

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of the EFRAG FR Board. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG FR Board or EFRAG FR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG FR Board, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

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Objective

- 1 The objective of this session is to ask the EFRAG FR Board to approve for publication *Recommendations and Feedback Statement* on the EFRAG [Discussion Paper on Accounting for Crypto-Assets \(Liabilities\)](#) (DP). The [draft] publication is presented as paper 05-02.
- 2 Furthermore, ‘cryptocurrencies and related transactions’ was identified by stakeholders as a high-priority project in the 2021 IASB agenda consultation. If the IASB decides to include this project in its agenda, there may be an opportunity for EFRAG to extend the research on matters being addressed by the IASB. Therefore, the EFRAG Secretariat also seeks the EFRAG FR Board’s approval to correspondingly extend the research if and when it is needed to inform any work done by the IASB.

Background

- 3 The DP published in July 2020 was open for consultation until 31 July 2021. At its meeting in December 2021, EFRAG TEG discussed constituents’ feedback to the DP obtained through comment letters, survey responses and outreach activities.
- 4 In January 2022, EFRAG TEG discussed the EFRAG Secretariat’s preliminary recommended options on the way forward in developing IFRS requirements after considering constituents’ feedback and agreed on the recommendations to be included *Recommendations and Feedback Statement*. These recommendations are intended as input that the IASB can consider if it includes a project on cryptocurrencies and related transactions in its standard-setting agenda. The recommendations do not necessarily reflect EFRAG’s future positions; they reflect the outcome of the public consultation on the DP but have not been exposed for comments.
- 5 The DP was developed as part of the EFRAG proactive research agenda and was intended to inform the IASB’s [Third Agenda Consultation](#). The DP can also be a reference for the possible future standard-setting activity by the IASB and/or any other national standard setter.
- 6 The DP encompasses a problem definition by providing an analysis of the crypto-ecosystem (economic characteristics, rights and obligations, and regulatory regimes) and an in-depth analysis of the current gaps in accounting requirements. It also proposes preliminary options for addressing IFRS requirements. It includes the following topics:
 - (a) Accounting for holders;
 - (b) Accounting for issuers;
 - (c) Valuation; and

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- (d) Way forward in developing IFRS requirements.
- 7 The scope of the DP was on the full spectrum of crypto-assets (liabilities) (i.e., it had a broader scope than the [2019 IFRS Interpretation Committee \(IFRS IC\) agenda decision](#) that, based on stakeholder request, focused on holders of cryptocurrencies with no claim on the issuer).
- 8 The DP identifies the following three possible approaches on the way forward for addressing IFRS requirements for crypto-assets (liabilities):
- (a) Option 1: No amendment to existing IFRS requirements;
 - (b) Option 2: Amend and/or clarify existing IFRS requirements;
 - (c) Option 3: A new Standard on crypto-assets (liabilities) or a broader category of digital assets (liabilities).

Agenda papers

- 9 The rest of the papers for this session include:
- (a) 05-02 – Recommendations and Feedback Statement on EFRAG’s DP; and
 - (b) 05-03 - EFRAG Discussion Paper on Accounting for Crypto-Assets (Liabilities) (background reading paper).

Questions for the EFRAG Board

- 10 Does the EFRAG FR Board have comments on and agree with the recommendations for developing IFRS requirements made in the Recommendations and Feedback Statement on EFRAG’s DP?
- 11 Does the EFRAG FR Board have comments on the feedback to the DP that is summarised in the Recommendations and Feedback Statement on EFRAG’s DP?
- 12 Does the EFRAG FR Board approve further research by the EFRAG Secretariat if and when it is needed to inform any related work done by the IASB?