SoDA International

Bridging Borders: SoDA's Role in International Crypto Accounting

A Statement of Digital Assets (SoDA) Expansion Paper

May 2025

Statement of Digital Assets Public Benefit Collaboration

The number of ‘crypto native’ and traditional businesses that transact with digital assets has seen unprecedented growth in recent years. This adoption of a new asset class has necessitated an increased focus on accounting for tax reporting and operations management purposes; however, international accounting practices continue to evolve, and the systems required to convert on-chain activity to the general ledger are developing in lockstep to the blockchains they monitor.

The ultimate goal of the Statement of Digital Assets (SoDA) is to provide a lasting and transparent bridge between accurate Generally Accepted Accounting Principles (GAAP) reporting of digital assets and the details from multiple wallets, centralized exchanges, and other cryptographically-based ownership and/or custody arrangements. We started with the balance sheet because of the importance of treasury to crypto-native businesses. However, further exploration into other areas may follow. The following is a public benefit collaboration intended to open source a best practice that has been deployed among numerous projects with the goal of contributing to “crypto’s GAAP accounting moment.”[1]

This collaboration was made possible by the ethos of the crypto industry to support one another and contribute time towards a public benefit that will serve as a rising tide that will lift all boats. Numerous crypto professionals have contributed their time, and without their help, this white paper would not have been possible.

Finally, note the following contains general information only and is not rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. It is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your organization. Before making any decision or taking any action that may affect your organization, you should consult a qualified professional advisor.

[1] As described in Messari’s 2022 Theses report.

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Introduction

Digital assets like cryptocurrencies and tokenized real-world assets have exploded in usage, challenging traditional accounting standards across jurisdictions. Financial reporting regimes, from U.S. GAAP to International Financial Reporting Standards (IFRS) and various national standards, struggle to consistently classify and value these new assets, resulting in fragmented practices.

The Statement of Digital Assets (SoDA) framework primarily emerged - as a form of best practice - to bridge these gaps. Originally developed to address U.S. GAAP's limitations for crypto (e.g., restrictive intangible asset treatment), SoDA demonstrates transformative potential as a universal reporting standard for digital assets across IFRS, Canadian AcSB, Swiss Code of Obligation, and other regimes.[2] By organizing holdings into "wallet-asset pairs" with standardized fields (asset type, quantity, cost basis, and fair value), SoDA enables apples-to-apples comparisons of crypto balances across borders. In effect, SoDA serves as a common language for digital asset reporting, mitigating cross-jurisdiction inconsistencies.

Moreover, each major international framework has taken a somewhat unique approach to digital asset accounting[3], resulting in varying classification and measurement practices. The following lays the groundwork for how SoDA can harmonize global reporting, reduce compliance costs, and improve transparency. The following paper provides an in-depth technical review of current accounting treatments for digital assets under major international standards, followed by a comparative analysis, recent regulatory developments, and the gaps that a SoDA standard can fill internationally.

A globally coordinated classification system for digital assets – defined by an atomic level wallet-asset pair along with standardized fields (quantity, cost basis, and fair value) – could eventually provide clarity and consistency in digital asset reporting.

[2] Over time, the scope of this paper is expected to cover other national GAAPs.
[3] Additional jurisdictions are outlined in the October 2018 EFRAG Board Meeting Summary.

State of Reporting: IFRS

Current State

The International Financial Reporting Standards are a set of accounting standards developed by the International Accounting Standards Board (IASB). They provide a globally recognized framework for preparing and presenting financial statements.

At present, IFRS lacks a specific financial reporting standard for digital assets. Entities reporting under IFRS rely on a mix of existing standards and interpretations from the IASB and its Interpretations Committee, often leading to diversity in practice and application[4]. For instance, cryptocurrencies held for sale can be classified as inventory under IAS 2 Inventories, measured at the lower of cost and net realizable value, whereas those not held for sale are treated as intangible assets under IAS 38 Intangible Assets, measured at cost and subject to amortization or impairment charges.

Fair value models can be applied in limited instances – for example, commodity broker-traders may apply fair value less costs to sell (under IAS 2), while entities can elect to measure assets with an active market at fair value less any subsequent accumulated amortization and impairment losses (under IAS 38). These measurement bases (i.e.fair value less costs to sell vs. fair value less any subsequent accumulated amortization and impairment losses) are not consistent with each other and differ from the fair value measurement model now required under U.S. GAAP for digital assets within the scope of ASU 2023-08 - as it does not require adjustments for costs to sell etc.

Arguably, the treatment of digital assets under IFRS also depends on whether a digital asset meets (or does not meet) the definition of cash or cash equivalents, financial instruments, inventory, or intangible assets by (i) applying the scope requirements in the relevant standards, and (ii) referencing the 2019 IFRS Interpretations Committee (IFRIC) Agenda Decision for guidance on accounting for cryptocurrencies. The IFRIC agenda decision provides considerations but acknowledges that the appropriate accounting treatment often depends on the entity's business model and the specific characteristics of the digital asset.[5] In addition, consensus in practice is still developing in many areas, and the existing guidance may not fully address emerging trends like decentralized finance (DeFi) transactions or new classes of digital assets as their adoption surges.

As a general principle under IFRS, crypto-assets do not meet the definition of cash or cash equivalents[6] due to factors like lack of legal tender status and significant value volatility, nor do they meet the definition of equity instruments as they typically do not embody a contractual claim to an entity's net assets. This incongruity means that most cryptocurrencies fall into the intangible asset or inventory categories, using mostly an indefinite-life cost model that recognizes impairments but not upward revisions. Such a cost-less-impairment approach creates an asymmetry – declines in value are reflected as losses, but subsequent increases over the initial cost are not captured – potentially obscuring the true economic value of the holdings.

