RARTA THRESHOLD BAND CALIBRATION GUIDE

Risk-Aligned Return Threshold Approach -- Calibration Methodology with Worked Examples

Framework Tab:	RARTA -- Board-Level Governance	**Version:**	1.0
Document Class:	Technical Calibration Guide	**Audience:**	CFO, Treasury Committee, External Advisor
Prerequisites:	Board resolution adopted (R-3); Allocation Decision Log (R-1)	**Pages:**	12

TABLE OF CONTENTS

SECTION 1 -- WHAT ARE THRESHOLD BANDS AND WHY DO THEY MATTER?

1.1 Definition and Purpose

RARTA threshold bands are pre-defined BTC price ranges that trigger specific governance responses: accumulation, holding, rebalancing review, or mandatory board escalation. They are the core decision architecture of the RARTA framework, converting continuous price movement into discrete, pre-authorized action categories.

The fundamental insight behind threshold bands is **temporal inversion**: organizations must make their most important treasury decisions during periods of market calm, not during periods of stress. Threshold bands encode those decisions into policy so that when Bitcoin trades at a given price level, the governance response is already determined, documented, and board-approved.

Why Pre-Commitment Matters

Research in behavioral finance consistently shows that humans make systematically worse financial decisions under stress. Threshold bands remove the real-time decision burden from CFOs and boards during volatile periods. The decision was already made -- what remains is simply execution within pre-authorized parameters. This is the core value proposition of RARTA.

1.2 The Four Standard Bands

Band	Name	Typical Range	Governance Response	Authorization
A	Accumulation	Org-specific lower bound	Execute DCA schedule; authorized to add to position within limit	CFO discretion; Board notification
B	Hold	Org-specific mid range	Maintain position; no new purchases; BEOL optimization active	CFO discretion
C	Rebalance Review	Org-specific upper mid	Evaluate partial rebalancing; prepare recommendation for committee	CFO + Treasury Committee
D	Strategic Review	Org-specific upper bound	Mandatory full board review; no new activity without board vote	Full Board vote required

1.3 What Threshold Bands Are Not

Threshold bands are not price predictions, market timing tools, or investment recommendations. They do not encode a view on whether Bitcoin will rise or fall. They encode a governance position: *at this price level, given our organization's specific constraints and objectives, the appropriate institutional response is X.*

Two organizations with identical BTC holdings may legitimately arrive at very different threshold band boundaries if their regulatory environments, stakeholder expectations, liquidity requirements, or strategic objectives differ. This guide explains how to make those distinctions systematically.

SECTION 2 -- THE EIGHT CALIBRATION FACTORS

RARTA calibration is driven by eight organizational factors. Each factor influences where band boundaries should be set. The calibration process (Section 3) shows how to weight and combine these factors.

Factor	Definition	Directional Effect on Bands	Primary Band Affected
F1 Liquidity Requirements	Organization's minimum required USD liquidity reserve as % of annual operating expense	Higher liquidity need lowers Band A ceiling and lowers Band D trigger (earlier escalation)	**A, D**
F2 BTC Allocation Limit	Board-approved maximum BTC allocation as % of total treasury assets	Lower allocation limit compresses Band A/B range; Band C/D triggered at lower absolute prices	**A, B, C**
F3 Regulatory Environment	Regulatory constraints governing digital asset holdings (licensed bank, public co, nonprofit, unregulated)	More restrictive environment: tighter bands overall; more frequent Band C/D triggers; faster escalation	**C, D**
F4 Stakeholder Sensitivity	Sensitivity of key stakeholders (board, investors, donors, customers) to BTC price volatility	Higher sensitivity lowers Band D trigger; more conservative rebalancing thresholds in Band C	**C, D**
F5 Operating Runway	Months of operating expense covered by non-BTC liquid assets at current burn rate	Shorter runway lowers Band A ceiling; Band C defensive action triggered sooner	**A, C**
F6 BTC Strategic Conviction	Depth of Bitcoin thesis in organizational strategy (core treasury thesis vs. speculative position)	Higher conviction: wider Band B (longer hold range); Band D threshold set higher before mandatory review	**B, D**
F7 Accounting Framework	Applicable accounting standard: FASB ASU 2023-08 (fair value) vs. IFRS IAS 38 (cost model)	FASB: P&L; volatility consideration in Band C/D. IFRS: impairment triggers directly inform Band C lower limit	**C**
F8 Custody Architecture	Custody setup: cold storage, qualified custodian, multi-sig, or exchange held	Less secure custody raises concentration risk: faster Band D trigger; affects Band C response options	**C, D**

