

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 421



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE**

EXPLANATORY NOTE

The first and most widely popular cryptocurrency to date is "Bitcoin" which was introduced in 2009.¹ Bitcoin (BTC) is a decentralized digital asset that joins the ranks of traditional assets such as cash, gold, and real estate.²

For the past few years, the value of BTC has had its positive developments. Just recently it reached an all-time high of \$108,319. The US Federal Reserve Chairman said that BTC is "digital gold."

BTC's growth has outpaced all other asset classes, with a compound annual growth rate of about 40% over a five-year period. This increased value coincided with the constant pronouncements of incoming United States President Donald Trump supporting the bill of Sen. Cynthia Lummis of Wyoming to create a Strategic BTC Reserve

A Strategic Reserve is a stock of a critical resource that can be released at times of crisis or supply disruptions. In the case of the United States, it has a strategic petroleum reserve, Canada has the world's only strategic reserve of maple syrup, and China has strategic reserves of grains, pork products, and metals, among others.³

The creation of a Strategic BTC Reserve, however, already gained traction in finance governance across the world.

- In Central America, El Salvador already adopted BTC as legal tender and began purchasing BTC to hold in reserve.⁴
- In South America, Brazil has introduced the sovereign Strategic BTC Reserve, also known as RESBit, which seeks to allocate some of its international reserves to BTC.
- In the European Union, Switzerland is now considering BTC as its reserve alongside gold. In Germany, former Finance Minister Christian Lindner has suggested the reduction of reliance on USD and for the European Central Bank and the Bundesbank to consider BTC as a way forward.
- Poland is also considering establishing a Strategic BTC Reserve to diversify its financial assets. Presidential candidate Sławomir Mentzen proposed creating a reserve to transform the country.

¹ Bangko Sentral ng Pilipinas. (n.d.). *A virtual currency (VC) primer* [PDF].

https://www.bsp.gov.ph/Media_and_Research/Pnrmers%20Faqs/VC.pdf

² Bitcoin.com. (n.d.). *What is Bitcoin?* <https://www.bitcoin.com/get-started/what-is-bitcoin/>

³ Keatinge, T. (2024, December 16). *How would a U.S. Bitcoin strategic reserve work?* Reuters.

<https://www.reuters.com/technology/how-would-us-bitcoin-strategic-reserve-work-2024-12-16/>

⁴ JDSupra. (2025, January 10). *What could a strategic Bitcoin reserve look like?* JDSupra.

<https://www.jdsupra.com/legalnews/what-could-a-strategic-bitcoin-reserve-8222502/>

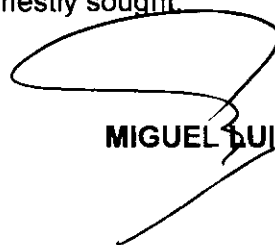
- In Asia, Hong Kong legislator Wu Jiezhuang advocated for integrating BTC into the city's financial reserves. Bhutan set up its state-owned BTC mining operations and is keeping the mined BTC in reserve. China is holding large amounts of BTC.
- Moreover, according to Finance Minister Anton Siluanov, Russia has begun using BTC and other digital currencies for international transactions as part of its strategy to bypass Western sanctions and reduce reliance on USD. Russian President Vladimir Putin recently said that BTC is "unstoppable".⁵
- The Malaysian government also started considering the use of cryptocurrency regulations to improve its national financial structure.⁶
- In Thailand, a Thai blockchain business leader is calling for immediate action to develop a strategic cryptocurrency reserve alongside the Thai government's promise to launch a sandboxed BTC payment program in Phuket.⁷

Other governments buying BTC for its strategic reserve would likely set off a wave of BTC buying around the world. However, BTC has a fixed supply of 21 million, potentially limiting its devaluation.⁸ Investopedia notes that as of December 22, 2024, 19.9 million BTC have been mined, leaving about 1.1 million BTC to release. As of January 2025, the United States stands as the largest bitcoin holder at 207,189 BTC, followed by China at 194,000, and United Kingdom at 61,000.⁹

While the Philippines holds dollar and gold reserves, the increasing significance of BTC in ensuring financial and economic prowess across continents makes it imperative for the country to take significant legislative measures to maximize pressing economic opportunities to safeguard our financial standing. This is timely as the Bureau of Treasury recently issued a report that the country's sovereign debt climbed to P16.09 trillion at the end of November 2024, which is P70.7 billion higher in October 2024. Of the total debt stock, P10.92 trillion or 67.87 percent, was domestic debt. Foreign debt meanwhile made up P5.17 trillion or 32.13 percent of the total debt stock.¹⁰

Hence, this representation deems it vital that the Philippines stockpile strategic assets such as BTC to serve important national interest such as providing financial stability, among others. Through the BSP, a Strategic BTC Reserve is hereby created where 2,000 BTC will be purchased annually over five years which will be held in trust for 20 years

The immediate approval of this bill is earnestly sought.



