HMRC internal manual

# International Exchange of Information Manual

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## IEIM8000290 - Closed-loop assets

Certain cryptoassets can only be exchanged or redeemed within a limited fixed network or environment for specified goods and services, such as food, book, and restaurant vouchers, as well airline miles or other loyalty program rewards.

Such cryptoassets would generally not be considered to be usable for payment and investment purposes if they:

- Cannot be transferred or exchanged on a secondary market outside the network, and
- Cannot be sold or exchanged at a market rate inside the closed-loop.

**Example**

Cater Coin is a cryptographic token issued by a university catering service. It can only be redeemed for food at on-campus dining halls and cannot be transferred, sold, or exchanged outside the university's internal system.

It is not considered usable for payment or investment purposes under CARF because it operates in a closed-loop environment, cannot be traded externally, and has no market-based exchange rate.

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