



# RECORDING OF CRYPTO ASSETS - INTERIM GUIDANCE

WEBINAR OF THE GROUP OF EXPERTS  
ON NATIONAL ACCOUNTS

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SESSION ON DIGITALISATION

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# Background



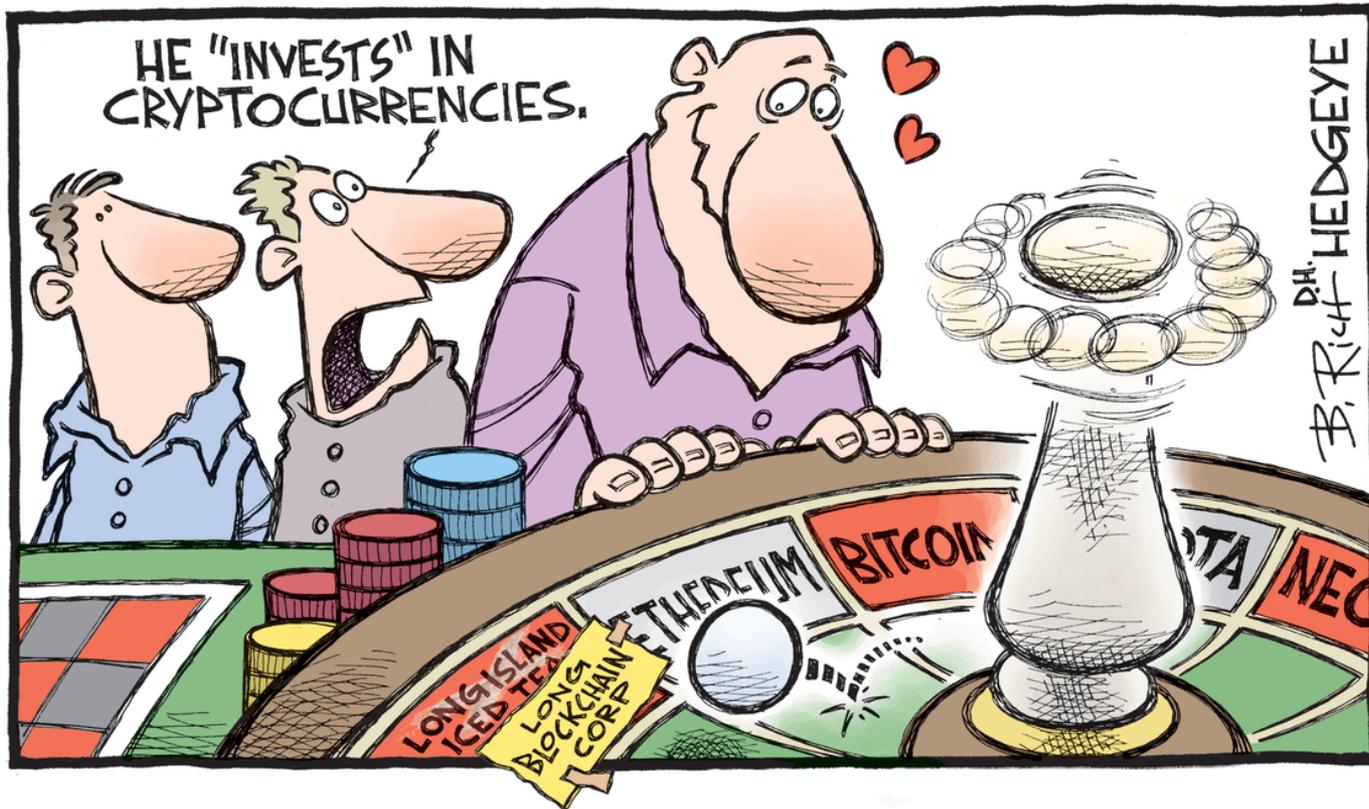
# Background

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- The emergence of **crypto assets** led to increasing requests for advice on their recording, particularly as they are not referred to in current statistical manuals
- In response, **IMF** and **OECD** started drafting guidance on their recording
- Discussion of the guidance at the meetings of the **Advisory Expert Group** on National Accounts (AEG) in 2018 and 2019
- Still **discussion** on recording of cryptocurrencies without corresponding liability



# Crypto asset categorisation





# What are crypto assets?



- Main **characteristics**:
  - Digital representations of value
  - Exchanged via **peer-to-peer** architecture (i.e. negotiable instruments)
  - Based on **cryptography** (avoiding double spending problem, e.g. Blockchain)
  
- Main motivation:
  - Transact without the **intervention** of a **third party**
  - Creation of **alternatives to traditional** financial **instruments**



# Types of crypto assets

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- **Cryptocurrencies** (intended as general medium of exchange)
  - Traditional cryptocurrencies (not backed by an asset)
  - **Stablecoins** (backed by asset or seignorage-based)
- **Crypto tokens**
  - **Asset** tokens (represent debt or equity claim on the issuer)
  - **Payment** tokens (used as medium of exchange within a platform)
  - **Utility** tokens (provide holders future access to goods or services)
  - Hybrid tokens (combining aspects of other tokens)
- A lot of different **terminology, classifications and definitions** are used
- **New crypto assets** may easily emerge



