

# Digital assets regulatory training

November 2025



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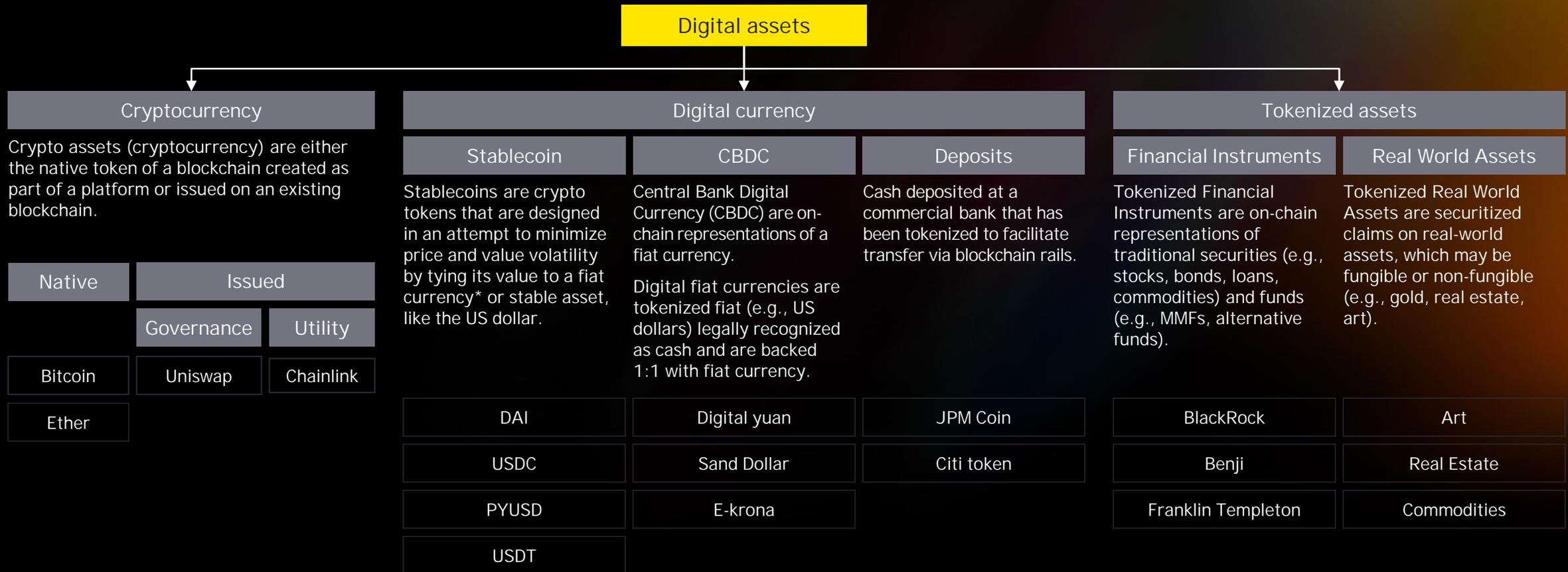
# 01

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## Digital asset products and services

# Overview of the different types of digital assets

A digital asset is a representation of value that can be stored and transmitted electronically



\* Fiat currency is a government-issued currency that is not backed by a physical commodity, such as gold or silver, but rather by the government that issued it.

# 02

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## Regulatory and legislative overview

# US regulatory overview

The US regulatory landscape is evolving rapidly, with more changes expected to enhance digital asset policies:

## New administration announcements and actions

1. Executive orders on digital assets and subsequent White House report on digital assets
2. Pro-crypto agency leadership (e.g., SEC, CFTC)
3. SEC and CFTC create crypto task forces
4. Rescinding of prior supervisory guidance (e.g., SAB 121, OCC/FDIC/FRB non-objections, CFTC advisories)
5. SEC industry activity, including crypto roundtables, RFIs, FAQs on security status interpretations, and withdrawal from enforcement litigation
6. GENIUS Act signed into federal law to govern stablecoins
7. CLARITY Act and Responsible Financial Innovation Act progress through Congress
8. Publishing of President's Working Group Report on Digital Assets
9. SEC announcement of Project Crypto initiative following White House Report and plans to modernize digital asset regulations
10. CFTC Crypto Sprint initiative following White House Report

## Forthcoming areas of focus

FRB/OCC requirements for stablecoin issuance

SEC and CFTC roles and responsibilities in digital asset rules and regulations

Risk management and compliance expectations for crypto-asset activities (e.g., trading, lending)

Further SEC guidance on registration requirements, custody, recordkeeping, etc.