[4] The IFRS Conceptual Framework notes that the intended use of an asset affects its measurement.
[5] Digital assets under IFRS® Accounting Standards vs US GAAP: the basics.
[6] There are a few exceptions to stablecoins backed by fiat and their classification as Cash equivalents or Other assets. Nonetheless, cryptocurrencies do not have the same properties as "cash" and often times, judgement is required in making this determination as IFRS does not define "cash" or "currency".

Additionally, IFRS has not explicitly clarified the treatment of stablecoins, which is a form of cryptocurrency that are designed to maintain a stable value. There is uncertainty in practice whether certain stablecoins should be classified as cash equivalents, financial instruments, or intangible assets, leading to inconsistent reporting for those assets.

The IASB has acknowledged calls from stakeholders for specific guidance on accounting for cryptocurrencies, following its Third Agenda Consultation in 2021. The IASB decided[7] not to add a project on Cryptocurrencies and Related Transactions to its work plan, noting that:

- Such transactions may not be prevalent in many jurisdictions or have a pervasive effect on the financial statements;
- A project on cryptocurrencies may be premature as cryptocurrencies are part of a new and rapidly evolving ecosystem;
- If IAS 2 is not applicable, a reporting entity applies IAS 38 to holdings of cryptocurrencies, which permits fair value measurement in an active market; and
- Cryptocurrencies would be considered in the project on Intangible Assets (which commenced in April 2024).

It is important to note that while the IASB's current work plan does not include a specific cryptocurrency accounting project, the broader project for a comprehensive review of the accounting requirements for intangible assets may indirectly address certain crypto-related issues. Already, the IASB's March 2025 Intangible Assets Agenda Paper[8] on accounting for intangible assets acknowledges the following:

- IAS 38 requirements do not work well for new types of assets (such as cryptocurrencies) not envisaged when it was developed.
- The IASB could:
    - apply a principle-based approach and explore accounting for intangible assets based on their use; or
    - use cryptocurrencies (or carbon credits) as 'test cases' in exploring application challenges for newer intangible assets.
- Depending on the Intangible Assets project and the IASB's future decisions in the next agenda consultation, the IASB may later review whether these items need to be scoped out of IAS 38.

Emerging Best Practices and Regulatory Developments

In our view, emerging trends indicate an increased focus on fair value reporting under IFRS, mirroring the direction of recent U.S. GAAP changes. A key trend is the growing emphasis on fair value accounting for digital assets – with stakeholders suggesting IFRS should move closer to the FASB's new guidance, specifically with respect to ASU 2023-08, that allows fair value for certain crypto assets. This reflects the

[7] Feedback statement on the IASB's Third Agenda Consultation.
[8] IASB March 2025 Agenda Paper on Intangible Assets.

increasing liquidity, popularity, and tradability of major cryptocurrencies like Bitcoin (BTC) and Ethereum (ETH).

Fair value accounting requires determining market value based on observable market data, or using valuation techniques when no active market exists, which can be challenging given digital asset volatility. However, many consider fair value a better measure as it provides a more timely, transparent, and market-based representation of an asset's worth.

Regulators and standard setters worldwide are also influencing accounting practices. International regulatory bodies (and various national authorities) are actively considering how to classify and regulate cryptocurrencies and other digital assets. A globally coordinated classification system for digital assets – defining categories by their characteristics and use cases – could eventually provide clarity and consistency in accounting treatment. The IFRIC's 2019 agenda decision, applying existing IFRS to crypto holdings, was an initial step, but a more comprehensive standard is widely viewed as necessary. Notably, the recent move by the FASB in the U.S. to mandate fair value measurement for many crypto assets has increased pressure on IFRS standard-setters to revisit their stance. IFRS rule-makers have yet to issue new standards, but this international momentum suggests changes may be forthcoming as the regulatory landscape evolves.

In the absence of specific IFRS guidance, leading companies have developed voluntary best practices to enhance transparency. For example, some IFRS-reporting companies provide expanded disclosures about their crypto holdings – detailing the nature of the assets, their purpose, and associated risks – even when not explicitly required. Many also supplement the cost-based carrying amounts with the fair market values of those holdings in footnotes, giving stakeholders a clearer picture of exposure. In addition, there is a trend toward presenting digital assets separately from other intangible assets on the balance sheet - to highlight their unique nature. Reporting entities are also conducting impairment tests on crypto assets more frequently and rigorously, given the high price volatility, and documenting the methodologies used. Some forward-looking companies have even implemented internal wallet-level tracking systems (aligned with SoDA's approach) to monitor digital asset movements and balances, improving internal controls and readiness for future standards. These practices, while voluntary, are shaping an unofficial consensus on how to report digital assets more transparently under IFRS.

IFRS Summary

The IASB still has not issued specific stand-alone guidance for accounting for cryptocurrencies under IFRS. Reporting entities must continue to rely on existing standards – primarily IAS 38 (for intangible assets) and IAS 2 (for inventories) – depending on the purpose of the crypto holdings. The 2019 IFRIC Agenda Decision provides some interpretative guidance (notably that cryptocurrencies are generally intangible assets, not cash or financial instruments), but the evolving nature of digital assets means this area remains in flux and will likely require further attention by the IASB. In the meantime, adopting a supplementary, non-authoritative reporting framework like SoDA can help bridge the gap. SoDA's granular wallet-and-asset-pair disclosures can be layered onto IFRS financial statements to provide investors and auditors with the detail and transparency that current standards omit – all without conflicting with IFRS requirements.

