CRYPTOCURRENCIES – MEXICAN ACCOUNTING STANDARD

MEXICAN FINANCIAL AND SUSTAINABILITY REPORTING STANDARDS BOARD

CINIF - MEXICO

October 2026

AGENDA

Consejo Mexicano de Normas de Información Financiera y de Sostenibilidad

1. About CINIF

2. Cryptocurrencies – Background

3. Cryptocurrencies – Mexican accounting standard

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1. About CINIF

Consejo Mexicano de Normas de Información Financiera y de Sostenibilidad, CINIF, is the Mexican Financial and Sustainability Reporting Standard Setter

- ***Founded:*** 2002
- ***Legal structure:*** non-profit entity
- ***Activities:*** began in 2003

Founders – Associates

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Regulators	1. Secretariat of Finance (SHCP) 2. Secretariat of Anti-Corruption and Good Governance (SABG) 3. National Banking and Securities Commission (CNBV) 4. National Insurance and Bonding Commission (CNSF) 5. Mexican Stock Exchange (BMV) 6. Institutional Stock Exchange (BIVA) 7. National Commission for Retirement Savings System (CONSAR)
Central Bank	8. Bank of Mexico (Banxico)
Professional associations	9. Mexican Institute of Public Accountants (IMCP) 10. Mexican Institute of Financial Executives (IMEF)
Business associations	11. Mexican Bankers Association (ABM) 12. Mexican Insurance Entity Association (AMIS) 13. Mexican Stock Market Institution Association (AMIB) 14. Mexican Business Coordinating Council (CCE)
Association of universities	15. National Association of Faculties and Accounting and Administration Schools (ANFECA)

About CINIF

Mission

Consejo Mexicano de Normas de Información Financiera y de Sostenibilidad

- *Develop high-quality standards (Mexican Financial Reporting Standards, NIF, and Mexican Sustainability Reporting Standards, NIS) that are highly-convergent with full IFRS and enable entities operating in Mexico to report financial information that is useful for decision-making to facilitate their sustainable development*

Kinds of entities	Standards
▪ Listed entities (exception for entities of the financial and insurance sectors)	Full IFRS – Accounting and Sustainability
▪ Financial sector entities ▪ Insurance sector entities	NIF and NIS
▪ Non Public Interest entities (NPIEs)	NIF and NIS

2. Cryptocurrencies – Background

Mexican Fintech Law

Mexican law to regulate: *Financial Technology Institutions* (Fintech)

published in March 2018

Fintech law:	Permits Fintech and banks to use cryptocurrencies *as a means of payment* to carry out some transactions
Fintech law:	Mentions that the Central Bank of Mexico will authorize those cryptocurrencies with which Fintech and banks may operate
National Banking and Securities Commission (the regulator):	Required CINIF to develop and issue a cryptocurrency accounting standard

WHAT'S A CRYPTOCURRENCY?

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A cryptocurrency:	Additional comments
▪ Is a digital asset based on encrypted codes, that is used as a means of payment or exchange	▪ *Its transfer is carried out electronically*
▪ Is a cryptoasset …	▪ *But not all cryptoassets are cryptocurrencies, since not all cryptoassets are used as a means of payment*
▪ Has an economic value	▪ *The market assigns an economic value as a means of payment*
▪ Is obtained via transactions	▪ *Purchase, exchange, collection for the sale of goods or services*

CHARACTERISTICS OF CRYPTOCURRENCIES

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Characteristics of cryptocurrencies…

- Generally not backed by a central bank, government or financial institution.
- In many cases, no active market exists.
- Its value is typically very volatile.
- Nevertheless… ***they are accepted by the public*** *because they are used in transactions without intermediaries of the financial system (like banks).*

VOLATILITY OF BITCOIN

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VOLATILITY OF ETHEREUM

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VOLATILITY OF RIPPLE

Volatility of Litecoin

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3. Cryptocurrencies – Mexican accounting standard

What type of asset is a cryptocurrency?

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Type of asset		CINIF conclusions
Cash equivalent (NIF C-1)	NO	*Cryptocurrencies are not readily convertible into cash and are subject to significant risks of changes in value*
Financial instrument (NIF C-2)	NO	*Cryptocurrencies are not backed by a contract: there is no counterpart obligated to the entity to settle*
Intangible asset (NIF C-8)	NO	*Cryptocurrencies are not intangible assets intended for use as referred to in NIF C-8*
Inventory (NIF C-4)	NO	*This criterion would only be applicable to entities whose core business is buying and selling cryptocurrencies*
"New asset"	YES	*Intangible asset held for use as a means of payment should be considered a new financial statement item addressed by a new standard*

INVESTMENTS IN CRYPTOCURRENCIES
Accounting recognition

Based on the Conceptual Framework, to be recognized a cryptocurrency must:	The entity must:
1. Be an economic resource of the entity	***Have the right to the digital record*** *Example: hold the electronic access key / password*
2. Have the potential to generate economic benefits	***Demonstrate that an active market exists*** *Evidence that the cryptocurrency can be sold or exchanged*
3. Be controlled by the entity	***Have the ability to obtain the benefit*** *The ability to direct its use, obtain the related economic benefits and restrict its use by others*
4. Be derived from past events	***Have received the cryptocurrency as a result of transactions with other entities*** *Purchase, exchange or compensation for the sale of goods or services*