Dominant Factors Vary by Organization Type

Not all eight factors carry equal weight. A pre-revenue startup may find F1 (liquidity) and F5 (operating runway) dominant. A regulated financial institution may find F3 (regulatory) dominant. A nonprofit with major donor relationships may find F4 (stakeholder sensitivity) dominant. Sections 4-6 show how different dominant factors produce radically different band structures for organizations with similar BTC holdings.

SECTION 3 -- THE CALIBRATION PROCESS (STEP-BY-STEP)

Calibration is a structured analytical process, not an optimization exercise. There is no single correct set of threshold bands -- only bands that are appropriate or inappropriate for a given organization. The six-step process below produces defensible, board-approvable band boundaries.

Step 1	**Establish Baseline Allocation Parameters** Determine: (a) current BTC holdings in units and USD value; (b) total treasury assets; (c) Board-approved allocation limit (F2); (d) current USD liquidity position; (e) monthly operating expense. These numbers anchor all subsequent calculations.
Step 2	**Score the Eight Calibration Factors** For each factor F1-F8, assign a direction score: Conservative (-1), Neutral (0), or Aggressive (+1). Conservative means this factor pushes bands tighter or lower. Aggressive means this factor allows wider or higher bands. Then identify which factors are dominant for your organization (typically 2-3 factors drive most of the calibration).
Step 3	**Set Band A (Accumulation) Upper Limit** Band A upper limit = the BTC price at which the organization would exhaust its USD liquidity reserve if it fully executed its DCA schedule, OR the price at which current holdings reach the Board-approved allocation limit, whichever is lower. Adjust downward if F1 or F5 scored Conservative; adjust upward if F6 scored Aggressive.
Step 4	**Set Band D (Strategic Review) Lower Limit** Band D lower limit = the BTC price at which unrealized gains create a concentration requiring board-level review. Formula: (Board-approved review threshold %) x (Total treasury assets) divided by (current BTC units held). Common review threshold: 1.5x the allocation limit. Adjust downward if F3 or F4 scored Conservative.
Step 5	**Set Bands B and C** Band C lower limit = the price at which BTC allocation approaches 80% of the Board-approved limit, requiring rebalancing preparation. Band C upper limit = Band D lower limit. Band B occupies the range between Band A upper and Band C lower. Wider Band C means more lead time for rebalancing before mandatory escalation.
Step 6	**Validate and Stress-Test** Before Board presentation, validate: (a) If BTC drops 70% from current price, does the organization remain operational with adequate liquidity? (b) If BTC rises 5x, does Band D trigger before concentration becomes dangerous? (c) Can every band boundary be explained in one sentence? If any answer is no, recalibrate.

Key Principle: Bands Must Be Intuitive

Threshold bands that cannot be explained to a board member in 60 seconds will not be followed under stress. Avoid overly precise numerical boundaries (e.g., $47,238) in favor of round numbers anchored to clear rationale (e.g., $50,000 -- the price at which our BTC position reaches our 10% allocation limit). Precision creates false confidence; clarity creates compliance.

SECTION 4 -- WORKED EXAMPLE A: TECHNOLOGY STARTUP (PRE-REVENUE)

ORGANIZATION PROFILE -- EXAMPLE A: APEX PROTOCOL INC.			
Name (Fictional):	Apex Protocol Inc.	**Entity Type:**	Delaware C-Corp, pre-revenue SaaS startup
Treasury Assets:	$8.2M total (Series A proceeds)	**Monthly Burn:**	$340,000 / month
Runway (non-BTC):	18 months at current burn rate	**BTC Holdings:**	5.0 BTC (avg cost basis: $62,000)
BTC Allocation:	$310,000 = 3.8% of total treasury	**Alloc. Limit:**	5% Board-approved maximum
Accounting Std:	FASB ASU 2023-08 (U.S. GAAP)	**Custody:**	Qualified custodian (institutional)
Regulatory:	Standard U.S. C-Corp; no digital asset license	**Stakeholders:**	VC investors; moderate BTC sensitivity

