

Exposure Draft Questions for Respondents (QFR)

Due: April 18, 2024

*Technical Bulletin, Seized and Forfeited Digital Assets*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input checked="" type="checkbox"/>	
Federal Entity (preparer)	<input type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
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**Please provide your name.**

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Organization:

*Please email your responses to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

This proposal would clarify existing guidance in Statement of Federal Financial Accounting Standards (SFFAS) 3, *Accounting for Inventory and Related Property*, for seized and forfeited digital assets.

**QFR 1** The proposed Technical Bulletin (TB) would clarify that reporting entities should treat central bank digital currencies as monetary instruments and treat all other digital assets (such as cryptocurrencies, stablecoins, non-fungible tokens, etc.) as nonmonetary property when applying the seized and forfeited property guidance in SFFAS 3 to digital assets.

**Do you agree or disagree? Please provide the rationale for your answer.**

The Federal Housing Administration (FHA) and HUD CFO Accounting Offices state that the seizure and forfeiture of digital assets is not applicable to either office at this time, thus, both offices have no comment.

While the Government National Mortgage Association (GNMA) Office of Accounting does not foresee circumstances where GNMA would seize or possess digital assets, the GNMA Accounting Office agrees with the proposed TB. The value of other digital assets, such as "Crypto" assets, may not be traded on a sufficiently active or observable market, and liquidation may not be possible at quoted prices or in reasonable timeframes. Therefore such assets should be recorded as non-monetary property in accordance with SFFAS 3.

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**QFR 2** The proposed TB would clarify that, for purposes of reporting market value in accordance with the seized and forfeited property guidance in SFFAS 3, reporting entities should translate seized and forfeited foreign central bank digital currencies to U.S. dollars at the relevant exchange rate and report a market value for all other seized and forfeited digital assets only if management can determine that a publicly observable active market exists for the specific digital asset.

**Do you agree or disagree? Please provide the rationale for your answer.**

The Federal Housing Administration (FHA) and HUD CFO Accounting Offices state that the seizure and forfeiture of digital assets is not applicable to either office at this time, thus, both offices have no comment.

While the GNMA Accounting Office does not foresee circumstances where GNMA would seize or possess digital assets, GNMA agrees with the proposed TB. The TB removes ambiguity as to whether reporting entities should attempt to estimate a market value for digital assets with unobservable and/or inactive markets.

**QFR 3** The proposed TB would clarify that reporting entities should apply the existing SFFAS 3 disclosure requirements for seized and forfeited digital assets, including digital assets for which reporting entities cannot determine a market value. The proposed TB would also clarify that SFFAS 3 does not require reporting entities to disclose specific information about individual digital asset seizures or forfeitures.

**Do you agree or disagree? Please provide the rationale for your answer.**

The Federal Housing Administration (FHA) and HUD Accounting Offices state that the seizure and forfeiture of digital assets is not applicable to either office at this time, thus, there is no comment.

While the GNMA Accounting Office does not foresee circumstances where GNMA would seize or possess digital assets, GNMA agrees with the proposed TB. This approach is consistent with the existing SFFAS 3 standard which represents the higher level of GAAP under SFFAS 34 *Hierarchy of Generally Accepted Accounting Principles*.

**QFR 4** Do any ambiguous areas remain that could lead to challenges with implementing the SFFAS 3 reporting requirements for seized and forfeited digital assets? If so, please reference the specific issues, applicable guidance, and potential solutions.

The Federal Housing Administration (FHA) and HUD CFO Accounting Offices state that the seizure and forfeiture of digital assets is not applicable to either office at this time, thus, both offices have no comment.

The GNMA Accounting Office did not note other ambiguous areas that could lead to challenges with implementing the SFFAS 3 reporting requirements for seized and forfeited digital assets.

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The FHA, GNMA, and HUD Accounting Offices do not have further comment.