MIGUEL LUIS R. VILLAFUERTE

⁵ Bitcoin.com News. (2024, November 8). *Putin declares Bitcoin 'unstoppable' amid dollar's waning global grip*. Bitcoin.com News. <https://news.bitcoin.com/putin-declares-bitcoin-unstoppable-amid-dollars-waning-global-grip/>

⁶ The Blockchain. (2025, January 15). *Malaysia considers crypto regulations following talks with UAE leaders and Binance CEO CZ*. The Blockchain. <https://www.the-blockchain.com/2025/01/15/malaysia-considers-crypto-regulations-following-talks-with-uae-leaders-and-binance-ceo-cz/>

⁷ Thai PBS World. (2025). *Blockchain leader urges swift action for strategic bitcoin reserve*. Thai PBS World. <https://world.thaipbs.or.th/detail/blockchain-leader-urges-swift-action-for-strategic-bitcoin-reserve/56130>

⁸ Smith, M. (2024, December 1). *Trump's plan for a strategic Bitcoin reserve could trigger a crypto arms race and reshape the global economic order*. The Conversation. <https://theconversation.com/trumps-plan-for-a-strategic-bitcoin-reserve-could-trigger-a-crypto-arms-race-and-reshape-the-global-economic-order-247277>

⁹ Bitbo.io Treasuries. (n.d.). *Countries*. Bitbo.io Treasuries. <https://treasuries.bitbo.io/countries/>

¹⁰ ABS-CBN News. (2025, January 7). *Philippine debt rises to P16.09 trillion in November as peso depreciates*. ABS-CBN News. <https://www.abs-cbn.com/news/business/2025/1/7/philippine-debt-rises-to-p16-09-trillion-in-november-as-peso-depreciates-1546>

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Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE**

AN ACT CREATING THE STRATEGIC BITCOIN RESERVE AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* This Act shall be known as the "Strategic Bitcoin Reserve Act."

SECTION 2. *Declaration of Policy.* The State shall promote and maintain economic prowess, including monetary stability and the convertibility of the peso, especially in times of crisis. With the increasing role of cryptocurrency in the world's financial system, it is imperative to enact measures aimed at diversifying our assets to ensure financial security.

SECTION 3. *Definition of Terms.*

- (a) **Airdrop** means a gratuitous distribution of digital assets to holders of Bitcoin in a broad, equitable, and non-discretionary manner.
- (b) **Bitcoin Purchase Program** means the program established under section 5(a).
- (c) **Cold Storage** means a method of storing a private key required to transact in Bitcoin, with a nexus to a secure physical location, protected from unauthorized access and isolated from any network connections.
- (d) **Fork** means a change to the consensus mechanism of a distributed ledger that creates a separate ledger, resulting in a new digital asset that shares a common transaction history with Bitcoin up to the point of the change.
- (e) **Governor** refers to the Governor of the Bangko Sentral ng Pilipinas (BSP).
- (f) **Strategic Bitcoin Reserve** means the decentralized network of secure Bitcoin storage facilities established pursuant to section 4(a).

SECTION 4. *Establishment of Strategic Bitcoin Reserve.*

- (a) **Establishment.** — The Governor shall establish a decentralized network of secure Bitcoin storage facilities distributed across the country collectively to be known as the Strategic Bitcoin Reserve for the cold storage of Government Bitcoin holdings.
- (b) **Purpose.** — The Strategic Bitcoin Reserve shall be used for the generation, safekeeping, and management of Bitcoin private keys associated with Government Bitcoin holdings.
- (c) **Oversight.** — The Governor shall be responsible for the ongoing monitoring and auditing of the holdings of the Strategic Bitcoin Reserve.
- (d) **Decentralization.** — The Governor shall ensure that the facilities of the Strategic Bitcoin Reserve are geographically dispersed throughout the Philippines, to minimize the risk of simultaneous compromise and to enhance the resilience of the Strategic Bitcoin Reserve. The Governor shall select the locations for the facilities described in

subsection (a) based on a comprehensive risk assessment, prioritizing geographic diversity, security, and accessibility.