INVESTMENTS IN CRYPTOCURRENCIES
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4. Be derived from p…	***Have received the cryptocurrency as a result of transactions with other entities*** *Purchase, exchange or compensation for the sale of goods or services*

Recognition of a cryptocurrency:

Requires complying with all of the characteristics of an asset established in the Conceptual Framework

EXPENSES FOR MINING OF CRYPTOCURRENCIES

Activity	CINIF Standard
Transfer validation process	• *Authenticates transfers for the security of the parties involved, especially for the receiver of the cryptocurrencies.* • *Requires the resolution of algorithms or very complex mathematical problems carried out by entities or people (miners) usually separate from the creators of the cryptocurrency.* • *Successful validation normally triggers the generation of new cryptocurrencies that are transferred to the validator as compensation for the mining or validation service.* • *Unsuccessful processes normally are not compensated despite the fact that the miner has incurred expenses for carrying out such processes.* • *The costs of the mining of cryptocurrencies includes, among others, those related to the employment of personnel, electricity and depreciation of computer equipment.*
Accounting recognition	• *Mining expenses are recognized in net income or loss as incurred.* • *Any right to receive compensation for cryptocurrency mining activities should be recognized as revenue in accordance with the standard for revenue from contracts with customers.*

INVESTMENTS IN CRYPTOCURRENCIES
Measurement standard

Type of measurement	CINIF Standard
Initial and subsequent measurement	**Fair value** *There must be evidence that the cryptocurrency can be sold or exchanged; therefore, the only aplicable fair value levels allowed are:* ▪ *Level 1 – inputs are quoted prices in active markets; or* ▪ *Level 2 – inputs are other than quoted prices included within Level 1 that are observable* *If there is no active market, fair value = 0, and the CINIF standard prohibits the use of:* ▪ *Level 3 - inputs are not observable*

Fair value:
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

INVESTMENTS IN CRYPTOCURRENCIES
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Changes in measurement	**Recognize in net income or loss**

A/R AND A/P IN CRYPTOCURRENCIES
Measurement standard

Type of measurement	CINIF Standard
▪ ***Accounts Receivable denominated in cryptocurrencies***	**Fair value** ▪ *Level 1* ▪ *Level 2* ▪ *If Level 1 and Level 2 do not exist, fair value is = 0*
▪ ***Accounts Payable denominated in cryptocurrencies***	**Fair value** ▪ *Level 1* ▪ *Level 2* *If Level 1 and Level 2 do not exist:* *Liability = estimated amount resources required*
▪ ***Changes in measurement***	Recognize in **net income or loss**

CRYPTOCURRENCIES HELD IN CUSTODY

Activity	CINIF Standard
Accounting recognition	• *An entity should not recognize in its financial statements cryptocurrencies that are owned by other entities and held in custody, since it does not have control over them.* • *Any income from providing cryptocurrency custody services should be recognized in accordance with the standard for revenue from contracts with customers.* • *The entity must recognize an expense in net income or loss and a provision in the statement of financial position for the onerous contracts related to the cryptocurrencies it holds in custody; for example, when the security or protection costs of the cryptocurrencies will exceed the income from custodial services.* • *The entity must recognize the liabilities incurred due to impairment of the cryptocurrencies it holds in custody; for example, when a cyberattack occurs and the integrity of the cryptocurrencies in custody is compromised.*

CRYPTOCURRENCIES
Presentation standard

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Statement of Financial Position	*Investments in cryptocurrencies* – **Current asset,** since held for sale *A/R and A/P in Cryptocurrencies* – **Current or long term,** based on the date of collection or payment
Statement of Profit or Loss and Other Comprehensive Income	*Changes in measurement of cryptocurrency investments - Investing category* *Changes in accounts denominated in cryptocurrencies - Same category where income, costs and expenses related to such accounts are presented* *Expenses and compensation from mining and custodial activities - Operating category*
Statement of Cash Flows	*Cash flows for purchase/sale of cryptocurrencies* – Operating activities *Acquisition of goods or services in cryptocurrencies* – Should not be included in the statement, since they do not require cash

CRYPTOCURRENCIES
Disclosure standard

▪ ***General disclosures***	▪ *Investments in cryptocurrencies* – ***Name of cryptocurrency, its intended use, number of units, fair value at reporting date, total recognized in assets, amount recognized in net income or loss during the period*** ▪ *An entity must disclose non-cancellable commitments denominated in cryptocurrencies*
▪ ***Cryptocurrencies held in custody***	▪ *For each cryptocurrency held in custody - Name of cryptocurrency, number of units and fair value per unit* ▪ *Amount of the expense recognized in the period and the balance at the date of the financial statements of any provision recognized for onerous contracts for the provision of cryptocurrency custody services, as well as liabilities assumed for this activity.*
▪ ***Disclosures for PIEs***	▪ *Management's critical judgments related to the determination of the fair value of cryptocurrencies and transactions carried out with cryptocurrencies.* ▪ Any cryptocurrencies valued a zero because there is no market value. ▪ Financial risk management strategies relating to all of its cryptocurrencies.

Thank you!

Contacto CINIF

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