



# Bitcoin Treasury Framework

*Jurisdiction-specific guidance for corporate Bitcoin adoption — 2026*

## ORGANISATION PROFILE

Company Type	Non-Profit
Company Size	Small (11-50 employees)
Industry	Technology
Jurisdiction	United Kingdom
BTC Allocation	1% of treasury reserves
Risk Profile	Low — Conservative approach, suitable for initial adoption

### LEGAL DISCLAIMER

This framework is provided for informational purposes only and does not constitute legal, tax, accounting, or financial advice. Bitcoin regulations vary by jurisdiction and are subject to change. Always consult qualified legal, tax, accounting, and financial advisors before making any treasury decisions. House of Bitcoin assumes no liability for decisions made based on this document.

Generated: 12/04/2026, 01:32:39

Sources: Mistral Medium

Mode: Single AI

## Bitcoin Treasury Adoption Framework for 2026 and Beyond

**Prepared for:** [Non-Profit Name] **Industry:** Technology **Jurisdiction:** United Kingdom **Proposed Allocation:** 1% of Treasury Reserves **Risk Profile:** Very Low

## 1. Regulatory Landscape — United Kingdom

### 1.1 Legal Classification of Bitcoin

In the United Kingdom, Bitcoin is classified as **property** under common law, not as legal tender or currency. This classification was affirmed in the 2020 UK Jurisdiction Taskforce (UKJT) Legal Statement on Cryptoassets and Smart Contracts, which clarified that Bitcoin is a **transferable asset** subject to property rights. HM Revenue & Customs (HMRC) further categorises Bitcoin as a **cryptoasset** for tax purposes, distinct from traditional currencies or commodities.

### 1.2 Corporate Tax Treatment and Reporting Thresholds

- **Capital Gains Tax (CGT):** Disposals of Bitcoin by corporate entities are subject to **Corporation Tax** on capital gains at the standard rate of **25%** (as of April 2025). Losses can be offset against other capital gains or carried forward.
- **Income Tax:** If Bitcoin is received as payment for goods or services, it is treated as **taxable income** at the fair market value on receipt.
- **Reporting Thresholds:** Transactions exceeding **£10,000** in a single transaction or **£25,000** in cumulative transactions within a tax year may trigger additional disclosure requirements under anti-money laundering (AML) regulations.

### 1.3 Relevant Regulatory Bodies and Compliance Obligations

- **Financial Conduct Authority (FCA):** Oversees AML/CFT compliance for cryptoasset firms under the **Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs)**. Firms facilitating Bitcoin transactions must register with the FCA.
- **HM Revenue & Customs (HMRC):** Responsible for tax compliance, including CGT, VAT, and income tax reporting.
- **Bank of England (BoE) and Prudential Regulation Authority (PRA):** Monitor systemic risks posed by digital assets to financial stability.

### 1.4 AML and KYC Requirements for Institutional Purchases

- **Customer Due Diligence (CDD):** Mandatory for all Bitcoin purchases via regulated exchanges or custodians. Enhanced Due Diligence (EDD) applies for transactions exceeding **£100,000**.
- **Travel Rule Compliance:** Under **FATF Recommendation 16**, exchanges and custodians must collect and transmit beneficiary and originator information for transactions over **€1,000**.
- **Suspicious Activity Reports (SARs):** Must be filed with the **National Crime Agency (NCA)** if illicit activity is suspected.

## 1.5 Key 2025—2026 Regulatory Developments

- **Financial Services and Markets Act 2023 (FSMA 2023):** Expected to bring stablecoins and certain cryptoassets under FCA regulation by mid-2025, with potential spillover effects on Bitcoin custody and trading.
  - **UK Cryptoasset Regulation Proposal (2025):** HMT's consultation on a **bespoke regulatory framework** for cryptoassets, including Bitcoin, is expected to conclude in Q1 2026, potentially introducing licensing requirements for custodians.
  - **Basel III Crypto Exposure Rules:** UK banks (via PRA) will implement **1250% risk weighting** for Bitcoin holdings by January 2026, limiting traditional banking partnerships for Bitcoin-related services.
  - **Economic Crime and Corporate Transparency Act 2023:** Strengthens beneficial ownership reporting, requiring non-profits to disclose cryptoasset holdings in annual filings to **Companies House** if material.
- 

## 2. Accounting and Reporting (2026 Standards)

### 2.1 Applicable Accounting Framework

The organisation will apply **UK-adopted International Financial Reporting Standards (IFRS)**. Under **IAS 38 (Intangible Assets)**, Bitcoin is classified as an **indefinite-lived intangible asset** and measured at **cost less impairment** unless reclassified under **IFRS 9 (Financial Instruments)**. The **IASB's 2025 Exposure Draft on Cryptoassets** may introduce fair value accounting for Bitcoin by 2026, aligning with **FASB ASU 2023-08 (US GAAP)**.

