19 July 2021

European Financial Reporting Advisory Group

Submitted electronically to EFRAG on 19 July 2021 via EFRAG Portal: https://www.efrag.org/News/Project-430/EFRAGs-Discussion-Paper-on-the-accounting-for-crypto-assets-liabilities---holder-and-issuer-perspective with copy sent via email correspondence to: cryptoassets@efrag.org

Subject Line: Global Digital Asset & Cryptocurrency Association Response to EFRAG Discussion Paper on Accounting for Digital Assets and Liabilities

The Global Digital Asset & Cryptocurrency Association[1] ("GDCA") appreciates the opportunity to provide a response to EFRAG's research and related comments with regards to the accounting for crypto-assets and liabilities by holders and issuers of crypto-assets to support future standard-setting developments and provide timely and effective input from the digital assets industry to early phases of the IASB's work and influencing the development of International Financial Reporting Standards ("IFRS Standards"). It is important that the European constituents, as well as any firm reporting under the IFRS Standards globally, understand how financial reporting related to transactions and balances in digital assets affects the presentation of the company's financial position as well as the financial performance. The GDCA shares EFRAG's desire to promote solutions that improve the quality of financial information, enhance transparency and comparability, and are designed to effectively and accurately represent the financial position of industry participants reporting under the IFRS Standards.

[1] GDCA is a global self-regulatory association for the digital asset & cryptocurrency industry. It was established to guide the evolution of digital assets, cryptocurrencies, and the underlying blockchain technology within a regulatory framework designed to build public trust, foster market integrity and maximize economic opportunity for all participants. Our broad-based membership includes spot and derivative exchanges, proprietary trading firms, traders, investors, asset managers, brokerage firms, FCMs, custodians, decentralized technology organizations, banks, legal firms, audit firms, insurance professionals, academics, consultants, & media.

To fulfill its mission, GDCA devises standards and consensus-based solutions that address the major challenges facing the digital asset and cryptocurrency industry. We collaborate with stakeholders around the world, industry leaders and policymakers to support the growth of the global digital economy.

- Advocate for a regulatory environment that facilitates innovation and protects consumers, stakeholders and the broader public interest world-wide;
- Provide education, training, certification and other resources to build human and technical capacity; and
- Provide thought leadership and facilitate industry engagement.

The GDCA employs a self-regulatory mechanism that is guided by principles of accountability, integrity and transparency to promote the highest professional and ethical standards for its members by developing a Code of Conduct and best practices and holding members accountable via enforcement mechanisms such as surveillance and a legally binding dispute resolution forum. https://global-dca.org

Set out below are our general industry views and considerations, responses to specific questions raised in the EFRAG discussion paper, as well as our recommendations.

I. GENERAL VIEWS & CONSIDERATIONS

Case for Addressing Digital Assets under IFRS

Although many jurisdictions and standard setting bodies have not yet clarified the regulatory, compliance, legal, tax and accounting treatment for digital assets and there is ambiguity around the degree to which digital assets will mainstream, it is clear that today's consumer and institutional investor is choosing the technology and utilizing digital assets. Whether used as a store of wealth, investment or payment remittance, the degree of adoption of digital assets is increasing at a rapid pace.

Although the technology has been in existence for about ten years, in 2020 and 2021, participation strongly shifted from retail investment to institutional. Further, institutional adoption has had the effect of expanding the use cases for the decentralized network and further expanding the rationale for institutional adoption of this relatively new technology and related digital assets. From 2018 to 2021, the capitalization of Bitcoin grew from $276 billion to $1.1 trillion (Q1 2021). This represents about 10 percent of the market capitalization of gold. Similarly, the size of Ethereum, the largest platform for decentralized finance, reached its peak at a capitalization of over $400 billion in early 2021, which is equivalent to the capitalization of JP Morgan Chase. Ethereum has been experiencing similar exponential growth, recently exceeding the growth of Bitcoin. The pace of growth for both these leading networks is much faster than the growth of any company, network or a brand globally. As this trend is expected to continue and accelerate, the expectation that the use of the technology and digital assets will not become mainstream or significantly alter the current financial system would not be realistic.

