

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 type="checkbox"/>	
Federal Entity (preparer)	<input checked="" 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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Individual	<input type="checkbox"/>	

Please provide your name.

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Please identify your organization, if applicable.

Organization:

Please email your responses to 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 Department of the Treasury agrees with the proposed TB, but there will need to be authoritative source to help identify a list of valid Central Bank Digital Currencies. A simple Google search provided varying results.

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.

The Department of the Treasury agrees with the proposed TB.

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 Department of the Treasury agrees with the proposed TB.

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.

As mentioned above in our response to question 1, the digital currency world is dynamic. There would need to be something authoritative to utilize to ensure only valid Central Bank Digital Currencies are reported as currency.

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

The Technical Bulletin does not address impairments such as when a digital asset (cryptocurrency) loses a substantial amount of value in relation to the initial capitalized amount.