4.1 Factor Scoring

Factor	Score	Rationale	Band Impact
F1 - Liquidity	**Conservative (-1)**	VC-backed startup must preserve capital; investor scrutiny of cash management is high	Lower Band A ceiling
F2 - Alloc. Limit	**Conservative (-1)**	5% limit is tight; at $82K BTC, current 5 BTC already reaches limit -- no accumulation room	Compressed A/B range
F3 - Regulatory	Neutral (0)	Standard U.S. C-Corp; no special digital asset licensing required	No adjustment
F4 - Stakeholders	Moderate (-0.5)	VC investors somewhat sensitive; board prefers conservative public signaling	Lower Band D trigger
F5 - Op. Runway	**Conservative (-1)**	18 months adequate but pre-revenue; runway protection critical -- cannot compromise liquidity	Lower Band A ceiling
F6 - BTC Conviction	**Moderate (+0.5)**	Company holds BTC as differentiated treasury strategy; moderate long-term conviction	Slightly wider Band B
F7 - Accounting	Neutral (0)	FASB fair value creates P&L; volatility but no impairment trigger; manageable for reporting	No material adjustment
F8 - Custody	Neutral (0)	Institutional qualified custodian; adequate security architecture	No adjustment

Dominant factors: F1, F2, F5 -- Liquidity preservation drives calibration. Bands must be tight and conservative.

4.2 Band Calculations

Band A Upper Limit (Step 3):

5% limit x $8.2M = $410,000 maximum BTC position. Current BTC position at cost = $310,000 (5 BTC x $62K). Remaining room = $100,000. At current BTC price of ~$65K, that is approximately 1.5 BTC of accumulation headroom. Band A upper = price at which 5 BTC = $410,000 = **$82,000**. Above this price, current holdings already exhaust the limit.

Band D Lower Limit (Step 4):

Review threshold set at 1.5x allocation limit = 7.5% of treasury. 7.5% x $8.2M = $615,000. $615,000 / 5 BTC = $123,000. Adjusted down by F4 conservative score: **$115,000**. Above this price, 5 BTC represents a concentration requiring board-level strategic discussion.

Bands B and C (Step 5):

Band C lower = price at which 5 BTC reaches 80% of limit (4% of treasury). 4% x $8.2M = $328,000. $328,000 / 5 BTC = $65,600. Round to **$66,000**. Band B = $82,000 to $66,000 (hold range between accumulation ceiling and rebalance review). Band C = $66,000 to $115,000 (rebalancing preparation range). Note: Band C here is wide -- appropriate for a small team needing time to prepare board materials.

Band	Name	Price Range	Authorized Action	Authority Level
A	Accumulation	Below $66,000	Execute DCA: purchase up to 0.2 BTC/week per B-2 schedule until $82K limit	CFO; monthly Board notification
B	Hold	$66,000 - $82,000	Maintain 5 BTC position; no new purchases; BEOL optimization active	CFO discretion
C	Rebalance Review	$82,000 - $115,000	Prepare rebalancing analysis; may sell up to 0.5 BTC to stay below 5% limit	CFO + Board Committee approval
D	Strategic Review	Above $115,000	Full Board review required; no new activity without vote; consider partial exit	Full Board vote required

Validation: BTC at $20K -- 5 BTC = $100K = 1.2% of treasury. Organization in Band A, authorized to accumulate. Adequate liquidity maintained. BTC at $130K -- 5 BTC = $650K = 7.9% of treasury. Band D triggered. Board reviews before concentration becomes a fiduciary concern. Both scenarios produce appropriate institutional responses. Bands validated.

