



FASB | IASB Education Meeting

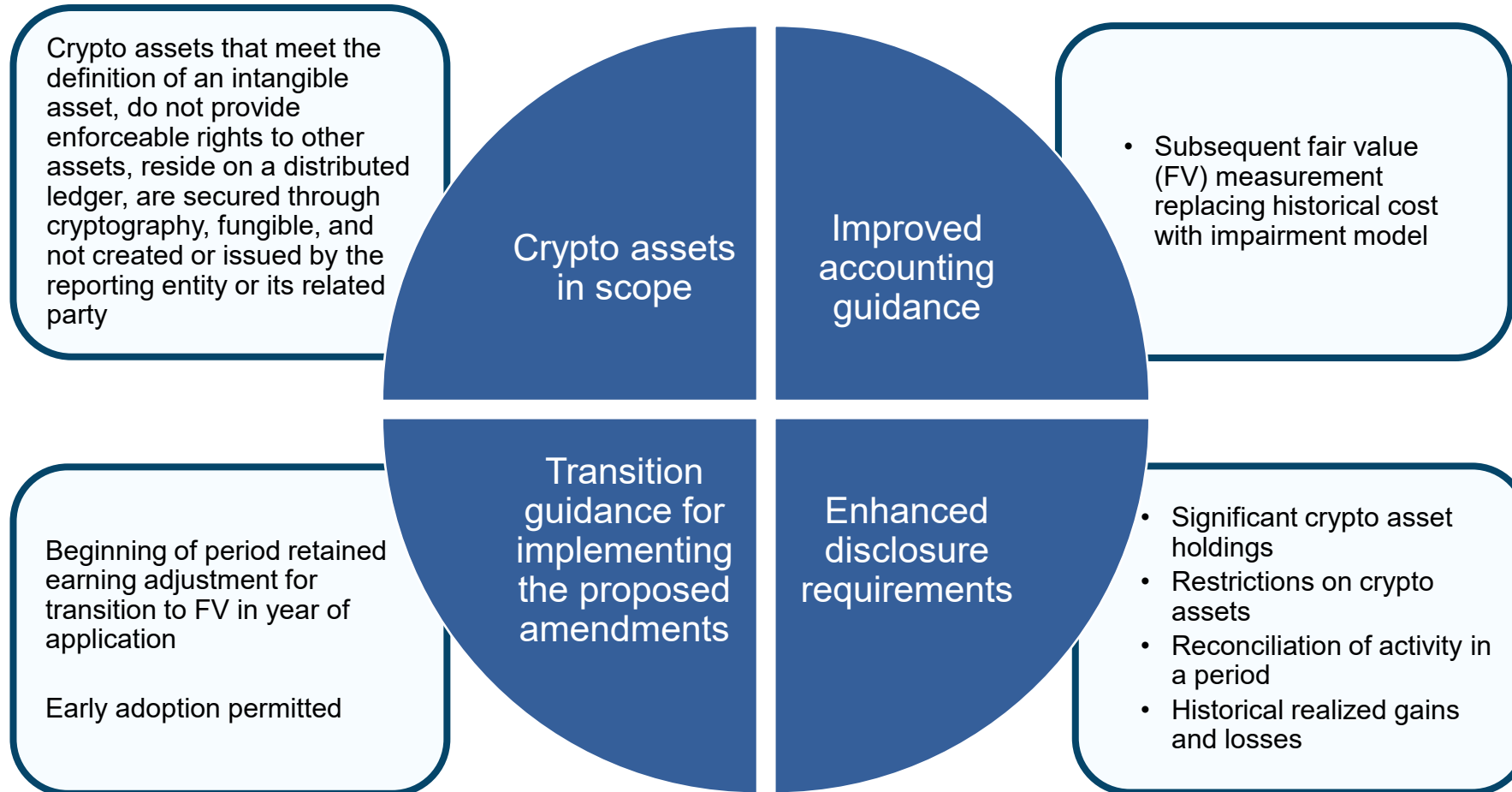
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# Accounting for and Disclosure of Crypto Assets

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# Proposed Update Summary – Issued March 23, 2023

Proposed Update included the following provisions:



# Comment Letter Feedback

## General Feedback

- Good first step
- Relevant and reflects economics
- Low cost to apply and reduces complexity
- Auditable

## Strong Support for

- Measurement at fair value through net income
- Detailed disclosure about holdings
- Early adoption

## Requests for More Guidance

- Expand scope for changing technology and economically similar crypto assets
- Incremental guidance on income statement classification
- Additional guidance for crypto assets with donor-imposed restrictions

# Redeliberations - Scope

Crypto assets must meet all of the following:

Meet the definition of intangible asset as defined in the Codification Master Glossary

Do not provide the asset holder with enforceable rights to, or claims on, underlying goods, services or other assets

Are created or reside on a distributed ledger based on blockchain or similar technology

Are secured through cryptography

Are fungible

Are not created or issued by the reporting entity or its related parties

# Redeliberations - Measurement

## Measurement Guidance

Measure at fair value

Increases and decreases reflected in net income

No specific recognition guidance for costs to acquire crypto assets, such as commissions

## How is this an Improvement?

Better reflects the economics

Provides transparency into volatility

Standardizes information that some currently provide voluntarily

Reduces costs

# Redeliberations - Presentation

## Balance Sheet

Crypto assets separate from other intangible assets measured using other measurement bases

## Income Statement

Gains and losses in net income separate from amortization and impairment of other intangible assets

## Statement of Cash Flows

Crypto received in ordinary course of business and converted nearly immediately into cash, shall be classified as operating activities

NFP that nearly immediately liquidates crypto assets received with donor-imposed restrictions shall classify as financing activities

# Redeliberations - Disclosure

Significant crypto asset  
holdings  
(annual and interim)

Restrictions on crypto  
assets held  
(annual and interim)

Historical realized gains  
and losses (annual)

Reconciliation of activity between the beginning and end of the period, which need not include activity related to crypto assets received as noncash consideration in the ordinary course of business and converted nearly immediately into cash (annual)

# Transition and Effective Date

## Transition

- In year of application, adjust beginning of annual period retained earnings for transition to fair value

## Effective Date

- Guidance will be effective for fiscal years beginning after December 15, 2024, including interim periods, for all entities
- Early adoption will be permitted

Final ASU expected in Q4 2023