



Bitcoin Treasury Framework

BTC Treasury Adoption Guidance

Company Configuration

COMPANY TYPE

Public Company

COMPANY SIZE

Large (251-1000 employees)

INDUSTRY

Technology

JURISDICTION

United Kingdom

PLANNED ALLOCATION

10% of Treasury

RISK ASSESSMENT

Moderate Risk

⚠️ IMPORTANT LEGAL DISCLAIMER

This framework provides general guidance based on current information and is for informational purposes only. It does not constitute legal, tax, accounting, or financial advice. Bitcoin regulations vary significantly by jurisdiction and are subject to frequent changes. Always consult with qualified legal, tax, accounting, and financial advisors before making any treasury decisions. House of Bitcoin and its affiliates assume no liability for any decisions made based on this framework.

Treasury Allocation Risk Profile

Allocation: 10% of treasury reserves

Risk Level: Moderate

Assessment: Balanced approach, requires strong governance

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Live Data:

No

This framework is designed for a UK-based technology company (Large Enterprise) considering a Bitcoin treasury allocation in 2025. It integrates current UK Law Commission findings, HMRC guidance, and FCA regulatory requirements.

• 1. REGULATORY LANDSCAPE (UK)

- **Legal Status:** Under the **Property (Digital Assets etc.) Bill 2024**, Bitcoin is officially recognized as a "third category" of personal property in English and Welsh law. This provides legal certainty for ownership, collateral, and inheritance.
- **Regulatory Oversight:** The **Financial Conduct Authority (FCA)** oversees crypto-asset firms for Anti-Money Laundering (AML). Since 2024, the **Financial Promotions Regime** strictly regulates how crypto-related services are marketed to UK businesses.
- **Tax Treatment:** Bitcoin is not considered currency or money by **HMRC**. For corporations, it is treated as a capital asset. Gains are subject to **Corporation Tax** (currently 25% for profits over £250k).
- **FSMA 2023 Integration:** The Financial Services and Markets Act 2023 brings "crypto-assets" into the scope of regulated financial services. By 2025, secondary legislation is expected to mandate specific licensing for firms providing custody or exchange services within the UK.

• 2. ACCOUNTING CONSIDERATIONS (IFRS)

- **Accounting Standard:** Under **IAS 38 (Intangible Assets)**, Bitcoin is typically classified as an "indefinite-lived intangible asset." It is recorded at cost and tested annually for impairment.
- **Valuation & Impairment:** If the market price drops below the carrying value, an impairment charge must be recognized in the P&L. Crucially, under current IFRS, you **cannot** revise the value upward if the price recovers (unless using the Revaluation Model, which requires an active market and consistent application).
- **Balance Sheet Classification:** Usually held under "Non-Current Assets" unless the company intends to sell within 12 months, in which case it may move to "Current Assets"

(but rarely "Cash Equivalents").

- **Tax Reporting:** Companies must maintain a "Cryptoasset Pooled Account" (similar to Section 104 holdings) to calculate the allowable cost basis for Capital Gains Tax (CGT) purposes upon disposal.

• 3. CUSTODY & SECURITY

- **Institutional Custody:** For a large tech firm, **Qualified Custody** is recommended over self-custody. Use UK-registered providers (e.g., Komainu, Coinbase UK, or Fidelity Digital Assets) that provide **SOC 1 Type II** and **SOC 2 Type II** reports.
- **Multi-Signature (Multi-Sig) / MPC:** Implement a **3-of-5 quorum** for transaction authorization. Signatories should include the CFO, Treasurer, and a designated Board member, with at least two keys held by the third-party custodian.
- **Insurance:** Ensure the custodian carries **Specie Insurance** covering physical loss, internal theft, or hacking. Verify that the policy specifically names "Cold Storage" assets.
- **Governance of Keys:** Establish a "Break Glass" protocol. Physical shards of backup seeds (if self-custodying any portion) should be stored in geographically dispersed, high-security vaults (e.g., Brink's or Malca-Amit).

