



# Bitcoin Treasury Framework

BTC Treasury Adoption Guidance

## Company Configuration

COMPANY TYPE

Non-Profit

COMPANY SIZE

Medium (51-250 employees)

INDUSTRY

Technology

JURISDICTION

United Kingdom

PLANNED ALLOCATION

1% of Treasury

RISK ASSESSMENT

Low 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:** 1% of treasury reserves

**Risk Level:** Low

**Assessment:** Conservative approach, suitable for initial adoption

Generated Date:

26/01/2026, 15:55:21

Primary AI Source:

Google Gemini 3 Flash Preview

Sources Consulted:

Google Gemini 3 Flash Preview

Live Data:

No

This framework is designed for a UK-based technology non-profit (51-250 employees) seeking to integrate Bitcoin into its treasury. As of 2025, the UK regulatory environment has matured significantly following the **Financial Services and Markets Act 2023**.

---

## • 1. REGULATORY LANDSCAPE

---

- **Legal Status:** Bitcoin is not "legal tender" in the UK but is recognized as a **regulated cryptoasset**. Under the Financial Services and Markets Act 2023, it is treated as a financial instrument for the purposes of financial promotion and regulated activities.
- **Tax Treatment:** HMRC treats Bitcoin as an **intangible asset**. For a non-profit, capital gains may be exempt if the "investment" is used solely for charitable purposes. However, if Bitcoin is used for trading or commercial activities, Corporation Tax (currently 25% for profits over £250k) may apply.
- **Regulatory Bodies:** The **Financial Conduct Authority (FCA)** oversees AML/CTF compliance. Any UK-based custodian or exchange used by the non-profit must be on the FCA's Registered Cryptoasset Firms list.
- **Recent Updates:** The "**Property (Digital Assets etc) Bill**" (introduced late 2024/2025) formally recognizes digital assets as personal property, providing better legal protection and clarity in cases of insolvency or dispute.

## • 2. ACCOUNTING CONSIDERATIONS

---

- **Standards (IFRS/UK GAAP):** Under **FRS 102 (UK GAAP)** or **IAS 38 (IFRS)**, Bitcoin is typically classified as an **Indefinite-Lived Intangible Asset**. It is recorded at cost and tested for impairment.
- **Balance Sheet Classification:** It is usually listed under "Intangible Assets." If held for sale in the ordinary course of business, it could be "Inventory," but for treasury, "Intangible" is standard.
- **Valuation & Impairment:** UK rules generally require "Cost minus Impairment." If the market price drops below the carrying value, you must write it down. Crucially, you

cannot "write up" the value if the price recovers unless you adopt the **Revaluation Model** (permitted if an active market exists).

- **Non-Profit Specifics:** The **Charities SORP (FRS 102)** requires investments to be measured at "fair value" if they can be measured reliably. This often results in a more transparent "mark-to-market" treatment than for-profit GAAP.

### • 3. CUSTODY & SECURITY

---

- **Custody Solution:** For a medium-sized UK non-profit, **Institutional Qualified Custody** (e.g., Coinbase Custody International Ltd or Komainu) is recommended over self-custody to satisfy trustee liability concerns.
- **Multi-Signature Setup:** Implement a **2-of-3 or 3-of-5 multisig** arrangement. Keys should be held by the CFO, a designated Trustee, and a third-party professional firm (e.g., a specialist legal or security firm).
- **Insurance:** Ensure the custodian carries **Specie Insurance** or "Cold Storage Insurance." Verify that the policy covers "internal collusion" and "physical loss of keys," not just external hacks.
- **Governance of Access:** Use a **"Quorum" system** for transfers exceeding a specific threshold (e.g., any transfer >£50,000 requires 3 signatories).