Today, many IFRS reporting entities are already engaging with digital assets and cryptocurrencies. They include not only entities involved in using the blockchain technology offering services or products, but especially ones that purchase digital assets as an investment vehicle or include them in their treasury portfolios as a store of wealth. It is clearly visible that institutions, which have been observing the crypto markets and learning of its benefits and risks are moving from the education phase toward active implementation. As adoption fuels the amount of capital invested, cryptocurrency transactions and balances should be expected to be more commonly found on the financial statements of many IFRS reporting entities across industries and jurisdictions. Further, digital assets should be expected to attain its own asset class status.

Factors Contributing to Institutionalization and Mass Adoption

Although there are risks associated with the use of digital assets, we believe it is important to balance those risks against their benefits. As such, we would like to highlight the following benefits

afforded by digital assets that contribute to the significant adoption by institutional investors and increase the applicability of IFRS requirements:

1. *Cryptoassets provide significantly lower transaction costs when transferring funds as opposed to traditional money transfer services.* One key use case for cryptoassets has been in facilitating remittance payments. According to the Chainalysis "Geography of Cryptocurrency 2020 Report," key findings from the Northwestern European (NWE) cryptoasset markets point to the comparatively higher share of its cryptocurrency volume being sent to other regions. As outlined by the report, one reason for this may be the greater number of economic migrants in the region and the outflows of cryptoassets as part of global remittances. Whereas traditional money transfer services may charge significant fees for basic money transfers (e.g., the cost to send money into Africa through banks and wire services includes transaction fees usually in the range of at least 10 percent of the total fiat amount sent), the stable coin average transaction fee costs only a few cents. For individuals making a minimum wage and seeking to support family in emerging economies, this significant reduction in fees permits greater value to be transferred and wealth to be directed to those in need.

2. *Cryptoassets offer a faster, always available (24/7) and more efficient processing of payments and transactions.* Most of the stablecoins are built on the Ethereum network and generally settle transactions within one minute. As financial markets and payment processing move toward instant settlement and involve cross border payment remittance, utilizing stable coins by business enterprises and individual consumers for this purpose is much more desirable, as it involves a fast, always available, straight through processing to the desired destination, transparency of the remittance process on blockchain and an objective and transparent verification of funds sent and received. From the retail side, a scalable system would require the ability to transact quickly, similarly on the scale to VISA, which does 1,700 transactions per second. Given the current blockchain consensus mechanisms that are based on proof-of-work, this can be unfathomable on such a large scale. But modern blockchain technology is moving toward proof-of-stake consensus algorithms that are more efficient and much greater scale.[2] Investment and support of blockchain technology and the fintech firms at the forefront of cryptoassets may make such speed and efficiency a reality, delivering a faster and more efficient processing of payments for the retail user.

3. *Transparency of costs and charges is greater in cryptoasset transactions.* Hidden costs and additional charges which are common in transactions of other online payment modes (i.e., service fees and intermediary bank transfer charges) are absent in broader cryptoasset transactions.

4. *The distributed ledger technology has the potential to reshape real-time payment systems globally.* The use of independent node verification networks (INVNs) and stablecoins offers a new way to address the legal permissibility of certain payment-related activities by traditional banking institutions. By treating public blockchains as infrastructure for financial services, there is an opportunity to use the distributed ledger technology similarly to the banking

[2] Dror, Yoav. 1 July 2020. "Why Payments Will Shift to from Cash and Cards to Crypto Faster Than You Think" Payments Journal. https://www.paymentsjournal.com/why-payments-will-shift-to-from-cash-and-cards-to-crypto-faster-than-you-think/

networks currently in place such as SEPA, SWIFT or ACH. Banks can meet the growing demand for faster and more efficient payments using decentralized technologies.

5. *Cryptoassets offer opportunities for Financial Inclusion and Access to Finance for Traditionally Unbanked / Underbanked Populations.* Globally, there are an estimated 1.7 billion people and over 200 million small and medium size enterprises that are excluded (unbanked or underbanked) from the traditional financial system.[3] The reasons behind financial exclusion vary, but these include insufficient funds to operate an account (e.g., minimum balance requirements for traditional banking accounts), religious reasons, costs of financial services relative to income (excessive fees, overage charges, etc.), physical proximity to traditional banking institutions, as well as a lack of necessary personal ID (passport, driver's license).