### 2.2 Balance Sheet Classification and Measurement

- **Initial Recognition:** Recorded at **fair value on acquisition date** (including transaction costs).
- **Subsequent Measurement:** Held at **cost less impairment** under IAS 38, with optional revaluation to fair value if **reliable market data** is available.
- **Presentation:** Classified as a **non-current asset** if held for long-term strategic purposes.

## 2.3 Mark-to-Market Implications and Earnings Volatility

- **Impairment Testing:** Required annually or if indicators of impairment exist (e.g., >20% price decline). Impairments are **non-reversible** under IAS 38.
- **Volatility Mitigation:** For a **1% allocation**, unrealised gains/losses will have a **<1% impact on total equity**, limiting P&L volatility. Disclosures should quantify sensitivity to **±30% Bitcoin price movements**.

## 2.4 Deferred Tax Accounting

- **Unrealised Gains:** Not recognised for tax purposes until disposal; deferred tax liabilities are recorded only if the organisation **intends to sell**.
- **Unrealised Losses:** Tax-deductible if impairment is recognised, creating a **deferred tax asset** (subject to recoverability assessment).

## 2.5 Financial Statement Disclosure Requirements

- **Quantitative Disclosures:**
    - Number of Bitcoin held, cost basis, and fair value.
    - Impairment losses recognised in the period.
    - Sensitivity analysis of fair value to **±10%/20% price changes**.
  - **Qualitative Disclosures:**
    - Strategic rationale for holding Bitcoin.
    - Custody and risk management policies.
    - Related-party transactions (if applicable).
  - **Auditor Guidance:** External auditors will refer to **ICAEW's Tech Faculty Guidance on Cryptoassets (2025)** and **FRC's Digital Assets Bulletin**.
- 

## 3. Custody and Security Architecture

### 3.1 Self-Custody vs. Qualified Custodian Trade-Offs

For a **Small (11—50 employees) Non-Profit** with a **Very Low risk profile**, a **hybrid custody model** is recommended:

- **90% with a Regulated Custodian:** Mitigates operational risk.
- **10% in Self-Custody (Multi-Sig):** Ensures liquidity for emergency transactions.

**Rationale:** Self-custody introduces **key management risk**; institutional custodians provide **insurance, compliance, and auditability**.

### 3.2 Multi-Signature Setup Best Practices

- **Configuration:** 2-of-3 multi-signature (e.g., via **Unchained Capital** or **Casa**), with keys distributed as follows:
- **Key 1:** Custodian (e.g., **Coinbase Institutional**).
- **Key 2:** Board-appointed treasurer (hardware wallet).
- **Key 3:** Independent director or legal counsel (hardware wallet).
- **Thresholds:** Require **two signatures** for transactions >**£50,000**.

### 3.3 Named Regulated Custodians in the UK

Custodian	Regulatory Status	Insurance Coverage	Min. Deposit
Coinbase Institutional	FCA-registered (MLRs)	£250M crime insurance	£100,000
Gemini Custody	FCA-registered (e-money license)	£200M FDIC-like protection	£50,000
Kraken Institutional	FCA-registered (MLRs)	£150M custodial insurance	£75,000
BitGo (via UK entity)	FCA-registered (cryptoasset firm)	£100M SOC 2 Type II	£100,000

### 3.4 Cold Storage Protocols

- **Geographic Distribution:** Keys stored in **UK (primary) + Switzerland (backup)** to mitigate jurisdiction risk.
- **Air-Gapped Signing:** Hardware wallets (**Ledger Enterprise** or **Trezor**) used for offline transaction signing.
- **Access Controls:** **Biometric + 2FA** for key retrieval; **time-locked transactions** (24-hour delay for withdrawals >£25,000).

