



Bitcoin Treasury Framework

BTC Treasury Adoption Guidance

Company Configuration

COMPANY TYPE

Private Company

COMPANY SIZE

Small (11-50 employees)

INDUSTRY

Technology

JURISDICTION

Canada

PLANNED ALLOCATION

5% of Treasury

RISK ASSESSMENT

Low Risk

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Treasury Allocation Risk Profile

Allocation: 5% of treasury reserves

Risk Level: Low

Assessment: Conservative approach, suitable for initial adoption

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Google Gemini 3 Flash Preview

Live Data:

No

This framework is designed for a Canadian private technology company (11-50 employees) seeking to integrate Bitcoin into its corporate treasury. In 2025, the focus has shifted from "speculation" to "institutional-grade risk management."

• 1. REGULATORY LANDSCAPE (CANADA)

- **Legal Status:** Bitcoin is recognized as a digital representation of value (commodity/capital property), not legal tender. It is legal for businesses to hold, trade, and use for payments under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA)*.
- **Tax Treatment:** The Canada Revenue Agency (CRA) treats Bitcoin as capital property. Sales or swaps trigger capital gains/losses (currently 50% inclusion rate for corporations). If used for frequent trading or as business income, 100% of gains may be taxable as business income.
- **Regulatory Bodies:** FINTRAC oversees Money Services Businesses (MSBs); while your company isn't an MSB, your exchange/custodian must be. The **CSA (Canadian Securities Administrators)** regulates platforms providing "crypto-contracts."
- **CARF Implementation:** Starting in 2025-2026, Canada is adopting the **Crypto-Asset Reporting Framework (CARF)**, increasing reporting transparency between financial institutions and the CRA regarding corporate holdings.

• 2. ACCOUNTING CONSIDERATIONS

- **Standard Treatment:** Under **IFRS (IAS 38)**, Bitcoin is generally classified as an "Indefinite-Lived Intangible Asset." It is recorded at cost on the balance sheet.
- **Valuation & Impairment:** Companies must test for impairment annually or if indicators suggest value has dropped below book value. Under the "Cost Model," you must write down the asset if the price drops, but you cannot write it up until it is sold. *(Note: Watch for IFRS updates in 2025 potentially allowing Fair Value through Profit or Loss).*
- **Balance Sheet Classification:** Typically listed under "Intangible Assets" or "Other Non-Current Assets." It is not considered "Cash or Cash Equivalents."

- **Tax Tracking:** Mandatory tracking of **Adjusted Cost Base (ACB)** for every satoshi acquired. Given the 2024 capital gains changes, ensure your accounting software handles the specific inclusion rates for gains exceeding \$250k (if applicable to the corp).

• 3. CUSTODY & SECURITY

- **Collaborative Custody:** For a small tech firm, a "2-of-3 Multi-Signature" setup is recommended. One key held by the CEO, one by the CFO, and one by a third-party partner (e.g., Unchained, Casa, or a Canadian boutique firm). This eliminates a single point of failure.
- **Institutional Custody:** If self-custody is too high-risk, use a **Qualified Custodian** like *Fidelity Digital Assets Canada* or *Tetra Trust*. This ensures assets are held in "cold storage" and are bankruptcy-remote.
- **Specie Insurance:** Ensure your custodian carries "Specie Insurance" (insurance against physical loss or theft of private keys). Verify that the policy specifically names "Digital Assets."
- **Key Management:** Store physical seed backups in "Grade 3" or higher fireproof safes across geographically separate locations (e.g., two different bank vaults in different cities).

• 4. GOVERNANCE FRAMEWORK

- **Board Resolution:** A formal resolution must authorize the opening of digital asset accounts and define the "Authorized Signatories" (typically 2+ people for any movement of funds).
- **Investment Policy Statement (IPS):** Define a "Treasury Target Allocation" (e.g., 1% to 5% of investable cash). Establish a "hard cap" (e.g., 10%) where rebalancing is mandatory.
- **Execution Strategy:** Use **Dollar-Cost Averaging (DCA)**. Allocate a fixed CAD amount monthly (e.g., \$5,000/month) to mitigate timing risk and reduce price volatility impact on the ACB.
- **Exit/Liquidity Triggers:** Define "Cash-Out" protocols. For example, "Sell 25% of holdings if the company's runway falls below 6 months" or "Sell 10% if BTC appreciates by 300% from ACB."

• 5. RISK MANAGEMENT

- **Volatility Management:** Only allocate capital not required for operations for at least 18–24 months. Bitcoin should be viewed as "Deep Reserve" capital.
- **Counterparty Risk:** Never keep assets on an exchange (e.g., Coinbase, Kraken) after purchase. Move assets immediately to your multi-sig or qualified custodian. "Not your keys, not your coins" is the treasury standard.
- **Operational Risk:** Conduct quarterly "Fire Drills." Simulate the loss of one key to ensure the remaining two signatories know how to recover the funds.
- **Market Timing:** Avoid "Lump Sum" buys during "All-Time High" (ATH) periods. Use a 12-month trailing average to inform entry points.

• 6. TREASURY IMPLEMENTATION ROADMAP

- **Education (Week 1-2):** Present a "Bitcoin Treasury 101" to the Board/Stakeholders focusing on debasement protection.
- **Tax/Legal Review (Week 3-4):** Consult with a Canadian CPA familiar with crypto (e.g., MNP or specialized boutiques) to confirm the tax impact on your specific corp structure.
- **Policy Drafting (Week 5):** Finalize the Investment Policy Statement (IPS) and Board Resolution.
- **Vendor Selection (Week 6-7):** Onboard with a FINTRAC-registered Canadian brokerage (e.g., NDAX, Bitbuy) for CAD/BTC liquidity and select a custody partner.
- **Small-Scale Test (Week 8):** Execute a \$1,000 purchase and move it to custody to verify the workflow.
- **Full Execution (Month 3+):** Begin the DCA program according to the IPS.
- **Audit Integration (Quarterly):** Provide "Proof of Reserves" or custody statements to your external auditors.

• 7. DUE DILIGENCE CHECKLIST

- [] Is the exchange/custodian a registered MSB with **FINTRAC**?
- [] Does the custodian provide a **SOC 2 Type II** report?

- [] Have we verified the **bankruptcy-remote** status of the custody agreement?
- [] Is there a "Inheritance/Succession" plan if a key holder becomes incapacitated?
- [] Does our accounting software (e.g., Xero/Quickbooks) integrate with an ACB tracker (e.g., Koinly, Cryptio)?
- [] Is the allocation amount less than 20% of the total corporate "dry powder"?

• 8. KEY RESOURCES & CONTACTS

- **FINTRAC (Financial Transactions and Reports Analysis Centre of Canada):** For compliance status of vendors.
- **CRA Guide for Cryptocurrency:** Official "Guide for Cryptocurrency Users and Tax Professionals."
- **Canadian Blockchain Consortium (CBC):** For networking with other Canadian corporate treasurers.
- **Fidelity Digital Assets Canada:** For institutional-grade cold storage and execution.
- **Bitcoiner Jobs / Bitcoin Talent Co:** For finding specialized Canadian tax/legal consultants.



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