# Need for categorization of crypto assets

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- Trying to come up with **appropriate definitions** and clear delineations between groups of crypto assets
- Not aiming for a taxonomy of crypto assets
- The aim is to **assist compilers** in accurately recording crypto assets in the National Accounts



# Proposed categorisation

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- **Crypto assets acting as general means of payment**
  - With a corresponding liability, issued by a monetary authority
  - With a corresponding liability, not issued by a monetary authority
  - Without a corresponding liability
- **Payment tokens**
  - With a corresponding liability
  - Without a corresponding liability
- **Security crypto assets**
  - Debt security crypto assets (including utility tokens)
  - Equity crypto assets
  - Derivative crypto assets
- **Crypto assets acting as a store of value**
  - With a corresponding liability
  - Without a corresponding liability
- ...



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# Guidance on recording of crypto assets



# Are all crypto assets within the asset boundary?

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Yes, crypto assets are within the asset boundary of the SNA:

- Ownership is well defined for crypto assets
- They provide economic benefits to holder

The only exception are **payment tokens without a corresponding liability**, as they only act as medium of exchange within a platform, but are not convertible into cash or another asset.



# Recording of crypto assets

## Acting as general means of payment

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- With a **corresponding liability, issued by monetary authority**
  - Similar to traditional fiat currency
  - Proposal: Record as **'currency' (AF.21)**
- With a **corresponding liability, not issued by monetary authority**
  - Different from traditional fiat currency, but clearly financial instrument
  - Proposal: Record as separate category under **'currency and deposits' (AF.2)**
- **Without a corresponding liability**
  - There is no corresponding liability, but for fiat currencies this claim is also often just a matter of convention
  - They serve the same role of fiat currency
  - Proposal: Record as separate category under **'currency and deposits' (AF.2)**



# Recording of crypto assets

## Payment tokens

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- Definition: Crypto asset acting as a medium of exchange within a platform or network
- With a **corresponding liability**
  - Redeemable with the issuer (i.e. convertible into cash or other asset)
  - Financial asset as there is a corresponding liability
  - Negotiable (although limited to platform or network) debt instrument
  - Proposal: Record as separate category under **'debt securities' (AF.3)**
- **Without a corresponding liability**
  - Not redeemable with the issuer
  - Only medium of exchange within platform
  - Proposal: Not recognizing it as an asset



# Recording of crypto assets

## Security tokens

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- **Debt security tokens**
  - Negotiable instruments serving as evidence of debt
  - Also includes utility tokens (as they represent a claim on the issuer and can be exchanged peer-to-peer)
  - Financial assets as there is a corresponding liability
  - Proposal: Record as **'debt securities' (AF.3)** with separate category for utility tokens
- **Equity tokens**
  - Provide holder with residual claim on the assets of issuer
  - Proposal: Record as **'equity' (AF.51)**
- **Derivative tokens**
  - Provide right to buy (or sell) a particular instrument or commodity
  - Proposal: Record as **'financial derivatives' (AF.7)**



# Recording of crypto assets

## Acting as a store of value

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- With a **corresponding liability** (e.g. stablecoins)
  - Financial asset as there is a corresponding liability
  - Not (yet) qualifying as ‘currency and deposits’ (AF.2)
  - Seem to resemble negotiable instruments serving as evidence of debt
  - Alternatively, they could be regarded as a form of equity
  - Proposal: Record as ‘**debt securities**’ (AF.3)
- **Without a corresponding liability** (e.g. traditional cryptocurrencies)
  - There is no corresponding liability
  - Can be regarded as an outcome of production
  - Despite high volatility in their value, they mainly seem to serve as alternative form of investment
  - **Interim guidance** to record them as a specific type of valuables (but ongoing discussion)
  - Proposal: Record as separate category under ‘**valuables**’ (AN.13)



# Guidance on recording of creation of crypto assets





# Recording of the creation of crypto assets

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- Crypto assets **with corresponding liability**
  - These are the **result of a financial transaction** in which there is a simultaneous creation of an asset and liability
- Crypto assets **without corresponding liability**
  - Depends on assessment of ‘mining’ activity (see pending questions)
  - Interim guidance:
    - Activity is regarded as a **form of production**
    - Value of output is equal to sum of transaction fees and value of ‘new’ crypto assets



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# Pending issues



## State of play regarding guidance

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- **Broad agreement, except** for cryptocurrencies without corresponding liability, acting as a store of value
- **Main questions** related to this specific category:
  - How to account for their **creation**?
    - Are they the result of mining activities?
    - Do they “appear” in the same way that fiat currency “appears”?
  - Does it make sense to record some of them as non-financial assets even though they are **intended as medium of exchange**?
  - What is the **output of miners**?
    - *Cryptocurrencies or validation services?*
  - How should their output be **valued**?
    - *Sum of cost or sum of fees and value of cryptocurrency?*
  - Who is **consuming** the relevant output?



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# Next steps



## Next steps

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- Guidance note with interim guidance and issues note on pending issues is **distributed for feedback**
- A **discussion note** will be prepared on pending issues
- Further discussion on these specific issues at **next AEG meeting** (October 2020)



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# Thank you for your attention

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