

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.**

Name:

**Please identify your organization, if applicable.**

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.**

We agree with clarifying the existing guidance. Central bank digital currencies are the currency of the specific country, and it should be treated as monetary instruments as the U.S. does with its currency. All other cryptocurrencies are currency considered to be commodities and should be treated as such.

**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

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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.**

We agree and this follows the same concept as SFFAS.

**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.**

We agree. No specific information is required regarding other assets and there should be no reason to disclose specific information about these as well.

**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.

No, we have not identified any areas.

**QFR 5** Do you wish to comment on any other specific aspects of this proposal?

Agencies will need to clearly delineate between cryptocurrencies (non-monetary) and central bank currencies.