SECTION 5 -- WORKED EXAMPLE B: ESTABLISHED FINANCIAL SERVICES FIRM

ORGANIZATION PROFILE -- EXAMPLE B: MERIDIAN ASSET MANAGEMENT LLC			
Name (Fictional):	Meridian Asset Management LLC	**Entity Type:**	SEC-registered investment advisor, 12 employees
Treasury Assets:	$42M total (retained earnings + reserves)	**Monthly Burn:**	$180,000 / month
Runway (non-BTC):	60+ months -- highly profitable	**BTC Holdings:**	18.5 BTC (avg cost basis: $48,000)
BTC Allocation:	$888,000 = 2.1% of total treasury	**Alloc. Limit:**	3% Board-approved (conservative for RIA)
Accounting Std:	FASB ASU 2023-08 (U.S. GAAP)	**Custody:**	Qualified custodian + cold storage backup
Regulatory:	SEC-registered RIA; must avoid regulatory scrutiny	**Stakeholders:**	High-net-worth clients; very sensitive to digital asset exposure

5.1 Factor Scoring

Factor	Score	Rationale	Band Impact
F1 - Liquidity	**Aggressive (+1)**	Highly profitable firm with 60+ months runway; liquidity is not a constraint	Higher Band A ceiling possible
F2 - Alloc. Limit	**Conservative (-1)**	3% limit reflects regulatory sensitivity; RIA clients expect conservative treasury management	Compressed all bands
F3 - Regulatory	**Very Conservative (-1)**	SEC-registered; any regulatory action or client complaint re: BTC exposure is existential risk	Lowers Band C/D significantly
F4 - Stakeholders	**Very Conservative (-1)**	HNW clients highly sensitive; any press story about RIA with large BTC exposure creates outflow risk	Lowers Band D trigger substantially
F5 - Op. Runway	**Aggressive (+1)**	5+ year runway; operational continuity not at risk from BTC price movements	No constraint on Band A
F6 - BTC Conviction	**Moderate (+0.5)**	Firm holds BTC as long-term strategic position; believes in thesis but client sensitivity limits expression	Moderate Band B width
F7 - Accounting	Moderate (-0.5)	FASB fair value: gains/losses in P&L; visible to clients; large unrealized gains draw attention	Lowers Band C trigger
F8 - Custody	Neutral (0)	Qualified custodian primary; cold storage backup; adequate for this scale	No adjustment

Dominant factors: F2, F3, F4 -- Regulatory and client sensitivity dominate despite strong financial position. Bands are much tighter than financial position alone would suggest.

5.2 Band Calculations

Band A Upper Limit (Step 3):

3% allocation limit x $42M = $1,260,000 maximum BTC position. Current position = $888,000 (18.5 BTC x $48K avg). Remaining room = $372,000. Band A upper = price at which 18.5 BTC = $1,260,000 = $68,108. Round to **$68,000**. F3/F4 conservative scores: no upward adjustment. F1/F5 aggressive: slight upward flexibility allowed -- maintain at $68K.

Band D Lower Limit (Step 4):

Review threshold: given F3/F4 very conservative, set at only 1.2x allocation limit = 3.6% of treasury. 3.6% x $42M = $1,512,000. $1,512,000 / 18.5 BTC = $81,730. Round to **$80,000**. This is an unusually tight Band D -- only 18% above Band A. This reflects the regulatory reality: the firm cannot let BTC appreciation create a noticeable concentration story with clients.

Bands B and C (Step 5):

Band C lower = 80% of 3% limit = 2.4% x $42M = $1,008,000. $1,008,000 / 18.5 BTC = $54,486. Round to **$55,000**. Band B = $68,000 to $55,000 (very narrow hold range -- only $13K wide). Band C = $55,000 to $80,000 (25K wide -- rebalancing range). Note: The narrow Band B reflects that this firm has very little price range before rebalancing preparation begins.

Band	Name	Price Range	Authorized Action	Authority Level
A	Accumulation	Below $55,000	Execute DCA: purchase up to 0.5 BTC/week per schedule until $68K limit reached	CFO; quarterly Board notification
B	Hold	$55,000 - $68,000	Maintain 18.5 BTC; no new purchases; BEOL active; monitor client sentiment	CFO discretion
C	Rebalance Review	$68,000 - $80,000	Prepare rebalancing plan; sell up to 2 BTC to maintain below 3% limit; client disclosure review	CFO + Compliance + Committee
D	Strategic Review	Above $80,000	Board review required; review client disclosure obligations; consider full rebalance below 2% limit	Full Board + Compliance vote

Key observation: This firm has dramatically tighter bands than Example A despite being 5x larger and financially much stronger. The dominant factors are entirely non-financial -- regulatory environment and stakeholder sensitivity. This illustrates why financial position alone cannot drive calibration.

