

Rt Hon Tulip Siddiq MP
Economic Secretary to the Treasury and City Minister
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

20 November 2024

Dear Minister,

Thank you for your response to our letter of 25 July 2024, dated 18 October 2024. We had proposed in our letter and our attached paper, “*Bitcoin Strategies for Nation States*” that HM Government take steps to preserve and protect the value of its current Bitcoin holdings, including but not limited to the consideration of Bitcoin as a Treasury reserve asset by the United Kingdom.

We acknowledge, as we have in separate correspondence, the Government’s plan for financial services regulation of Bitcoin, and we note the open dialogue on this issue between you and Bitcoin Policy UK (“BPUK”) as it relates to providing access to Bitcoin ETF and ETN products for retail investors.

The recent election in the United States has magnified the importance for nation states to protect the value of their Bitcoin holdings, as well as the need to consider potentially adopting Bitcoin as a Treasury reserve asset. The incoming United States administration holds a favourable view toward a policy change in this direction and we note by way of example:

- 1) President-Elect Donald J. Trump declaring that the United States would not sell their remaining 200,000 Bitcoins, and that he would utilise these coins to ‘establish a Strategic Bitcoin Stockpile’¹;
- 2) Senator Cynthia Lummis having already proposed a bill to establish a Strategic Bitcoin Reserve and to ensure the transparent management of the Bitcoin holdings of the United States Federal Government²; and
- 3) Recently published investor insights from BlackRock, stating explicitly that “*there is a renewed sense of optimism that regulatory clarity for bitcoin and digital assets more broadly may emerge following the U.S. election. President-elect Donald Trump campaigned on maintaining a strategic bitcoin reserve.*”³

Each of these examples suggest that the incoming administration has a thorough understanding of Bitcoin, and its prospective long-term advantages for the fiscal position of the United States. A similar awareness has already been seen by early first mover nation states such as El Salvador⁴ and Bhutan⁵, each of which are mining Bitcoin at a nation state level using renewable energy. In this context, we believe there is not only a great opportunity for the UK in this sector, but also an acute danger that poor policies and delayed action will lead to significant harm for the country and a

¹ [Partial Transcript of Donald J. Trump Speech at Bitcoin 2024](#)

² <https://www.lummis.senate.gov/wp-content/uploads/BITCOIN-Act-FINAL.pdf>

³ <https://www.ishares.com/us/insights/2025-thematic-outlook#rate-cuts>

⁴ [El Salvador Mines Bitcoin with Renewable Geothermal Energy](#)

⁵ [Bhutan Mines Bitcoin With Renewable Energy](#)

corresponding loss of these opportunities. We note the risks already publicised in the press in relation to the UK falling behind in the adjacent industry of AI and the data centre construction this sector requires⁶.

There are significant potential advantages for the UK in being an early adopter of Bitcoin as a Treasury reserve asset, in particular: 1) if the UK commits to an allocation of its Treasury reserve to Bitcoin, this will provide HM Treasury with asymmetric exposure to a highly scarce asset; 2) it will mitigate the debasement risk associated with HM Treasury's foreign currency holdings, as inflation continues to erode their value; 3) with the UK being the third largest national holder of Bitcoin, with in excess of 61,000 coins, HM Treasury would be able prudently to develop its exposure to Bitcoin in the national public interest - albeit noting that the UK's holdings are currently held pursuant to various asset seizures.

In the time since we sent our previous letter on 25 July, the value of HMG's Bitcoin holdings has increased by over a billion pounds - and this in the absence of the adoption of any favourable policies by HMG.

We note and acknowledge that, as you state in your letter, these coins are subject to the Proceeds of Crime Act ("POCA"), and are likely to be distributed in accordance with the provisions of POCA - nevertheless, if, after any competing claims or victim compensation are adequately addressed, these were distributed as would typically be the case under the legislation, they would still represent an asset with significant value and potentially strategic importance for the nation.

In an extreme case, primary legislation might be enacted so as to deal with the specific instance of a confiscated asset that represents such a key and vital opportunity in the national interest, so as to ensure that the coins are thereby diverted either into a Treasury reserve or a sovereign wealth fund.

BPUK understands that the adoption of Bitcoin as a reserve asset by HM Treasury would be a pioneering position for this Government to take. However, given the fiscal and economic challenges faced by the UK, the retention or purchase of Bitcoin as a Treasury reserve asset could prove a step worthy of consideration, particularly given the way in which the UK's closest ally, the United States, is beginning to consider this truly scarce digital property and that nation's exposure to it.

The UK, both with its significant first mover advantage, and its long history of pioneering financial services expertise, should be at the forefront of this industry, not lagging behind. We should take steps to capitalise on the fortuitous position in which we as a nation find ourselves, with access to such a significant percentage of the total capped supply of this absolutely finite asset.

BPUK would be pleased to meet with you to discuss these issues or provide any further information that may assist your consideration of these matters.

Yours sincerely,

Freddie New

Co-Founder and Head of Policy
Bitcoin Policy UK

⁶ [Google says UK risks being left behind in AI race without more data centres](#)