IFRS Digital Asset Accounting Treatment and SoDA Application

Reporting Classification	Accounting Guidance under IFRS	Application to SoDA	Key Differences from US GAAP	Token Examples
Tokens Valued at Fair Value	IFRS does not broadly permit fair value through profit and loss for cryptocurrencies. Fair value allowed only if held as inventory by broker/dealers (IAS 2), or optionally via revaluation model (IAS 38) for intangible assets when an active market exists (with gains recognized in OCI).	SoDA tracks fair value at wallet/asset level, providing consistent disclosure regardless of IFRS classification. SoDA can reconcile fair values reported under the optional IFRS revaluation model or provide supplementary fair value disclosures.	US GAAP (ASU 2023-08) mandates fair value through profit and loss for applicable crypto assets, recognizing gains and losses immediately in net income, whereas IFRS is more restrictive, primarily allowing fair value adjustments through OCI and only under specific conditions.	Bitcoin (BTC), Ethereum (ETH) (if actively traded by a broker-dealer or eligible for revaluation)
Tokens Valued at Cost Less Impairment	Under IFRS (IAS 38), most cryptocurrencies are classified as intangible assets, carried at historical cost less impairment. Impairments are recognized immediately; recoveries in value typically cannot reverse prior impairment unless using the revaluation model (limited scenarios).	SoDA captures both book value (historical cost minus impairments) and fair market value at wallet/asset pair level, clearly presenting impairment impacts and unrealized gains that IFRS would not reflect.	US GAAP previously mirrored IFRS's cost-less-impairment approach but has shifted toward mandatory fair value measurement (ASU 2023-08), thereby differing substantially from IFRS's primary approach for most crypto holdings.	Project-specific native tokens, NFTs, governance tokens (e.g., Uniswap's UNI, Aave's AAVE), wrapped tokens (e.g., Wrapped BTC – WBTC)
Stablecoins	IFRS has no explicit guidance specifically addressing stablecoins. Generally treated similarly to other crypto assets (intangibles or inventory), depending on use and business model. Rarely qualify as cash equivalents due to strict IFRS criteria for liquidity and stability.	SoDA separately identifies stablecoins, clearly differentiating their liquidity profile from other crypto holdings and aligning them with their actual economic substance, irrespective of IFRS classification ambiguity.	U.S. GAAP also currently lacks explicit stablecoin guidance, but emerging practices suggest classification closer to financial assets or cash equivalents, depending on liquidity and collateralization—SoDA provides standardized disclosures bridging these gaps clearly.	USDC, USDT (Tether), DAI

State of Reporting: Swiss Code of Obligations

Current State

Since the Swiss Code of Obligations (CO) and the Swiss GAAP FER[9] standards were written before digital assets became mainstream, companies must apply existing accounting frameworks based on each digital asset's function and characteristics. Under the Swiss CO (Art. 958 et seq.), the accounting treatment depends on the purpose of holding the asset, falling roughly into traditional categories:

- Financial assets: If the company holds digital assets as an investment (for example, a crypto asset fund holding Bitcoin as a long-term investment or a family office holding tokenized real estate), those assets are recorded as financial assets at acquisition cost (per CO Art. 960) or under Swiss GAAP FER 10. A permanent impairment in value would require a write-down, but if an active market exists for the asset, Swiss law permits an election to carry it at fair value (with unrealized gains typically reported in a revaluation reserve).

- Inventory: If digital assets are part of the company's core business (e.g. a cryptocurrency exchange, a crypto broker/trading firm, or an NFT retailer), they are classified as inventory and valued at the lower of cost or market value (net realizable value), consistent with CO Art. 960c and further detailed by Swiss GAAP FER 17. This treatment reflects assets held for sale in the ordinary course of business.

- Intangible assets: Certain digital assets that represent usage rights or unique items – for example, non-fungible tokens (NFTs) or utility tokens that provide access to a platform or service – may be classified as intangible assets (akin to software or licenses). They are initially recorded at purchase price or production cost (including any directly attributable costs like transaction fees). If such an asset loses value permanently, an impairment is recorded to write it down. Under Swiss GAAP FER, if an intangible asset has an active market (e.g., a widely traded crypto like BTC or ETH might qualify, whereas a unique NFT generally would not), it could be revalued upward to fair value; otherwise, it remains at cost less impairment.

A critical concept in the Swiss context is the definition of an "active market." Both Swiss GAAP FER (Section 10.9) and IFRS (IFRS 13) define an active market similarly: a market in which transactions for the asset occur with sufficient frequency and volume to provide reliable pricing information.

For example, Bitcoin trades 24/7 on multiple exchanges with deep liquidity, so it is considered to have an active market. In contrast, a rare NFT that might only sell a few times a year does not have an active market. Defining an active market matters because it allows companies to revalue qualifying crypto assets to fair value under Swiss GAAP FER (and to some extent under Swiss CO's provisions), whereas assets without an active market must stay at cost (subject to impairment testing for declines).

In practice, many crypto-focused companies in Switzerland use Swiss GAAP FER (or even IFRS) for their financial reporting, especially if they seek to provide more transparency to investors and banking partners. Swiss GAAP FER is often considered the "true and fair view" framework and is sometimes required for

[9] Swiss GAAP FER is an alternative to IFRS and the Swiss Code of Obligations.

consolidated statements of groups or certain regulated entities, whereas the Swiss CO rules represent the minimum legal requirements for statutory accounts. This slight divergence means the Swiss CO provides a baseline (often conservative) treatment, but companies can opt for more detailed reporting under FER to show a clearer picture.