5. *Cryptoassets offer the highest level of ownership and control over funds to users.* As detailed by the Payments Journal, cryptoassets run on blockchain technology, which allows users to have a private key designed to allow the user access to his or her own wallet, authorize transactions, and provide security. Blockchain's design, if deployed properly, ensures that user wallet contents are protected against malicious attempts to hack and extract them. In comparison to credit cards, the numbers of which are stolen quite frequently, blockchain's encryption and other security properties can protect the user far more. Beyond putting the user's mind at ease over fraud and malicious attacks on wallets, the blockchain ultimately assures a large measure of control over currency assets outside of a third-party governance or management.

2. RESPONSES TO SPECIFIC QUESTIONS

QUESTION 1 - USE OF CRYPTO-ASSETS (LIABILITIES)

Please describe the areas in which your company (or institutional clients) use or expect to use crypto-assets (liabilities). What are the main factors influencing the usage of crypto-assets (liabilities)? For what purposes are crypto-assets usually held or issued by your company or institutional clients?

Digital assets can be found to be used in the following areas:

1. Investment asset – long and short-term investments with an intent to either hold for store of value, as a hedge in an inflationary fiscal environment or use the assets for a short-term investment or trading purposes;
2. Underlying asset for derivative instruments – financial instruments such as ETFs or futures contracts, as well as swaps;
3. Assets used to exchange value in financial transactions;

[3] Deloitte. "Can Blockchain Accelerate Financial Inclusion Globally?" https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/technology/lu-blockchain-accelerate-financial-inclusion.pdf

4. Means for a payment remittance, especially cross border and cross fiat currencies - utilizing digital assets and stable coins;
5. Loan issuance in digital assets combined with interest expense in digital asset form;
6. Acceptance of digital assets as collateral in financing arrangements;
7. Market risk mitigation for trading purposes - predominantly utilizing stable coins;
8. Method of payment for goods, services, investments, real property - both digital assets and stable coins;
9. Tokenization of physical commodities and real property - examples include physical gold, other precious metals, oil, art, real estate, etc.;
10. Issuance of ownership rights in an enterprise (ICOs) or specific content (NFTs);
11. Holding contractual rights to receive digital assets/coins prior to network launch;
12. Equity transactions made in digital assets, comprehensive income;
13. Payment of dividends in digital assets;
14. Digital assets used as rewards/points/ miles in retail transactions;
15. Smart contracts used to create an automated/permission-less financial contract between 2 parties with rights and obligations under certain conditions.

QUESTION 2 – WAY FORWARD

Question 2.2. ***Which of the three options do you consider to be the most appropriate solution to address IFRS requirements? Alternatively, please elaborate if you consider there to be other possible approaches towards clarifying and developing IFRS requirements for crypto-assets. If a new standard is to be developed, what should be in its scope?***

The GDCA would support Option 2: Amend and/or clarify existing IFRS requirements. This would allow for better guidance on scope for accounting considerations that should be evaluated for the application toward digital assets as a separate asset class.

However, we would support the development of a new standard or an IFRS Interpretation for mining activities. There isn't a comparable standard for this activity currently and specific guidelines would be beneficial in standardization of the accounting treatment and financial disclosure.

QUESTION 3 - ACCOUNTING FOR HOLDERS

Question 3.1. ***Do you agree that standard-setting activity is needed to address the limitations of IAS 2 and IAS 38 requirements towards addressing non-financial asset investments; namely that: IAS 38 does not allow FVPL when cryptocurrencies are held as trading or investment assets; and IAS 38 does not allow fair value measurement when markets are inactive? Please explain.***

Measurement requirements under IAS 38 and IAS 2 are limiting as they were not developed with digital assets in mind; therefore, we recommend considering a separate asset class for digital assets for the purpose of applying these standards.

Unlike most commonly known intangible assets (e.g. software, intellectual property, brands), digital assets have some cash-like properties; some are traded in active markets and many can have

trading or investment asset attributes. A significant portion of digital assets held would not have a claim on the issuer, therefore would not meet requirements for a financial asset, and yet, they are held generally for investment purposes, are used to pay for services and experience price volatility, which are the main attributes of a financial asset and as such diverge from the concept of an intangible asset under the current standards.