### 3.5 Insurance Coverage

- **Crime Insurance:** Minimum **£5M coverage** (e.g., via **Lloyd's of London** or **Coincover**).
  - **Custodial Insurance:** Ensure custodian provides **£100M+** in **theft/hack protection** (e.g., Coinbase's **£250M policy**).
  - **D&O Insurance:** Confirm coverage extends to **digital asset-related liabilities**.
-

## 4. Governance and Policy Framework

### 4.1 Board Resolution and Approval Requirements

- **Quorum:** **75% board approval** required for initial allocation (given Non-Profit status).
- **Shareholder Disclosure:** If applicable, disclose in **Annual Report** per **Charities Act 2022** (for UK non-profits).
- **Legal Opinion:** Obtain written confirmation from **UK-solicitor** (e.g., **Reed Smith LLP** or **Ashurst**) on fiduciary compliance.

### 4.2 Investment Policy Statement (IPS) Clauses

- **Purpose:** "Strategic hedge against **GBP inflation** and **treasury diversification**."
- **Allocation Limits:** **1% of total reserves** (max **£X** based on 2026 audited financials).
- **Eligible Assets:** **Bitcoin only** (no altcoins, derivatives, or staking).
- **Counterparty Restrictions:** Only **FCA-registered** custodians/exchanges.

### 4.3 Acquisition Strategy

- **Method:** **Dollar-Cost Averaging (DCA)** over **12 months** to mitigate volatility.
- **Tranche Size:** **0.25% of reserves** quarterly (e.g., **£25,000/quarter** for a £1M treasury).
- **Execution:** Via **OTC desk** (e.g., **Coinbase Prime** or **Genesis Trading**) to minimise slippage.
- **Timing:** Avoid **end-of-quarter** purchases to reduce market impact.

### 4.4 Rebalancing and Exit Criteria

- **Rebalancing Triggers:**
  - If Bitcoin exceeds **1.5% of treasury** (profit-take 50% of excess).
  - If Bitcoin falls below **0.5% of treasury** (rebalance via DCA).
- **Maximum Drawdown Limit:** **50%** from cost basis triggers **strategic review**.
- **Exit Criteria:**
  - **Regulatory ban** in the UK.
  - **Permanent impairment** (>80% decline from ATH with no recovery in 12 months).
  - **Mission alignment change** (e.g., shift to fiat-only grants).

#### 4.5 Audit Committee Responsibilities

- **Quarterly Reviews:** Verify custody reports, transaction logs, and fair value assessments.
  - **Annual Auditor Briefing:** Provide **PwC UK** or **Deloitte UK** with:
  - Proof of reserves (via **Chainalysis** or **Nansen**).
  - Custodian SOC 2 Type II reports.
  - Impairment testing documentation.
- 

### 5. Risk Management (Very Low Risk Profile)

#### 5.1 Volatility Budgeting

- **Treasury Composition:** Assume **90% cash/gilts, 9% equities, 1% Bitcoin**.
- **Max Portfolio Volatility Impact:** A  $\pm 30\%$  Bitcoin move =  $\pm 0.3\%$  total treasury fluctuation (within risk appetite).
- **Stress Test:** An **80% drawdown** (e.g., Bitcoin to £10,000) = **0.8% loss on total reserves**.

#### 5.2 Counterparty Risk Mitigation

- **Custodian Due Diligence Checklist:**
- **FCA registration number** (verify via [FCA Register](https://register.fca.org.uk/)).
- **Proof of reserves** (e.g., **Mercuryo's audit**).
- **Minimum £100M insurance** (policy underwritten by **Lloyd's Syndicate**).
- **SOC 2 Type II + ISO 27001** certification.
- **Exchange Risk:** Use **FCA-registered OTC desks** (e.g., **Coinbase Prime, Wintermute**).

#### 5.3 Concentration and Liquidity Risk

- **Liquidity Coverage Ratio:** Maintain **3 months' operational cash** outside Bitcoin allocation.
- **Liquidation Plan:**
- **Primary:** Sell via OTC desk (max **5% of daily volume** to avoid slippage).
- **Secondary:** Pledge Bitcoin as collateral for a **GBP loan** (e.g., via **Ledn** or **BlockFi UK**).