### • 4. GOVERNANCE FRAMEWORK

---

- **Board Approval:** Formal resolution required. Trustees must demonstrate that the allocation aligns with the **Charity Commission's CC14 guidance** (Investment of Charitable Funds), focusing on the "best interests of the charity."
- **Investment Policy Statement (IPS):** Define a clear cap. For a tech non-profit, a **1% to 5% allocation** of total reserves is standard for "Alternative Assets."
- **Execution Strategy:** Use **Dollar-Cost Averaging (DCA)** over 6–12 months to mitigate entry-price risk. Avoid lump-sum purchases of more than 2% of total cash reserves in a single window.
- **Rebalancing:** Set a **"Rebalance Trigger."** If Bitcoin grows to exceed 10% of the total portfolio due to price appreciation, the policy should mandate a sell-off back to the 5% target.

## • 5. RISK MANAGEMENT

---

- **Volatility Management:** Use "Volatility-Adjusted Sizing." If Bitcoin's 30-day volatility exceeds 80% (annualized), pause new DCA tranches.
- **Counterparty Risk:** Only use UK-registered, FCA-compliant venues. Never leave assets on an exchange; move them to the designated vault immediately after trade settlement (T+0 or T+1).
- **Operational Risk:** Conduct "Fire Drills" twice a year where signatories must prove they can still access their keys/shards without actually moving funds.
- **Reputational Risk:** Draft a "Donor Transparency Statement" explaining why the non-profit holds Bitcoin (e.g., "long-term purchasing power preservation") to preempt potential donor backlash.

## • 6. TREASURY IMPLEMENTATION ROADMAP

---

- **Phase 1: Education (Weeks 1-4):** Workshop for the Board of Trustees and Finance Committee on Bitcoin's role as "Digital Gold" vs. "Speculative Asset."
- **Phase 2: Legal & Tax Review (Weeks 5-8):** Engagement with UK counsel to confirm the allocation doesn't violate the non-profit's articles of association.
- **Phase 3: IPS Drafting (Weeks 9-10):** Update the Investment Policy to include "Digital Assets" with specific % limits.
- **Phase 4: Vendor Onboarding (Weeks 11-14):** Complete KYC/KYB for an FCA-registered custodian and a UK-based execution desk (e.g., FalconX or LMAX).
- **Phase 5: Pilot Purchase (Week 15):** Execute a "test trade" of £5,000 to verify the plumbing, custody, and accounting workflow.
- **Phase 6: Full Execution (Months 4-10):** Commencing the DCA program as per the IPS.
- **Phase 7: Annual Audit (Year-end):** External audit review of private key controls and balance sheet valuation.

## • 7. DUE DILIGENCE CHECKLIST

---

- [ ] Is the custodian FCA-registered for Cryptoasset Activities?

- ☐ Does the custodian provide a SOC 1 Type II or SOC 2 Type II report?
- ☐ Are the private keys stored in "Cold Storage" (offline) with UK-based jurisdiction?
- ☐ Does the non-profit's D&O (Directors & Officers) insurance cover decisions related to digital assets?
- ☐ Has a "proof of reserves" or "proof of assets" protocol been established with the auditor?
- ☐ Is there a "Inheritance/Succession Plan" for key holders?

## • 8. KEY RESOURCES & CONTACTS

---

- **FCA (Financial Conduct Authority):** Check the [Financial Services Register] (<https://register.fca.org.uk/>) for cryptoasset firm status.
- **HMRC Cryptoasset Manual:** Specifically sections **CRYPTO10000** (Cryptoassets for Business).
- **CryptoUK:** The UK's self-regulatory trade association for the cryptoasset industry.
- **The Charity Commission (England & Wales):** Refer to **Guidance CC14** regarding risky or non-traditional investments.
- **ICAEW (Institute of Chartered Accountants in England and Wales):** Provides specific technical releases on "Accounting for Cryptoassets."



[houseofbitcoin.com](https://houseofbitcoin.com)

BTC Treasury Strategy Guide

© 2026 House of Bitcoin. All rights reserved.

This framework is proprietary and confidential. Distribution or reproduction without written permission is prohibited.