- (e) **Participation.** — The Governor shall consult and collaborate with the Secretary of Defense, Secretary of Finance, Secretary of Information and Communications Technology, Chairperson of the Securities Exchange Commission and industry experts to ensure the highest level of physical and digital security for the Strategic Bitcoin Reserve. They shall formulate rules and guidelines for the application of the provisions of this Act as guided by internationally accepted standards and practices. They may exercise such other powers as may be provided by their enabling laws which are necessary to carry out the purpose of this Act.
- (f) **Retention of forks and airdrops.** — The Governor shall ensure that, with respect to Bitcoins controlled by the Strategic Bitcoin Reserve, all digital assets resulting from forks of the Bitcoin distributed ledger and digital assets distributed via airdrops to Bitcoin addresses are accounted for and reasonably stored in the Strategic Bitcoin Reserve.
- (g) **Prohibition on immediate sale.** — No digital asset stored in the Strategic Bitcoin Reserve that is the result of a fork or airdrop may be sold or otherwise disposed of during the 5-year period beginning on the date of the fork or airdrop, unless explicitly authorized by law.

SECTION 5. Bitcoin Purchase Program.

- (a) The Governor shall establish a Bitcoin Purchase Program which shall include the following:
 - 1. purchase no more than **2,000 Bitcoins per year over a 5-year period, for a total acquisition of 10,000 Bitcoins**;
 - 2. conduct purchases in a transparent and strategic manner to minimize market disruption;
 - 3. hold Bitcoin acquired under this section in trust for the Philippines, as provided in this section; and
 - 4. establish a procedure to adjust the purchase schedule set forth, if necessary, based on prevailing market conditions.
- (b) All Bitcoins purchased under the Bitcoin Purchase Program shall be placed in the Strategic Bitcoin Reserve.
 - 1. **Minimum Holding Period** — To ensure the long-term stability and security of the Strategic Bitcoin Reserve, the Governor shall hold all Bitcoin acquired through the Bitcoin Purchase Program for not less than 20 years. During the minimum holding period, no Bitcoin held in the Strategic Bitcoin Reserve may be sold, swapped, auctioned, encumbered, or otherwise disposed of for any purpose other than retiring outstanding government debt instruments.
 - 2. One year before the end of the minimum holding period under section 5(b1), the Governor shall submit to Congress recommendations on whether to continue to voluntarily hold or to allow for the gradual and controlled release of a portion of the holdings of the Strategic Bitcoin Reserve.
 - 3. Upon the expiration of the minimum holding period, the Governor shall not recommend selling more than 10 percent of the assets of the Strategic Bitcoin Reserve during any 2-year period.
- (c) Not later than one year after the date of enactment of this Act, and annually thereafter for a period of 20 years, the Governor shall publish an annual public report on the status of the Bitcoin Purchase Program.

SECTION 6. Proof of Reserve System. The Governor shall establish a quarterly Proof of Reserve System of public cryptographic attestation under which the Governor shall:

- (a) publish quarterly reports on the Strategic Bitcoin Reserve that include detailed information on the total holdings, transactions, and demonstrated control of private

- keys relating to the Strategic Bitcoin Reserve, including a public cryptographic attestation;
- (b) make the quarterly reports available to the public on the official website of the BSP; and
- (c) select an independent, third-party auditor with expertise in cryptographic attestations to verify the accuracy and integrity of the quarterly reports.

The Monetary Board shall conduct regular oversight of the following in compliance with this Act:

- (a) the Strategic Bitcoin Reserve;
- (b) the quarterly reports under section 6(a); and
- (c) the audit reports under section 6(c).

SECTION 7. *Protection of Private Property Rights.* Nothing in this Act shall be construed to:

- (a) authorize the government to seize, confiscate, or otherwise impair any property right in the lawfully acquired Bitcoin holdings of any person; or
- (b) infringe upon the rights of individuals, businesses, or organizations to purchase, hold, transfer, or dispose of Bitcoin in accordance with the law.

This Act affirms and protects the rights of persons to maintain full lawful control over the Bitcoin and other digital assets of those individuals, recognizing that the ability to maintain self-custody of private keys is fundamental to the principles of financial sovereignty, privacy, and personal liberty in the digital age.

SECTION 8. *Implementing Rules and Regulations.* Within sixty (60) days from the effectivity of this Act, the BSP shall promulgate the rules and regulations to implement the provisions of this Act.

SECTION 9. *Appropriations.* The amount necessary to implement the initial provisions of this Act shall be charged against the current budget of the BSP and other concerned agencies. Thereafter, such amounts as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 10. *Separability Clause.* If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected by such declaration shall remain in full force and effect.

SECTION 11. *Repealing Clause.* All laws, executive orders, administrative orders, and rules and regulations inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 12. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,