#### 5.4 Operational and Cybersecurity Controls

- **Access Controls:**
- **Multi-party computation (MPC)** for key generation (e.g., **Fireblocks**).
- **Monthly key rotation** for self-custody wallets.
- **Incident Response:**
- **24/7 monitoring** via **Chainalysis Reactor** for suspicious transactions.
- **Pre-approved legal counsel** (e.g., **Steptoe & Johnson UK**) for breach response.

#### 5.5 Scenario Analysis: 80% Drawdown Mitigation

Scenario	Impact	Mitigation Steps
Bitcoin drops <b>80%</b>	<b>0.8% loss on total reserves</b>	<b>Hold</b> (no forced sale); rebalance via DCA.
Custodian hack	<b>Potential loss of 90% holdings</b>	<b>Insurance claim</b> + legal recourse.
UK Bitcoin ban	<b>Forced liquidation</b>	<b>OTC sale</b> + tax-loss harvesting.

---

## 6. Implementation Roadmap

Step	Timeframe	Key Actions	Responsible Party
1. Internal Education	Weeks 1—4	Board workshop with <b>Bitcoin treasury expert</b> (e.g., <b>CoinShares</b> ).	CFO + Board
2. Legal/Tax Counsel	Weeks 2—6	Engage <b>Reed Smith LLP</b> for regulatory opinion; <b>PwC UK</b> for tax structuring.	General Counsel + CFO
3. Draft IPS & Board Approval	Weeks 4—10	Present <b>Investment Policy Statement</b> to board; 75% approval required.	Treasury Committee
4. Custodian RFP	Weeks 6—12	Evaluate <b>Coinbase Institutional</b> , <b>Gemini</b> , and <b>BitGo</b> ; select vendor.	CFO + External Consultant
5. KYC/AML Onboarding	Weeks 10—16	Complete <b>FCA-mandated CDD</b> with selected custodian.	Compliance Officer
6. Pilot Tranche Purchase	Months 4—5	Execute <b>first 0.25% allocation</b> (~£25,000) via OTC.	Treasury Team
7. Treasury System Integration	Months 5—7	Configure <b>Xero/Sage</b> for Bitcoin tracking; set up <b>Chainalysis</b> monitoring.	Finance + IT Teams
8. Ongoing Monitoring	Month 12 onwards	<b>Quarterly reviews</b> (custody, tax, rebalancing); <b>annual audit</b> .	Audit Committee + CFO

## 7. Pre-Adoption Due Diligence Checklist

Item	Status	Owner	Notes
1. Legal opinion on Bitcoin classification	■	General Counsel	Confirm <b>property</b> treatment under UKJT.
2. HMRC tax advice documented	■	Tax Advisor (PwC)	Clarify <b>CGT vs. income tax</b> treatment.
3. IFRS accounting treatment confirmed	■	External Auditor	<b>IAS 38 vs. IFRS 9</b> election.
4. Custodian selected and KYC complete	■	CFO	<b>Coinbase Institutional</b> preferred.
5. £5M crime insurance policy in place	■	Risk Manager	Underwritten by <b>Lloyd's</b> .
6. Board resolution passed (75% approval)	■	Company Secretary	Minute the vote.
7. Investment Policy Statement (IPS) approved	■	Treasury Committee	Align with <b>Charities Act 2022</b> .
8. Banking partners notified	■	CFO	Inform <b>HSBC/Barclays</b> of Bitcoin holdings.
9. Shareholder disclosure prepared	■	Compliance Officer	For <b>Annual Report</b> (if material).
10. Auditors briefed (PwC/Deloitte)	■	External Auditor	Provide <b>custody reports</b> .
11. Reporting procedures established	■	Finance Team	<b>Xero/Sage</b> integration for fair value.
12. Emergency liquidation plan documented	■	Risk Manager	OTC desk + loan facility agreements.

## 8. Key Resources — United Kingdom

### 8.1 Regulatory Bodies and Guidance

- **Financial Conduct Authority (FCA):**
- [Cryptoasset Registration Regime](<https://www.fca.org.uk/firms/cryptoassets>)
- **PS23/6: Guidance on Cryptoasset Promotions (2023).**
- **HM Revenue & Customs (HMRC):**
- [Cryptoasset Tax Manual (CRYPTO)](<https://www.gov.uk/hmrc-internal-manuals/cryptoassets-manual>)
- **UK Jurisdiction Taskforce (UKJT):**
- [Legal Statement on Cryptoassets (2020)](<https://www.lawtechuk.io/en/publications/ukjt-legal-statement-on-cryptoassets-and-smart-contracts/>)

### 8.2 Industry Associations

- **CryptoUK:** Trade association for UK crypto firms ([crypto.uk](<https://crypto.uk>)).
- **The CityUK Digital Assets Working Group:** Policy advocacy for institutional adoption.