SECTION 6 -- WORKED EXAMPLE C: INDUSTRIAL MANUFACTURING COMPANY

ORGANIZATION PROFILE -- EXAMPLE C: HARTWELL COMPONENTS GROUP			
Name (Fictional):	Hartwell Components Group	**Entity Type:**	Private industrial manufacturer, 340 employees
Treasury Assets:	$28M total (retained earnings)	**Monthly Burn:**	$820,000 / month (operations + capex)
Runway (non-BTC):	22 months at current burn rate	**BTC Holdings:**	12.0 BTC (avg cost basis: $55,000)
BTC Allocation:	$660,000 = 2.4% of total treasury	**Alloc. Limit:**	8% Board-approved (moderate conviction)
Accounting Std:	IFRS IAS 38 (cost model -- international operations)	**Custody:**	Cold storage (self-custody) + institutional custodian
Regulatory:	Private company; multiple international jurisdictions	**Stakeholders:**	Family ownership; moderate to high BTC conviction

6.1 Factor Scoring

Factor	Score	Rationale	Band Impact
F1 - Liquidity	Moderate (-0.5)	Manufacturing requires significant working capital and capex reserves; liquidity somewhat constrained	Moderate downward pressure on Band A
F2 - Alloc. Limit	**Aggressive (+1)**	8% limit gives substantial room; family ownership comfortable with alternative assets	Wider all bands
F3 - Regulatory	Moderate (-0.5)	Multiple international jurisdictions add complexity but no digital asset prohibition	Modest tightening of Band D
F4 - Stakeholders	**Aggressive (+1)**	Family-owned; owners are the stakeholders; high conviction, comfortable with volatility	Higher Band D trigger
F5 - Op. Runway	Moderate (-0.5)	22 months is adequate but manufacturing has lumpy capex; must maintain significant cash reserve	Modest downward on Band A
F6 - BTC Conviction	**Aggressive (+1)**	Family ownership views BTC as generational wealth preservation; long-term thesis is core	Wider Band B; higher Band D
F7 - Accounting	**Conservative (-1)**	IFRS IAS 38 cost model: impairment triggers at sustained price below cost basis -- B-1 decision tree applies	Lowers Band C -- impairment awareness required
F8 - Custody	Moderate (-0.5)	Self-custody component creates key-person risk; cold storage offset by institutional backup	Modest Band D downward adjustment

Dominant factors: F2, F4, F6 -- Family ownership with high conviction allows the widest bands of the three examples. IFRS accounting (F7) is the key moderating constraint.

6.2 Band Calculations

Band A Upper Limit (Step 3):

8% limit x $28M = $2,240,000 maximum BTC position. Current position at cost = $660,000 (12 BTC x $55K). Remaining accumulation room = $1,580,000. Band A upper = price at which 12 BTC = $2,240,000 = $186,667. Adjusted downward for F1/F5 moderate conservative scores: **$160,000**. At $160K, 12 BTC = $1,920,000 = 6.9%

of treasury -- still within limit but creating runway for Band B.

Band D Lower Limit (Step 4):

Review threshold: F4/F6 aggressive scores allow a 1.75x allocation limit = 14% of treasury. 14% x $28M = $3,920,000. $3,920,000 / 12 BTC = $326,667. Round to **$325,000**. F3 and F8 modest conservative: adjust to **$300,000**. The family board is comfortable holding until 12 BTC = 14% of treasury before requiring a formal strategic review.

IFRS Impairment Consideration (F7):

Under IFRS IAS 38, if BTC price sustains below the cost basis of $55,000, an impairment assessment is triggered (see B-1 Impairment Decision Tree). This creates an effective Band C lower limit: the $55,000 cost basis level. Band C lower = **$55,000** (IFRS impairment monitoring range begins). Band B lower = Band C lower = $55,000 (at cost basis, hold -- no impairment yet but monitoring required). Band A upper = **$160,000**. Full Band B = $55,000 to $160,000 (very wide hold range reflecting high conviction).