The difference between Swiss CO and Swiss GAAP FER in this context is that FER allows more frequent fair value measurement and detailed disclosure, whereas CO is largely historical cost-based. Crypto companies have tended to adopt the FER standards to gain flexibility in reflecting fair values and to meet stakeholder expectations for transparency.

Emerging Best Practices and Regulatory Developments

Switzerland's accounting community and regulators have started providing guidance specific to digital assets, even absent explicit law changes. The Swiss expert group for accounting, EXPERTsuisse Accounting Commission, has published recommendations on the treatment of cryptocurrencies, which serve as a de facto benchmark for consistent practice.

These recommendations prefer treating cryptocurrencies as "Wertschriften" (securities) in accounting – meaning short-term crypto holdings are recorded as current asset securities (or as part of "other short-term assets with market price" in the balance sheet), and long-term holdings are recorded as securities under financial assets. This aligns with the purpose-based classification approach described above and implicitly encourages fair value measurement (since securities can be marked to market under Swiss law). Notably, EXPERTsuisse specifically advised against defaulting to an intangible asset classification for cryptocurrencies, underscoring that Swiss practice diverges from IFRS on this point[10].

Swiss regulators have also clarified token categorization, which indirectly impacts accounting. The Swiss Financial Market Supervisory Authority (FINMA) categorizes tokens into three types: payment tokens (cryptocurrencies), utility tokens, and asset tokens. Each category might entail different accounting considerations – for instance, asset tokens could be treated more like securities or financial instruments.

Additionally, the Swiss Federal Council has issued reports (as part of the 2021 DLT legislation updates) outlining the legal framework for blockchain-based assets, ensuring that existing accounting law can accommodate them. The rise of stablecoins has presented new questions; while designed to maintain stable value, stablecoins in Swiss practice are generally not treated as cash equivalents unless they are fully fiat-backed and meet strict liquidity criteria – most are treated as either other financial assets or intangibles, depending on their characteristics.

In terms of best practices, Swiss companies are increasingly providing detailed disclosures in the notes to financial statements about their digital asset holdings. Under Swiss GAAP FER (which many adopt), firms must disclose the types of digital assets held, the valuation methods used (cost or fair value, and how fair value is determined if so), significant risks related to these assets (e.g., market price volatility, technological risks), and any changes in carrying values (such as impairments or revaluation gains).

Leading Swiss crypto firms go a step further by disclosing details such as how custody of the assets is managed (for security) and how they assess liquidity and credit risks associated with crypto. This level of disclosure goes beyond the minimum Swiss CO requirement but is increasingly seen as necessary for investor confidence. Moreover, companies have begun implementing regular revaluation checkpoints for

[10] Bilanzierung von Kryptowährungen in der Schweiz: OR,Swiss GAAP FER, IFRS

their crypto portfolios – for example, assessing market prices at each balance sheet date to determine if other-than-temporary impairments (“dauerhafte Wertminderungen”) exist, or if conditions allow reversal of past impairments under FER.

Overall, the trend in Switzerland is toward leveraging the flexibility of its accounting system to reflect economic reality: classifying crypto assets in a way that allows fair value measurement (when justified by active markets) and providing robust disclosures. This industry-led evolution is happening even as formal standards catch up, demonstrating a proactive approach within the Swiss accounting community.

Swiss Code of Obligation Summary

Swiss accounting for digital assets depends on which framework is applied. Under the Swiss Code of Obligations (CO), which is the baseline legal requirement, companies classify crypto holdings by purpose (investment, inventory, etc.) and mostly carry them at historical cost (with impairments for permanent losses, and limited upward revaluation in cases of active markets). Under Swiss GAAP FER, which is recommended for companies seeking a true and fair view (and often used by larger crypto enterprises), there is more scope to use fair value for actively traded assets and to provide granular disclosures.

In all cases, companies must include notes to the financial statements disclosing: the types and classifications of digital assets held, the valuation methods applied, significant risks (such as price volatility), and any changes in value (gains, losses, impairments) during the period. Implementing SoDA principles can further enhance these disclosures – for instance, by providing a structured wallet-by-wallet breakdown and rollforward of digital asset movements. SoDA can act as a complementary framework that adds transparency without contravening Swiss law, given the Swiss system’s flexibility. Companies adopting SoDA-style reporting provide stakeholders with a much deeper insight into their crypto asset exposures. This higher transparency could well influence future best practices and regulations in Switzerland.

