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**Our ref** : RJ-EFRAG 607 C  
**Direct dial** : Tel.: (+31) 20 301 0259  
**Date** : Amsterdam, 30 juni 2021  
**Re** : Comments on EFRAG's 'Discussion Paper Accounting For Crypto-Assets (Liabilities): Holder and Issuer Perspective'

Dear members of the EFRAG Board,

The Dutch Accounting Standards Board (DASB) appreciates the opportunity to comment on EFRAG's 'Discussion Paper Accounting For Crypto-Assets (Liabilities): Holder and Issuer Perspective' (hereafter: 'discussion paper')

Companies in the Netherlands currently do not use cryptocurrencies widely and therefore our experiences with accounting for crypto-assets (liabilities) in practice are very limited (*your question 1*). Accordingly, in this letter we would like to respond on a number of key items covered in your discussion paper. In 2018, the DASB has made its own assessment in respect of cryptocurrencies from a holder's perspective under Dutch GAAP. Based on this assessment the DASB concluded that, at present, a crypto currency should not be considered as cash or cash equivalents and is not a financial instrument. Depending on the objective of holding a crypto currency it can be considered as: an intangible fixed asset, inventory or another investment. The measurement base of these type of assets under Dutch GAAP are:

- intangible fixed assets: at cost or – under specific conditions – at current value;
- inventory: at cost;
- other investments: at cost, at current value through equity or at current value through profit or loss.

The publication of the outcome of our assessment is enclosed to this letter (*RJ-Uiting 2018-7: 'Overwegingen ten aanzien van de verwerking van cryptocurrencies in de jaarrekening'*.)

In our assessment the DASB noticed similar issues from a holder's perspective as addressed in EFRAG's discussion paper and hence we have no additional experiences to share with EFRAG as part of this consultation. In addition, we concur with the issues addressed by EFRAG in the discussion paper from an issuer's perspective.

Crypto assets and liabilities is an all-encompassing term, consisting of a very wide variety of products – or instruments – with different terms and conditions (*your questions 3 and 4*). In our view it is not easy to define the nature of a crypto asset or liability. From a holder's perspective we do not consider cryptocurrencies as cash and cash equivalents as cryptocurrencies do not have all of the related characteristics, similar to IFRS IC's view in its June 2019 meeting. In addition, we do not consider cryptocurrencies as a financial asset as these do not contain a contractual right to receive cash or to exchange a financial instrument. From an issuer's perspective we concur with the analysis in the discussion paper that, depending on the characteristics and contractual terms, the identified possible applicable accounting for the issuance of crypto-instruments can be accounted for in accordance with IAS 32 (and IFRS 9), IFRS 15 or IAS 37. That shows that the nature and terms of such issued instruments needs to be considered in order to apply the appropriate accounting principles.

With respect to the measurement of crypto-instruments, the DASB is of the opinion that IFRS 13 currently provides an adequate basis to determine the fair value of the crypto-instruments (*your question 5*). Future developments should be monitored whether IFRS 13 needs to be amended. Alternatively, we believe that based on facts and circumstances measurement at cost might be a suitable accounting policy for crypto-instruments.

The DASB discussed the proposed possible approaches to the way forward as presented in the discussion paper (*your question 2*). We are in favor of option 3 to contemplate developing a new standard. Based on the expectation that crypto-instruments will be used more frequently in the future, we expect an inherent increase of questions on the accounting of crypto-instruments (and other digital or virtual instruments) and therefore we are of the opinion that clarification is needed. We believe there is no urgency to develop a new standard, but in the longer term there could be a need for it, for instance when crypto currencies will be (more) regulated. The environment around crypto-instruments is subject to rapid changes and it is suggested that the IASB continues to monitor developments in this area in order to determine the IASB's priority in developing a new standard.

The DASB believes that option 2 is not the best solution as the terms and conditions of a specific crypto-instrument should be evaluated to consider which IFRS standard would be applicable. The wide variety of crypto-instruments could potentially impact a large number of IFRS requirements over multiple IFRS standards as crypto-instruments can be identified as an intangible asset, a financial asset, inventories, financial instruments, cash and cash equivalents, equity or liability. This would probably result in a large number of amendments in several standards and detailed scope definitions in the standards may be needed. This might lead to complexity in order to determine which standard is applicable. It also questions whether it will result in robust standards that can be applied when new digital instruments will be introduced in the future.

Considering the above, the DASB considers option 1 as the less favorable solution.

Finally, we noticed the IASB could consider developing a new standard applicable to other types of 'alternative investments' (*your question 6*). In addition to cryptocurrencies we believe that more products or instruments could be considered to be included in the scope of such a new standard like gold, fine arts (e.g. paintings) and other collections (e.g. classic cars). We also noticed that digital instruments are rapidly evolving such as digital art (embedded in so-called non-fungible tokens). We recommend IASB to evaluate the added value of including in the new standard with the objective to also provide new or additional accounting guidance for specific crypto or digital instruments as well as it should be sufficiently robust for all types of (digital) alternative investments; both existing and future products or instruments. From a holder's perspective the IASB issued in the past a separate standard: IAS 25 Accounting for Investments. Although this standard has been superseded for a while a revival of such standard can be useful.

We will be pleased to give you any further information that you may require.

Yours sincerely,

Gerard van Santen  
Chairman Dutch Accounting Standards Board

Enclosure: *RJ-Uiting 2018-7: 'Overwegingen ten aanzien van de verwerking van cryptocurrencies in de jaarrekening'*