Band	Name	Price Range	Authorized Action	Authority Level
A	Accumulation	Below $55,000	Execute DCA schedule; note: IFRS impairment review required below avg cost. Run B-1 decision tree.	CFO; Board notification quarterly
B	Hold	$55,000 - $160,000	Maintain 12 BTC; no new purchases; BEOL active; large hold range reflects family conviction	CFO discretion
C	Rebalance Review	$160,000 - $300,000	Evaluate partial rebalancing; 12 BTC approaching 8% limit; prepare options for family board	CFO + Family Board Committee
D	Strategic Review	Above $300,000	Family Board strategic session required; 12 BTC at $300K = 12.9% of treasury; discuss generational strategy	Full Family Board session

Key observation: Example C shows the widest bands of the three cases -- Band B spans $105,000 (nearly 2x the current price). This reflects the combination of high conviction (F6), aligned ownership (F4), and a generous allocation limit (F2). The IFRS accounting framework (F7) introduces the only meaningful constraint: Band A operations below cost basis require simultaneous impairment monitoring per the B-1 Decision Tree.

SECTION 7 -- BAND MAINTENANCE AND ANNUAL REVIEW PROTOCOL

7.1 Triggers for Recalibration

Threshold bands are not permanent. They should be recalibrated when any of the following occur:

Mandatory Recalibration

- Material change in organizational financial position (>25% change in total treasury assets)
- Change in Board-approved allocation limit
- Change in regulatory status or new regulatory guidance affecting digital assets
- Acquisition, merger, or significant ownership structure change
- Annual review (required regardless of other triggers per R-3 board resolution)

Recommended Recalibration

- BTC has spent more than 90 consecutive days in a single band (bands may be miscalibrated)
- Band D has triggered and the board completed its strategic review
- Significant change in stakeholder composition or sentiment
- Material change in custody architecture or security posture
- After-Action Report from an SRF Level 2/3 event recommends band changes

7.2 Annual Review Process

The annual review should occur during the Q4 reporting cycle (see B-4 Quarterly Checklist, Phase 6). The CFO prepares a recalibration recommendation covering: (a) updated factor scores vs. prior year; (b) proposed band adjustments with rationale; (c) any changes to authorization thresholds; (d) a comparison of where price traded during the year relative to the bands. The Board approves updated bands by resolution (see R-3 Section 2.2 for amendment language).

7.3 Mid-Year Band Adjustment Protocol

If a mandatory recalibration trigger occurs between annual reviews, the CFO prepares a recalibration memo for Board approval at the next regular meeting or by written consent. Bands should not be changed informally or verbally -- every band change requires a dated board action with version tracking in the Allocation Decision Log (R-1). Undocumented band changes undermine the entire RARTA framework.

Version Control is Non-Negotiable

Every set of threshold bands must have: (a) an effective date; (b) the board meeting or consent date that approved them; (c) the factor scores and rationale that produced them; and (d) a version number (v1.0, v1.1, etc.). When a stress event occurs, it must be possible to look back and confirm exactly which version of the bands was in effect and what authority it carried. Without version control, bands are not governance -- they are suggestions.