Swiss Code of Obligations Digital Asset Accounting Treatment and SoDA Application

Reporting Classification	Accounting Guidance under Swiss CO	Application to SoDA	Key Differences from US GAAP	Token Examples
Tokens Valued at Fair Value	Swiss CO allows companies the option to measure financial assets (including certain digital assets) at fair market value if an active market exists. Unrealized gains are typically recognized in a special revaluation reserve (equity), not through net income.	SoDA provides wallet-level transparency of fair value, supporting Swiss CO's fair-value option and clearly distinguishing between cost and market valuations, while ensuring consistent disclosures.	US GAAP requires fair value recognition directly through net income (ASU 2023-08), whereas Swiss CO captures fair value increases primarily in equity reserves, reflecting a more conservative approach.	Bitcoin (BTC), Ethereum (ETH), widely-traded altcoins (e.g., Solana (SOL), Cardano (ADA))
Tokens Valued at Cost Less Impairment	Under Swiss CO, digital assets without an active market or assets for which the fair value option has not been elected are valued at historical cost minus impairment. Assets must be impaired if their recoverable value permanently falls below their carrying amount. Reversals of impairments are permitted if justified by subsequent market recovery.	SoDA tracks original costs, impairments, and current fair market values at a wallet-level granularity, enabling clear visibility into impairments and subsequent recoveries even if not explicitly recognized under Swiss CO's conservative approach.	US GAAP previously used a similar cost-less-impairment model but now mandates fair value through profit and loss for applicable crypto assets, differing significantly from Swiss CO's primary valuation model.	Native tokens (e.g., UNI, AAVE), NFTs, Wrapped tokens (e.g., WBTC), less actively traded tokens.
Stablecoins	Swiss CO does not provide explicit guidance specifically for stablecoins. Generally treated based on their intended use: either as financial assets measured at fair value or at cost less impairment, often depending on liquidity and active market presence. Usually not considered cash equivalents unless fully fiat-backed and highly liquid.	SoDA separately identifies stablecoins, clearly differentiating their liquidity and stability from other crypto assets. SoDA disclosures assist in assessing the economic substance and liquidity profile, independent of Swiss CO ambiguity.	US GAAP similarly lacks explicit guidance but may consider certain stablecoins closer to cash equivalents based on liquidity and collateralization—Swiss CO's approach remains asset-class dependent, with flexibility causing potential divergence from US GAAP.	USDC, USDT (Tether), DAI

State of Reporting: AcSB (Canadian GAAP)

Current State

Under Canadian accounting standards, the treatment of digital assets such as cryptocurrencies varies based on the entity's accounting framework and the asset's intended use. For private enterprises applying Accounting Standards for Private Enterprises (ASPE), cryptocurrencies are generally classified as intangible assets with indefinite lives. This classification means they are initially measured at cost and then carried at cost less any accumulated impairment losses (since indefinite-lived intangibles are not amortized under ASPE). This approach reflects the high volatility and lack of physical substance of crypto assets, but like IFRS, it does not allow upward adjustments for value recoveries. Publicly accountable enterprises in Canada, however, typically follow IFRS Standards (as adopted in Canada), which, as discussed, also treat most crypto-assets as intangibles or inventory in the absence of specific guidance. Neither ASPE nor IFRS as implemented in Canada provides explicit, comprehensive guidance on crypto-assets, leading to diversity in practice. As a result, different Canadian companies may apply different accounting treatments or disclosure levels, and aspects like liquidity risk from digital assets may not be consistently reported

It is important to note that the accounting treatment of digital assets in Canada has differed from that in the U.S. up to now. For example, until recently, U.S. GAAP required crypto holdings to be treated as intangibles at cost less impairment (similar to ASPE). However, the FASB in the U.S. has adopted fair value accounting for many cryptocurrency holdings (effective for fiscal years beginning after December 15, 2024, under ASU 2023-08). While this change in U.S. GAAP does not directly alter Canadian GAAP, it highlights a trend toward more dynamic reporting of digital assets. Canadian entities and standard-setters are closely monitoring these international developments for potential influence on local practices, given the integrated nature of capital markets.

Emerging Best Practices & Regulatory Developments

Canadian authorities have begun taking steps to address the lack of guidance and encourage improved transparency. The Accounting Standards Board of Canada (AcSB) – often in conjunction with CPA Canada – has shown active leadership by researching crypto-asset accounting issues and engaging stakeholders. They have emphasized the importance of fair value information and robust disclosures for crypto-assets even within the current frameworks. In fact, the AcSB has a Crypto-Asset Activities research project underway to evaluate how Canadian accounting standards should evolve for digital assets[11]. This ongoing project (and related discussions through forums and consultation papers) could result in guidance or authoritative resources specifically addressing cryptocurrencies for private enterprises (ASPE) and clarifying their treatment. In the meantime, Canadian regulators (such as securities regulators for publicly listed companies) have encouraged entities to disclose the nature and risks of significant crypto holdings in MD&A or notes, to ensure investors are informed.

Best practices among Canadian companies mirror some of those internationally: larger companies holding material crypto positions have started providing voluntary disclosures about fair values (versus carrying values), valuation techniques, and risk management policies around digital assets. There is also

[11] AcSB Crypto-asset Activities

a trend to present separately or break out crypto-related assets (for instance, not just lumping them under “intangible assets” in financial statements) to highlight their unique nature. Additionally, auditors in Canada, through guidance from CPA Canada, have been paying close attention to crypto-asset valuations and existence, prompting companies to strengthen internal controls and documentation for these assets. All these efforts are gradually building a more robust reporting environment even ahead of formal standard-setting. The Canadian accounting community expects that official guidance will eventually catch up – possibly via new sections in the CPA Canada Handbook or amendments to ASPE – but in the meantime, companies adopting enhanced disclosure practices are setting a constructive precedent.

AcSB Summary

In Canada, the accounting for digital assets currently relies on interpreting existing standards (IFRS or ASPE) which were not written with crypto in mind. This has led to some inconsistencies, but change is on the horizon. The AcSB’s proactive research and the influence of U.S. GAAP changes suggest that Canadian guidelines will evolve to provide more clarity. In the absence of explicit rules, Canadian companies can benefit from adopting the SoDA framework as a best practice. Using SoDA’s structured approach – with standardized categorization of each wallet/asset holding, tracking of cost and fair value, and detailed rollforwards – would enhance comparability and transparency of crypto-asset reporting. Such voluntary adoption of SoDA-like reporting can significantly improve stakeholders’ understanding of a company’s digital asset exposure and may inform future regulatory guidance in Canada.