Further banking agency guidance on permissibility and capital treatment of digital assets services

Tax legislation – de minimis exclusions, deferral of rewards, and wash sale rule

# Overview of emerging SEC guidance

The SEC is committed to providing clear “rules of the road” for crypto assets, having issued a series of statements, and held Crypto Round Tables under the mandate of the Crypto Task Force.

Security status	Issuance	Custody	Trading	Asset tokenization
SEC Statements: <i>various</i> February–July 2025	SEC Statement: Offerings and Registrations of Securities in the Crypto Asset Market/ Crypto Assets ETPs April and July 2025	SEC FAQs on crypto assets and DLT; withdrawal of Joint Statement May 2025	SEC FAQs on crypto assets and DLT May 2025	SEC Crypto Roundtable May 2025
<ul style="list-style-type: none"> <li>▪ The same legal requirements apply to tokenized instruments, e.g., securities, “security entitlements,” “receipt for a security” or security-based swaps</li> <li>▪ Clarified that meme-coins, Staking on Proof-of-Stake Blockchains, NFTs and payment stablecoins are not generally securities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Both Statements by the Division of Corporate Finance require disclosures such as:               <ul style="list-style-type: none"> <li>▪ Material aspects of business</li> <li>▪ Risk factors</li> <li>▪ Description of Securities</li> </ul> </li> <li>▪ SEC provides specific disclosure expectations for Crypto Asset Exchange Traded Products filings</li> </ul>	<ul style="list-style-type: none"> <li>▪ Confirmed Customer Protection Rule does not apply to digital assets non-securities</li> <li>▪ Paves the way for Broker-dealers to custody digital assets at their custodian banks</li> <li>▪ Intention to allow advisors/ Funds to self-custody</li> </ul>	<ul style="list-style-type: none"> <li>▪ Intends to encourage “pairs trading” between security and non-securities</li> <li>▪ Modernization of Reg ATS to better accommodate crypto assets</li> <li>▪ Rulemaking will aim to enable listing and trading of crypto assets on national securities exchanges</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tokenized Real World Assets “squarely falls in the SEC’s jurisdiction”</li> <li>▪ Treated as traditional financial assets</li> <li>▪ Tokenized MMFs, Private Funds and yield-bearing stablecoins already becoming registered</li> </ul>

# Polling question #1

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What is your primary perspective on the role of stablecoins in the cryptocurrency market?

Please select one option.

- A They provide a reliable alternative to traditional cryptocurrencies due to reduced volatility
- B They are essential for facilitating transactions and liquidity in the crypto market
- C They pose regulatory challenges and risks that need to be addressed
- D Their value is too closely tied to fiat currencies
- E I am not familiar enough with stablecoins to form an opinion

# 03

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## Current registration landscape

# Charter options for digital asset companies

Each charter type presents distinct, regulatory, compliance trade-offs based on scope of service and jurisdiction