It may be appropriate that, even though digital assets meet the definition of an intangible asset under IAS 38, they are identified as a separate and distinct asset class and considered separately for presentation and disclosure within this standard. With this approach, appropriate standards designed for digital assets can be applied rather than attempting to fit in within the current limiting framework. **One could argue that a distinct standard for intangible nonfinancial assets held for investment purposes would be most appropriate for digital assets.**

We would recommend that fair value measurement is applied for digital assets as the main valuation approach and only when this method is not possible, cost less impairment valuation or an alternative valuation method, as a secondary, fall back methodology is used. The fair value methodology would be much more reflective of the true economical value of the assets or liabilities on balance sheets of entities, which of course translates to more accurate reflection of the entity's financial position regardless of their ordinary course of business or nature of operations. For example, Bitcoin held by MicroStrategy as of December 31, 2020 were acquired for $1.125B and reflected in its financial statements at $1.054B. If the price of a Bitcoin on an exchange was $29,000 at December 31, 2020, MicroStrategy may view its 70,469 Bitcoin economically to be worth $2.044B, rather than the $1.054B on its balance sheet.

The fair value valuation treatment also would improve comparability of the financial reporting among entities across industry sectors and jurisdictions. As noted by the 2019 IASB staff paper, there is a wide diversity in practice for reporting digital assets globally: 9% apply the IAS 38 cost model; 17% apply the IAS 398 revaluation model; and 58% apply fair value through profit and loss. Such disparity in the presentation lessens the comparability of the entity's financial position driving valuations, share prices and credit worthiness. Fair value measurement as the main valuation approach mitigates this variability and enhances comparability and transparency.

Additionally, it is important to point out that the impairment valuation methodology is limiting since once the assets are initially recorded at cost, their value can only be written down when impairment exists if no active market exists. Under this circumstance, the accounting treatment doesn't allow for recording of the appreciation when the asset experiences a recovery in value. Considering the primary purpose in general behind involvement in this asset class by institutions being investment or store of value, this approach would not seem to be appropriate, especially when quoted prices, other than what would qualify as an active market under the accounting standards, exist for an asset or liability in question. A calculation of a return of such asset would not correspond to the economic gain for assets appreciating in value and could not be recognized on the financial statements. As a result, most readers rely on non-GAAP measurements and disclosures in the attempt to understand the true financial position of the entity.

Question 3.2. ***Do you agree that there is need to clarify crypto-asset holders' eligibility to apply IFRS 9? Please explain. Do you have views on whether or not IAS 32 needs to be updated to include crypto-assets***

(tokens) with functional equivalence to equity or debt securities, within the IAS 32 definition of financial instruments (financial assets for holders and financial liabilities for issuers) or alternatively whether crypto-assets should be classified as a unique asset and allowing accounting treatment similar to financial instruments where appropriate? Please explain.

We would strongly support the standards review to establish whether a financial asset or similar classification is appropriate. We would agree that there should be a clarification of the circumstances under which digital assets are eligible to be classified as financial assets. There may be a need for a possible update of existing IFRS requirements for situations where digital assets do not meet the current IFRS definition of financial instruments, but are held for investment purposes (intent of the holder should be considered) or have functional equivalence to equity and debt securities (e.g. rights to profit, stakes in partnership arrangements, voting rights, entitlement to cash flows from entities; or a contractual right to exchange the asset or liability with another entity under certain conditions – a derivative asset). This could be the case for some security tokens, commodity tokens, hybrid tokens and even utility tokens. Some security and asset tokens could qualify as financial assets. These could include coins that are redeemable for precious metals; tokens backed by real estate; and equity-based tokens that have equity-like features.

Considering various viewpoints noted in the EFRAG paper on whether certain digital assets could qualify as financial assets, we would agree with the approach proposed by Sixt and Himmer research paper (2019) to amend the definition of financial assets to enhance the IFRS accounting for digital assets that contain predominantly investment attributes and allow for the accounting treatment similar to financial instruments.

Question 3.3.

Do you have views on whether or not the definition of cash or cash equivalents needs to be updated? Please explain.

We would agree that the cash or cash equivalent definition may need to be updated under the IFRS. The cash definition in IAS 32 *Financial Instruments Presentation* or cash equivalents definition in IAS 7 *Statement of Cash Flows* may need to be updated to include certain crypto-assets, such as stable coins that are pegged to fiat currency on a 1:1 basis, CBDCs and crypto-assets defined as e-money according to jurisdictional definitions. As certain jurisdictions move toward qualifying certain digital assets as e-money under regulatory definitions and many central banks globally are considering the issuance of CBDCs, it is certainly appropriate to broaden the definition of cash and cash equivalents under IFRS for these assets.