Canadian GAAP Digital Asset Accounting Treatment and SoDA Application

Reporting Classification	Accounting Guidance under Canadian GAAP	Application to SoDA	Key Differences from US GAAP	Token Examples
Tokens Valued at Fair Value	Under IFRS (adopted by public companies), fair value is not broadly permitted for most crypto assets unless classified as inventory (IAS 2) or optionally under IAS 38's revaluation model (with gains through OCI). Private enterprises under ASPE do not allow fair value.	SoDA can track fair value at the wallet/asset level regardless of whether it's recognized under IFRS or ASPE, enabling optional supplemental fair value disclosure. This improves transparency, especially for management, auditors, and investors.	US GAAP (ASU 2023-08) requires fair value through profit and loss for qualifying crypto assets. In contrast, Canadian GAAP currently follows IFRS or ASPE, with fair value optional (rarely used) or not permitted at all.	BTC, ETH (held by broker-dealers or IFRS-reporting entities using the revaluation model)
Tokens Valued at Cost Less Impairment	Under ASPE, crypto assets are typically classified as indefinite-life intangible assets, measured at cost less impairment. IFRS follows similar treatment by default (IAS 38), unless revaluation model is used. Neither allows upward adjustments for value recovery under default model.	SoDA records book value and fair market value at wallet/asset pair level, highlighting unrealized gains and impairment events not visible on GAAP balance sheets. Enhances internal analysis and stakeholder communication.	US GAAP has moved away from this model and now requires fair value for crypto assets in the scope of ASU 2023-08. Canadian GAAP continues to apply the cost-less-impairmen t model as default, leading to asymmetric reporting.	Project-native tokens (e.g., UNI, AAVE), governance tokens, NFTs, RWAs, wrapped tokens
Stablecoins	No explicit guidance under ASPE or IFRS. Classification depends on intended use and liquidity. Typically treated as intangible assets or financial instruments; rarely qualify as cash equivalents. Treatment may vary between public (IFRS) and private (ASPE) entities.	SoDA supports standardized stablecoin classification and separate reporting, enabling consistent internal tracking and third-party visibility regardless of GAAP treatment. Stablecoins can be distinguished by role, liquidity, and backing.	Similar to US GAAP in that stablecoin classification remains unclear. However, SoDA enables disaggregation and clear tagging, improving comparability and liquidity analysis.	USDC, USDT (Tether), DAI

State of Reporting: Dubai, Singapore, Hong Kong

Current State

Dubai, Singapore, and Hong Kong each follow variations of the International Financial Reporting Standards (IFRS), presenting both similarities and unique challenges in accounting for digital assets.

Dubai: Dubai's accounting treatment for digital assets is significantly influenced by the Dubai Financial Services Authority (DFSA) and the Dubai Virtual Assets Regulatory Authority (VARA). Digital assets are generally classified under IAS 38 as intangible assets, allowing entities the choice between the cost model and the revaluation model. However, the high volatility of digital assets and fragmented regulatory oversight due to Dubai's multiple financial free zones pose substantial challenges [12]. Recent amendments to DFSA's Crypto Token framework are fostering greater regulatory clarity, promoting enhanced disclosures and consistency[13]. The SoDA framework complements these standards by providing detailed wallet-level tracking and dual valuation perspectives (cost and fair value), facilitating greater transparency and regulatory alignment.

Singapore: In Singapore, digital assets accounting follows Singapore Financial Reporting Standards (FRS), closely aligned with IFRS. Cryptocurrencies are typically classified as intangible assets (FRS 38) or inventory (FRS 2), depending on their intended use[14]. Challenges include classification complexities, valuation volatility, and disclosure inadequacies[15]. Recent regulatory clarity provided by the Monetary Authority of Singapore (MAS), particularly concerning digital payment tokens, has helped streamline accounting practices[16]. Adopting SoDA's wallet/asset pair tracking, alongside its dual valuation model, enhances transparency and consistency, bridging gaps between accounting treatments and the economic realities of digital asset transactions.

Hong Kong: Accounting in Hong Kong adheres to the Hong Kong Financial Reporting Standards (HKFRS), aligned with IFRS. Most digital assets are classified under HKAS 38 as intangible assets[17]. Unlike many jurisdictions, HKFRS allows the use of the revaluation model, enabling fair value adjustments that reflect both increases and decreases in market value, thus closely representing economic reality[18]. However, ongoing regulatory developments by the Securities and Futures Commission (SFC) and the absence of explicit digital asset accounting standards present challenges[19]. The integration of SoDA's structured reporting, which clearly delineates asset types and valuation methodologies, supports enhanced disclosures and improved stakeholder communication, aligning closely with the emerging regulatory framework in Hong Kong.

[12] Dubai Financial Services Authority, Crypto Token Framework Update, 2024.
[13] Dubai Financial Services Authority, Regulatory amendments, June 2024.
[14] Osome Singapore, "Accounting Treatment for Cryptocurrency," 2024.
[15] Monetary Authority of Singapore, "Strengthened Regulatory Measures for Digital Payment Tokens," November 2023.
[16] Monetary Authority of Singapore, Final tranche responses on DPT services regulation, November 2023.
[17] Hong Kong Institute of Certified Public Accountants, Crypto-assets Guidance, January 2020.
[18] Fidinam Hong Kong, "Crypto as an Asset Class for Corporate Treasury," February 2021.
[19] Securities and Futures Commission of Hong Kong, Virtual Asset Framework Development, ongoing updates.