• 4. GOVERNANCE FRAMEWORK

- **Board Approval:** The Board must approve a formal **Investment Policy Statement (IPS)**. This should define the "Treasury Mandate"—specifically if Bitcoin is a "Reserve Asset" (long-term hold) or a "Working Capital Asset" (liquid).
- **Allocation Limits:** Set a "Hard Cap" (e.g., 1–5% of total corporate treasury) and a "Rebalancing Trigger" (e.g., if BTC grows to exceed 10% of the balance sheet, the excess must be liquidated).
- **Acquisition Strategy:** Utilize **Dollar-Cost Averaging (DCA)** via an institutional OTE (Over-the-Counter) desk to minimize slippage. Avoid "Lump Sum" purchases for amounts exceeding £1M to mitigate timing risk.
- **Exit Strategy:** Pre-define "Exit Tranches" based on corporate milestones (e.g., funding a specific R&D project or an acquisition) rather than speculative price targets.

• 5. RISK MANAGEMENT

- **Volatility Management:** Use **Volatility-Adjusted Position Sizing**. Treat Bitcoin as a high-beta asset; its volatility is roughly 3–4x that of the FTSE 100.
- **Counterparty Risk:** Only interface with exchanges/custodians that provide **Proof of Reserves (PoR)** and are FCA-registered for AML purposes. Avoid offshore, unregulated entities.
- **Operational Risk:** Conduct quarterly "Fire Drills" to test the ability to move funds and verify the integrity of the multi-sig setup without actually executing a sale.
- **Market Timing:** Treasury should ignore short-term technical indicators and focus on the **4-year halving cycle** and institutional adoption metrics.

• 6. TREASURY IMPLEMENTATION ROADMAP

- **Education (Month 1):** Conduct Board-level workshops on Bitcoin's role as "Digital Gold" and its correlation with GBP/USD.
- **Tax & Legal Opinion (Month 2):** Engage UK legal counsel (e.g., Clifford Chance, A&O) to provide a formal "Legal Opinion" on the specific holding structure.
- **Policy Development (Month 2):** Draft the IPS, including authorized signatories and internal control procedures.
- **Vendor Selection (Month 3):** Issue an RFP to at least three FCA-registered custodians and OTC desks.
- **Pilot Transaction (Month 4):** Execute a "test trade" of <£50,000 to verify the flow of funds, custody reporting, and accounting entries.
- **Full Execution (Months 4-6):** Execute the main allocation via DCA over a 12-week period.
- **Ongoing Audit (Quarterly):** Reconcile holdings against blockchain explorers and provide quarterly reports to the Audit Committee.

• 7. DUE DILIGENCE CHECKLIST

- [] Is the custodian registered with the FCA under the Money Laundering Regulations?

- [] Does the custodian offer "Segregated Accounts" (on-chain isolation) rather than "Omnibus Accounts"?
- [] Have the internal auditors reviewed the multi-sig authorization workflow?
- [] Is the Bitcoin stored in "Cold Storage" (air-gapped) for at least 95% of the holding?
- [] Has the HMRC "Cryptoassets Manual" been reviewed for the latest Corporation Tax updates?
- [] Are the "private keys" or "key shards" subject to UK jurisdiction?

• 8. KEY RESOURCES & CONTACTS

- **Financial Conduct Authority (FCA):** [\[fca.org.uk\]\(https://www.fca.org.uk\)](https://www.fca.org.uk) — Verify registered crypto-asset firms.
- **HMRC Cryptoassets Manual:** [\[gov.uk/hmrc-internal-manuals/cryptoassets-manual\]\(https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual\)](https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual) — Definitive tax guidance.
- **CryptoUK:** The UK's self-regulatory trade body for the crypto-asset sector.
- **The Law Commission (Digital Assets):** For updates on the legal status of property rights in the UK.
- **The UK Treasury (HM Treasury):** For updates on pending "Phase 2" crypto-asset legislation.



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