We expect the certain stable coins to meet the requirements of e-money under developing regulations. Privately issued stable coins, such as USDC, TUSD, USDT, BUSD, PAX or HUSD, include default risk and liquidity risk of the issuers, even though they are pegged to fiat currency and can be redeemed in fiat at par. Despite these risks, the popularity of these coins has grown rapidly in the recent years as the issuing entities put a lot of emphasis on transparency and enhanced customer protection by engaging independent certified auditors to perform an audit of reserves. Top stable coins issuers report performing monthly attestations by independent auditing firms validating reserves, with notably TUSD reporting validated reserves real time. Utilizing available technology, the audit of reserves is performed periodically or real time and such audited

reserves are published to the public. While this procedure does provide customer protection against the failure of the issuer, it provides more transparency than in any traditional payment system by the means of disclosing an independently verified record of assets backing the stable coin.

Question 3.4.
Do you agree that the aforementioned areas need clarification in IFRS requirements as has been identified in this DP? Please explain.

We would agree that the accounting treatment for holders of some utility and hybrid tokens may need clarification. Utility tokens can have a variety of associated rights including access to network services, blockchain creation rights, governance and network contribution rights. Some of these functional or consumption rights are atypical tradeable rights (e.g. rights to update network functionality; or rights to contribute labor, effort, or resource to the system) embedded within or related to complex structures such as digital autonomous organizations. We would be in support for applying the predominant component as well as the primary purpose of the token holder and the business use to determine the classification and measurement of hybrid tokens. Consideration of the holder's intent and business purpose would be especially important for hybrid tokens or tokens that over time enhance its functionality, which changes its attributes and the main business purpose.

QUESTION 4 - ACCOUNTING FOR ISSUERS

Question 4.1. ***Do you consider that existing IFRS Standards provide a suitable basis to account for crypto-liabilities by issuers of ICOs, IEOs and STOs? Please explain.***

We would support the stand that existing IFRS Standards should provide further clarifications for treatment of digital assets as noted below, to provide a suitable basis to account for crypto-liabilities by issuers of ICO, IEOs and STOs.

Question 4.2. ***In cases when an issuing entity establishes that the issuance of crypto-assets falls within the scope of IFRS 15, which areas, if any, would you consider need further guidance/clarification for an entity to apply the principles in IFRS 15? Please explain.***

The applicability of IFRS 15 is premised on the existence of enforceable implicit or explicit contract with a customer that specifies the nature, amount, timing and cash flows under the transaction. In cases where issuers create tokens intended to offer a service or a product (utility and hybrid tokens), but there is a lack of enforceability or legal evidence of the issuer's performance obligation related to such tokens issued, the applicability of the accounting treatment under IFRS 15 may have to be evaluated case by case and available records should be further considered.

In a practical application, three key records typically accompanying an issuance of a new token are: (1) the software code, (2) the white paper, and (3) the independent technical audit report with regards to the functionality of the code. These three items would be expected to provide comprehensive information on the functionality of the token, conditions required for specified

performance, and the expected outcome. In addition to the review of a contract, if one exists, it is essential that accounting professionals review these three key records to gain the necessary understanding and draw conclusions with regards to rights and obligations of the issuer and the functionality of the token in question. In certain cases, technical expertise may be required while reviewing this documentation to properly interpret the software code as well as mathematical formulas and assumptions embedded in the white paper. It is also very important to emphasize that white papers or interpretations of software code don't rise to the standard of a legal contract and their legal enforceability should be carefully considered.

In addition, the GDCA would suggest that following key considerations should be evaluated to establish the performance obligation by the issuer and to further assist in recognizing a liability or revenue, as applicable:

- Was the token designed and created by the issuer to provide certain service (contribute to network capabilities) or product (digital points or miles, Binance Coin, tokenized gold coin or a tokenized share in a company) between two parties in an arms-length transaction?
- In a case of a hybrid token, what is the main intended functionality?
- Was the token designed by the issuer to provide cash flows between two parties in an arms-length transaction under specific conditions?
- Is the functionality of the smart contract legally enforceable?
- Were the tokens issued as a pre-functional tokens before the launch of the network with an accompanied Simple Agreement for Future Tokens (SAFTs) and will the tokens convert to utility or other type tokens once the network is launched?
- Does other type of evidence, such as a contract between an issuer and the third party, communications, representations, filings or internal memos, provide basis for documentation of rights and obligations by the issuer?
- Is there public information describing the token's intended performance or purpose as well as rights and obligations of the issuer and the subscriber.

