lightning News founder — TO BE CONFIRMED]"*

If your company holds Bitcoin with more than one owner and you would like to talk through a structure like this in confidence, we'd be glad to arrange a call.

The partners will create and hold every key. We will never hold one, and the company can walk away from us at any time and remain in full control.

— Schelling Point