CPA Practice Advisor

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Jason Bramwell • Sep. 06, 2022

The Financial Accounting Standards Board met on Aug. 31 to discuss criteria for its project on accounting for and disclosure of cryptocurrency assets. By a 7-0 vote, the board determined that crypto assets held by an entity must meet the following five stipulations to be within the project's scope:

1. Meet the definition of intangible asset as defined in the Codification Master Glossary.

2. Do not provide the asset holder with enforceable rights to, or claims on,

> from the project's scope. However, the criteria indicate that NFTs—digital proofs of purchase for items such as art, baseball cards or digital music that can also provide access to live streamed concerts and other services—and certain stablecoins—cryptocurrencies pegged to assets such as the U.S. dollar—won't make the cut.
>
> NFTs are, by their very definition, nonfungible, and may carry rights to underlying goods, services or other assets. And certain stablecoins are intangible assets.

However, the well-known digital currencies Bitcoin and Ethereum would fall within the FASB's guidelines.

Businesses and investors had asked the FASB for rules on how to account for and disclose their holdings of bitcoin and other digital assets, but the board had declined to do so, saying investment in crypto wasn't widespread among companies, the *Wall Street Journal* reported. However in May, the FASB finally added the crypto project to the technical agenda that sets its rule-making priorities.

The FASB will consider potential measurement alternatives for crypto assets at a future board meeting.

Accounting • Digital Currency