Question 4.3. ***In cases when an issuing entity establishes that the issuance of crypto-liabilities qualify as a financial liability under IAS 32/IFRS 9 or as a provision under IAS 37, which areas, if any, would you consider need further guidance/clarification for an entity to apply these Standards? Please explain.***

Under IAS 37, contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events, their amount cannot be measured or because the settlement is not probable. It would be helpful if this standard is further reviewed and more guidance provided in the light of liabilities by token issuers with regards to types of costs that should be included for the purposes of measuring a provision for such contingency obligation.

QUESTION 5 – VALUATION

Question 5.1. ***Do you consider that the guidance in IFRS 13 provides an adequate basis to determine an active market for cryptoassets (and, if applicable, related crypto-liabilities) when these are measured at fair value?***

The valuation guidance under IFRS 13 provides solid foundation for determining an active market for digital assets; however, expanding the consideration of an active market to trading pairs that include stable coins would significantly expand the ecosystem of sufficient liquidity for the purpose of determining whether an active market exists. The fiat market represents only a minority of the liquidity across all digital assets; however, all digital assets are available in stable coin pairs. Currently, even though a well-established, liquid market exists for certain major coins that are denominated in fiat currencies such as USD, EUR or JPY, a much deeper liquidity exists for digital assets quoted in terms of stable coins. This would especially be helpful in multiple coins which are thinly traded or not traded at all against a fiat currency, but experience significant volume and offer expansive liquidity trading in stable coins such as USDT, BUSD, USDC. Much more active markets trading in stable coins exist for all coins generally, but for certain coins such as Polkadot (DOT) with market rank of 9 and trading over $800 million a day in notional amount with market capitalization of over $14 billion[4] or Tron (TRX) having a market rank of 25 and trading over $800 million a day in notional amount with market capitalization of approximately $5 billion[5], this modification would be deterministic whether an active market exists or doesn't exist for accounting and valuation purposes. One could also make a further observation that digital assets denominated in stable coins could then be considered as Level 1 fair value for accounting purposes, as opposed to Level 2 or 3 under the current framework, as stable coins are redeemable at par. This would also enable upward adjustments above cost for carrying amounts.

Additionally, it is important to note that market prices for digital assets denominated in USD or otherwise fiat currencies often don't represent the predominant true market prices that can be observed in the remaining, primary portion of the market where the significant majority of the liquidity for such digital asset exists. This can be observed generally, but especially under volatile market conditions in the markets for even major digital assets such as Bitcoin (BTC), Ethereum (ETH), or Cardano (ADA) and others. This fact further strengthens the argument for that markets denominated in stable coins should be considered as a condition in the determination of whether an active market exists.

Question 5.2. ***In the absence of an active market under IFRS 13, do you consider that IFRS 13 provides an adequate basis to determine an appropriate valuation technique to measure crypto-assets (and, if applicable, related crypto-liabilities) at fair value? If not, what alternative measurement bases do you propose?***

Under the IFRS 13 framework, if an active liquid market denominated in stable coin or another digital asset for a particular digital asset or a liability exists, but not one denominated in fiat currency, it doesn't meet the requirement of an active market for accounting purposes. This approach, leads the valuation of many digital assets toward an alternative valuation technique that is to maximize the use of relevant observable inputs and minimize the use of unobservable inputs, subject to the professional opinion and circumstances of the asset or liability. It is important to

[4] CoinMarketCap DOT price statistic as of 5 July, 2021 https://coinmarketcap.com/currencies/polkadot-new/
[5] CoinMarketCap TRX price statistic as of 5 July, 2021 https://coinmarketcap.com/currencies/tron/

point out that all digital assets trading in an active, liquid and observable markets are available in a form of a stable coin pair, which should be considered before applying an alternative valuation model based on either present cash flows, cost or the intrinsic value of the network (NVT ratio). Also, treating stable coins similarly to fiat currency improves consistency of the valuation of digital assets and liabilities across entities in general and improves the comparability of the financial statements by leaving the alternative valuation model to a much smaller population of coins.

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The GDCA appreciates the opportunity to provide comments to EFRAG on issues raised with regards to the accounting treatment for digital assets by holders and issuers. We look forward to continued collaboration and offer support in the effort to further develop standards for the digital assets industry and within the accounting profession.

Respectfully submitted,

By: The Global Digital Asset and Cryptocurrency Association ("GDCA")

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