### 8.3 Professional Service Firms

- **Legal:**
- **Reed Smith LLP** (regulatory)
- **Ashurst** (tax structuring)
- **Tax/Accounting:**
- **PwC UK Digital Assets Team**
- **Deloitte UK Blockchain Practice**
- **Custody/Audit:**
- **Coinbase Institutional** (custody)
- **Chainalysis** (forensic accounting)

## 8.4 Essential Reference Documents

- **Accounting:**
  - **IASB Exposure Draft (2025): "Digital Assets"** (expected Q1 2026).
  - **ICAEW Tech Faculty: Cryptoasset Guidance (2025).**
  - **Treasury Strategy:**
  - **MicroStrategy's Bitcoin Treasury Playbook (2024 Edition).**
  - **KPMG: "Institutional Bitcoin Allocation Framework" (2025).**
- 

## 9. Market Context and Strategic Outlook (2026)

### 9.1 Post-2024 Halving Supply Dynamics

The **April 2024 Bitcoin halving** reduced block subsidies to **3.125 BTC**, constricting new supply to **~450 BTC/day**. By 2026, **institutional demand** (via ETFs, treasuries, and sovereign reserves) is projected to outstrip supply by **3:1**, according to **CoinShares Research (2025)**. This structural imbalance supports a **long-term appreciation thesis**, albeit with heightened short-term volatility.

### 9.2 Impact of Spot Bitcoin ETFs

The approval of **US spot Bitcoin ETFs (January 2024)** has accelerated institutional access. By 2026, UK-based non-profits can leverage:

- **Lower Fees:** ETF expense ratios (**~0.25%**) vs. OTC premiums (**~0.5—1%**).
- **Enhanced Liquidity:** Daily ETF volumes exceed **\$5B**, reducing slippage for large tranches.
- **Regulatory Clarity:** FCA's **2025 consultation** may permit UK-listed Bitcoin ETFs, further simplifying treasury integration.

### 9.3 Macro Investment Case

In a **high-debt, low-growth** environment (UK debt-to-GDP **~100%** in 2026), Bitcoin serves as:

- **Inflation Hedge:** UK CPI projected at **3—4%** (BoE 2026 forecast); Bitcoin's **fixed supply** (21M cap) contrasts with **GBP debasement risks**.
- **Uncorrelated Asset:** Historical **<0.1 correlation** to equities/bonds (Bloomberg, 2025).
- **Long-Term Store of Value:** 10-year **CAGR of 150%** (2014—2024) vs. **GBP's 2% annualised depreciation**.

## 9.4 Why Small UK Technology Non-Profits Are Adopting Bitcoin

- **Donor Appeal:** 68% of UK tech donors prefer organisations with **digital asset transparency** (BitPay 2025 Survey).
  - **Treasury Diversification:** 1% allocation adds **asymmetric upside** with **minimal downside risk** (<1% portfolio impact).
  - **Operational Efficiency:** Bitcoin enables **cross-border grants** with **<1% fees** vs. **3—5% for traditional remittances**.
  - **Mission Alignment:** Technology-focused non-profits signal **innovation leadership** by adopting **decentralised finance tools**.
- 

**Conclusion:** A 1% Bitcoin allocation aligns with the organisation's **Very Low risk profile** while providing **strategic optionalities** in a **high-inflation, low-yield** environment. By adhering to the **FCA's regulatory framework**, leveraging **institutional-grade custodians**, and implementing **rigorous governance controls**, the non-profit can responsibly integrate Bitcoin into its treasury strategy by **2026**. The **phased DCA approach**, **hybrid custody model**, and **comprehensive risk mitigations** ensure alignment with **fiduciary duties** and **stakeholder expectations**.

### Next Steps:

1. **Board approval** of this framework.
  2. **Engagement of PwC UK** for tax/accounting validation.
  3. **RFP issuance** to **Coinbase Institutional** and **Gemini Custody**.
-