Jurisdiction	Classification Method	Valuation Model	Regulatory Bodies	Key Challenges
Dubai	Intangible assets (IAS 38)	Cost or Revaluation	DFSA, VARA	Regulatory fragmentation, valuation volatility
Singapore	Intangible assets (FRS 38) or Inventory (FRS 2)	Cost or Fair Value	MAS	Classification complexities, disclosure inadequacies
Hong Kong	Intangible assets (HKAS 38)	Revaluation	SFC, HKICPA	Lack of explicit standards, regulatory uncertainty

SoDA as a Universal Reporting Standard

The accounting world has reached a pivotal juncture, grappling with inconsistent and evolving approaches to digital asset reporting across major frameworks like IFRS, Swiss GAAP, and Canadian GAAP. IFRS lacks a dedicated crypto standard, forcing firms to classify digital assets primarily as intangible assets valued at cost minus impairment, with limited scope for fair value recognition. This leads to inconsistent practices and transparency challenges. Similarly, Swiss GAAP provides flexibility to use cost or fair market value, resulting in divergent treatments among companies. Canadian GAAP also reflects inconsistency, with public entities following IFRS guidelines, while private companies under ASPE classify cryptocurrencies as indefinite-lived intangibles at cost minus impairment, leaving valuation increases unrecognized.

Amid this fragmented landscape, the Statement of Digital Assets (SoDA) emerges as a solution by offering a standardized, wallet-level reporting framework that simultaneously tracks both historical cost and fair market value. By acting as a universal adaptor that bridges diverse accounting standards, SoDA ensures transparency, consistency, and comparability across jurisdictions, effectively positioning itself as the international bridge for mapping on-chain digital asset holdings to any global accounting standard.

Strategic Implications for Cross-Border Entities

For multinational entities, adopting SoDA offers significant strategic advantages. It streamlines the compliance process by providing a single, unified data source adaptable to various local accounting treatments, greatly reducing the complexity and cost associated with maintaining multiple records. The granular, wallet-level detail embedded in SoDA reports enhances auditability, facilitating smoother audits across jurisdictions through improved traceability and standardized record-keeping. Additionally, SoDA enhances cross-border comparability, allowing investors, regulators, and internal management to easily interpret and analyze digital asset positions across diverse accounting frameworks. This adoption not only addresses current regulatory fragmentation but also positions companies strategically to navigate future developments in digital asset reporting standards.

The Role of SoDA in Standardizing Digital Asset Reporting

SoDA (Statement of Digital Assets) was initially developed to provide operators with a structured approach to making sense of digital asset balances on their U.S. GAAP financial statements (or related financial information, e.g., management report). The core challenge was ensuring that operators could tie back what they reported on the balance sheet to a format they were already familiar with. By establishing a framework centered on wallet, asset type, and asset pair tracking, SoDA has proven to be an effective tool for digital asset reconciliation and reporting.

While initially designed for U.S. GAAP, SoDA's methodology is applicable as an international standard, offering a universal approach to organizing and reporting digital asset balances. This is particularly valuable given the inconsistencies and evolving treatment of digital assets across different accounting frameworks worldwide.

SoDA's Core Unit: Wallet/Asset Pair

At the heart of SoDA is an atomic level of detail—the wallet and asset pair. This core unit ensures transparency and traceability in digital asset reporting, regardless of jurisdiction. The fundamental components of this structure are:

1. Wallet/Asset Pair: The foundational unit of SoDA's reporting framework.
2. Book Value and Fair Value: Both values are tracked at the wallet/asset pair level to provide an accurate reflection of financial position.
3. Accounting Treatment Tags: The treatment of each wallet/asset pair varies by jurisdiction, requiring tailored categorization.

This atomic-level reporting ensures that businesses and auditors can reference a consistent, structured dataset that supports reconciliation and financial reporting - no matter the accounting framework applied.

Accounting	Wallet	Asset	Qty	USD FV	USD Book/BS
				$Ttl	$Ttl
FV	Hot Wallet (3PC) 'XXXX'	ETH	1,176	2,587,200	2,234,400
BV	Contractor Payments (3PC)	XYZ	75,000	243,750	-
FV	Engineering (3PC)	ETH	59	129,360	111,720
BV	Engineering (3PC)	XYZ	50,000	162,500	-
BV	Marketing (3PC)	XYZ	120,000	390,000	-
BV	Public Goods / Grants (Multi)	XYZ	200,000	650,000	-
FV	Misc-Ops (Self)	ETH	25	53,900	46,550
FV	Custodied Trading Account (Multi)	ETH	303	667,202	576,220
BV	Employee Incentive (3PC)	XYZ	25,000	81,250	-
FV	Trading Account (Multi)	ETH	82	180,318	155,729
FV	Test (Self)	ETH	10	21,560	18,620
FV	Tax Liability (3PC)	ETH	245	539,000	465,500
BV	Meta NFT 1 (3PC)	BAYC-1245	1	250,000	250,000
BV	Native Restricted Treasury (3PC)	XYZ	1,000,000,000	3,250,000,000	-
BV	Native Locked Treasury (3PC)	XYZ	5,000,000	16,250,000	-
BV	Native Unrestricted Treasury (3PC)	XYZ	10,000,000	32,500,000	-
BV	DeFi Wallet / Treasury (3PC)	SLP-USDT-WETH	1		
BV	SLP-USDC-WETH (3PC)	USDT	353,801	353,801	353,801
BV	SLP-USDC-WETH (3PC)	WETH	100	353,801	240,000
				$ 3,305,413,641	$ 4,452,539
SC	Custodied Trading Account (3PC)	USDC	651,802	651,802	651,802
SC	Stablecoin Ops (3PC)	USDC	350,000	350,000	350,000
SC	Cap Gains Liability (3PC)	USDC	2,000,000	2,000,000	2,000,000
SC	Tax Liability (3PC)	USDC	1,500,000	1,500,000	1,500,000
				$ 4,501,802	$ 4,501,802
	Total			$ 3,309,915,442	$ 8,954,341