SECTION 8 -- COMMON CALIBRATION ERRORS AND HOW TO AVOID THEM

Error 1: Using Only Financial Factors to Set Bands	**The Problem:** Calibration based purely on financial metrics (allocation limits, runway) while ignoring regulatory environment and stakeholder sensitivity produces bands that are financially defensible but institutionally fragile. The RIA example (Section 5) shows how non-financial factors can dominate the calibration entirely. **The Fix:** Score all eight factors before beginning numerical calculations. If F3 or F4 are not Conservative for your organization, verify this explicitly rather than assuming.
Error 2: Bands That Are Too Narrow (Ove r-Precision)	**The Problem:** Bands set at very precise numerical boundaries (e.g., Band A: $47,238 to $52,116) are difficult to monitor in real-time and create governance ambiguity when price trades near a boundary. They also look backward-looking and arbitrary to boards. **The Fix:** Round all band boundaries to the nearest $5,000 or $10,000. Anchor each boundary to a clear conceptual rationale that can be stated in one sentence (e.g., "Band A upper is $65K -- the price at which our position reaches our allocation limit").
Error 3: Setting Band D So High It Never Triggers	**The Problem:** Organizations with high BTC conviction sometimes set Band D at prices so far above current market that it never provides meaningful governance. A Band D that does not trigger during a 3-5x price increase provides no board oversight during the period of greatest concentration risk. **The Fix:** Test Band D by asking: "At this price, what percentage of our total treasury would BTC represent?" If the answer is more than 2x the allocation limit, Band D is set too high. Boards should be reviewing the position before it becomes 2x the originally approved limit.
Error 4: Not Integrating IFRS Impairment Into Band A	**The Problem:** IFRS reporters who set Band A below their average cost basis without integrating the B-1 Impairment Decision Tree create a governance gap: accumulation is authorized in Band A but impairment monitoring is not simultaneously triggered. This can lead to a situation where the organization is buying BTC while simultaneously recognizing impairment charges. **The Fix:** For IFRS entities, Band A operations below average cost basis must always include a note requiring concurrent execution of the B-1 Impairment Decision Tree. Update the DCA authorization language to include this requirement explicitly.

Error 5: Failing to Update Bands After Material Events	**The Problem:** The most common real-world failure: organizations set bands, experience a significant treasury change (fundraise, acquisition, major expense), but do not recalibrate. The original bands now reflect a different organizational reality and may authorize actions that are no longer appropriate. **The Fix:** Embed recalibration triggers in the B-4 Quarterly Checklist (Phase 3, item 4) and require the CFO to affirmatively confirm that no mandatory recalibration trigger has occurred before presenting the quarterly report.

APPENDIX -- CALIBRATION WORKSHEET TEMPLATE

Complete this worksheet before each calibration session. Present alongside band recommendations to the Board.

PART 1: ORGANIZATIONAL DATA

Organization Name:		**Calibration Date:**	
Prepared By:		**Previous Calibration Date:**	
Total Treasury Assets (USD):		**Monthly Operating Expense:**	
BTC Holdings (units):		**BTC Current Price (USD):**	
BTC Value at Current Price:		**BTC % of Treasury:**	
Board-Approved Allocation Limit (%):		**Max BTC Value at Limit (USD):**	
Accounting Standard:	FASB ASU 2023-08 / IFRS IAS 38 (circle one)	**Custody Type:**	

PART 2: FACTOR SCORING

Factor	Score: C(-1), N(0), A(+1)	Rationale / Notes	Band Impact
F1 - Liquidity Requirements			
F2 - BTC Allocation Limit			
F3 - Regulatory Environment			
F4 - Stakeholder Sensitivity			
F5 - Operating Runway			
F6 - BTC Strategic Conviction			
F7 - Accounting Framework			
F8 - Custody Architecture			
Dominant Factors:		Primary calibration drivers:	

PART 3: BAND CALCULATIONS

Band A Upper Limit Calculation:			
Result -- Band A Upper Limit:		**Rationale:**	
Band D Lower Limit Calculation:			
Result -- Band D Lower Limit:		**Rationale:**	
Band C Lower Limit Calculation:			

Result -- Band C Lower Limit:		**Band C Upper = Band D Lower:**	
Band B = Band A Upper to Band C Lower. Width:		Width acceptable? YES / NO	

VALIDATION	Stress Test Scenarios
Step 6a: BTC drops 70% from current price. Organization remains solvent with adequate liquidity? YES / NO	At -70% BTC price: $________ / ________ months runway remaining
Step 6b: BTC rises 5x from current price. Band D triggers before dangerous concentration? YES / NO	At 5x BTC price: $________ / BTC = _____% of treasury / Band D trigger at: $________
Step 6c: Each band boundary can be explained in one sentence? YES / NO	Document band rationale sentences in Allocation Decision Log (R-1)

CFO Signature:		**Date:**	
Board Approval (Resolution or Written Consent):		**Effective Date:**	
Version Number:		**Next Review Date:**	