GAAP Balance Sheet Reporting:	
DA Fair Value	4,178,540
DA Book Value (impaired)	843,801
DA Stablecoins	4,501,802
GAAP Reported Digital Assets	$ 9,524,142

Bridging SoDA with International Accounting Standards

Integrating SoDA with various international accounting and reporting practices requires “connecting the pipes”—ensuring alignment with regional best practices while maintaining SoDA’s structural integrity. The key considerations include classification tagging, summation for reconciliation, and adapting to cross-jurisdictional adjustments. SoDA’s wallet/asset pair primitives allow for granular tagging based on the specific accounting treatment required by each jurisdiction, such as fair value, cost less impairment, or specific stablecoin classifications. This tagging is crucial for accurate aggregation and reconciliation to the balance sheet under diverse international standards.

Furthermore, the structured approach inherent in SoDA provides a robust foundation for navigating the nuanced treatments of digital assets across different frameworks. For instance, while IFRS often defaults to intangible asset accounting under IAS 38 (cost less impairment or revaluation model), Canadian standards (IFRS or ASPE) and the Swiss Code of Obligations offer their own interpretations regarding classification, valuation options, and impairment considerations. SoDA’s ability to track both book value and fair market value, alongside detailed role and treatment tags, allows entities to generate reports compliant with local standards while maintaining a consistent internal reporting methodology.

This adaptability is particularly important for multinational organizations operating across jurisdictions like the Dubai International Financial Centre (following IFRS), Hong Kong (HKFRS with revaluation options), and Singapore (FRS with purpose-based classifications). SoDA acts as a central repository and reporting engine that can apply different jurisdictional rules to the same underlying on-chain data. By mapping specific wallet/asset pairs to the relevant accounting treatment tags required by IFRS, AcSB, Swiss CO, or other standards, SoDA facilitates accurate financial reporting and enhances transparency for stakeholders globally, regardless of the specific accounting framework being applied.

The consistent application of SoDA’s principles, even when adapted for local requirements, ensures that the core benefits of transparency, liquidity profiling, and reconciliation between on-chain data and financial statements are preserved. This bridging capability allows organizations to leverage SoDA as a universal translator for digital asset reporting, simplifying compliance and providing clearer insights into their digital asset holdings across the global landscape.

Looking ahead, SoDA’s uniform structure positions it as a “Rosetta stone” for future crypto accounting standards. Whether IFRS ultimately moves to full fair value, or Swiss lawmakers carve out a separate “DLT-instrument” category, the core wallet-asset ledger remains intact. SoDA can act as a universal adaptor that lets each jurisdiction see the information it needs while giving operators a single source of truth.

Comparative Treatment

The table below visualizes a structured approach to international adaptation, highlighting the key differences in reporting practices across jurisdictions.

Accounting Standard	Tagging Considerations	Fair Value vs. Cost Basis	Treatment of Stablecoins
US GAAP	Requires explicit tagging for fair value, cost basis, or stablecoin.	Some assets must be reported at cost, some at fair value.	Not considered cash, often reported separately.
IFRS	Tag based on classification (IAS 38 Intangible or IAS 2 Inventory)	Intangibles: Cost less impairment model (or fair value model if an active market exists). Inventory: Lower of cost and NRV (or fair value model for broker-traders).	No specific guidance; typically treated as Intangible Asset (IAS 38), or Other Assets, unless it meets criteria for Financial Instrument.
AcSB	Tag based on classification (IFRS for public entities, ASPE for private entities - often Intangible Asset).	Similar to IFRS for public entities. ASPE generally uses the cost less impairment model for intangibles.	No specific guidance; treatment follows IFRS/ASPE classification (often Intangible Asset).
Swiss Accounting	Tag based on holding purpose (Current vs. Financial Assets)	Option for acquisition cost less impairment or observable market price if an active market exists.	No specific guidance; classification depends on substance and purpose, potentially Current Asset or Financial Asset.

Creating a Global Standard for Digital Asset Reporting

SoDA's core framework offers a structured, consistent and adaptable approach to digital asset reporting across multiple jurisdictions and reporting frameworks. By maintaining atomic-level detail, SoDA provides businesses with the granularity needed to ensure accurate tracking and reporting while allowing for jurisdiction-specific adjustments. As the regulatory landscape continues to evolve, SoDA serves as a foundational tool for bridging global accounting standards and establishing best practices for the Web3 industry.

By working collaboratively to refine the integration of SoDA across international frameworks, this initiative will purposefully strengthen financial reporting practices and immensely contribute to broader industry transparency and adoption. This working group plays a critical role in ensuring that SoDA remains at the forefront of digital asset accounting, enabling operators worldwide to speak a harmonious financial language, regardless of their jurisdiction.