Options	Description	Advantages	Disadvantages
State Charter (inc. ILC)	<ul style="list-style-type: none"> <li>Chartered by individual states; FDIC-insured; scope and oversight vary depending on state and Federal Reserve.</li> <li>In certain states a bank can become an Industrial Loan Company (ILC), which enables ownership by a non-bank parent subject to certain requirements.</li> </ul>	<ul style="list-style-type: none"> <li>Lower costs in some states</li> <li>State-specific branching flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Limited interstate access</li> <li>Compliance varies by state</li> </ul>
National Charter	<ul style="list-style-type: none"> <li>Federally chartered by the OCC; FDIC-insured; offers full banking services and can operate across state lines.</li> </ul>	<ul style="list-style-type: none"> <li>Nationwide branching with OCC approval</li> </ul>	<ul style="list-style-type: none"> <li>Higher supervisory costs</li> <li>Lending cap per borrower</li> </ul>
Special Purpose State Charter	<ul style="list-style-type: none"> <li>For a limited purpose Trust license in NY, allows firms to offer trust services without full banking powers; suited for specific fiduciary services in New York.</li> <li>For NY, state bit-license, dual banking and trust charter in New York enables institutions to offer both traditional banking and trust services.</li> <li>In WY, special purpose depository institutions (SPDIs) are fully-reserved banks that receive deposits and conduct other activity incidental to the business of banking, including custody, asset servicing, fiduciary asset management, and related activities.</li> </ul>	<ul style="list-style-type: none"> <li>Ideal for crypto/fiduciary services</li> <li>Streamlined NY digital asset approval</li> <li>Flexible for crypto operations</li> <li>Ideal for crypto/fiduciary services</li> <li>Legal recognition as "qualified custodians" under SEC regulations</li> </ul>	<ul style="list-style-type: none"> <li>No deposits/lending</li> <li>NY-only scope; high compliance burden</li> <li>NY-only; no banking rights</li> <li>No deposits/lending capabilities</li> </ul>
Special Purpose National Charter	<ul style="list-style-type: none"> <li>OCC-chartered entity offering limited banking or fiduciary services, not full deposit-taking functions.</li> </ul>	<ul style="list-style-type: none"> <li>Access to payments systems (e.g., FedWire) and interbank networks</li> <li>Single primary federal regulator vs. fragmented state-level oversight</li> </ul>	<ul style="list-style-type: none"> <li>No lending or deposit insurance; strict reserve requirements</li> </ul>
Digital Native Acquisition of State or Nationally Chartered Bank	<ul style="list-style-type: none"> <li>FinTechs or digital firms acquire traditional state or federally chartered banks to expand into financial services under a bank charter.</li> </ul>	<ul style="list-style-type: none"> <li>Easier entry via existing infrastructure</li> <li>Inherits banking benefits</li> </ul>	<ul style="list-style-type: none"> <li>Banks are highly regulated</li> <li>Digital firms may lack experience</li> </ul>
Money Service Provider	<ul style="list-style-type: none"> <li>Typically Financial Crimes Enforcement Network (FinCEN)-chartered to offer money services, such as digital asset transfers and payment processing.</li> </ul>	<ul style="list-style-type: none"> <li>Faster, lower-cost setup than a full bank charter</li> <li>Easier market entry for startups</li> <li>Flexible operating model</li> </ul>	<ul style="list-style-type: none"> <li>Limited scope of products</li> <li>No deposits/lending capabilities</li> <li>Compliance burden can limit operational flexibility</li> </ul>

# Common expectations across charter types

Necessary capabilities needed to acquire charter and maintain it in good standing

Banks must demonstrate:

Robust business plan	Develop vision, marketing analysis, capital and liquidity needs, contingency plan, financial inclusion considerations, perform initial business risk assessments.
Effective risk governance	Internal system of controls to monitor and mitigate risk, including tech risk, such as risk appetite and monitoring risk limits, escalation policies, governance forums, third-party/outsourcing governance and due diligence processes, and the Three Lines of Defense model.
Appropriate management skills and resources	Skills analysis for management and expertise, including in associated technologies. Establish ongoing training plans and appropriate resource planning commensurate with business plans.
Sustainable risk management and compliance program	Establish process for complying laws, rules and regulations, mapped to business products, services and channels (e.g., consumer protections, advertising rules, fair lending, data protection, OFAC* sanctions, BSA/AML*)
Ongoing risk assessment, monitoring and testing	Effective methodologies and standards for independent assessment and monitoring.
Regulatory liaison and engagement strategy	Develop playbook for on-site/off-site exams by regulators and define engagement strategies.
Process for monitoring regulatory change	Dedicated resources to maintain abreast of fast-moving regulatory and legislative developments, including impact-analysis on products and overall business model.

Examples of key areas for digital asset companies that have been sources of regulatory scrutiny:

- **Validation of on-chain balance** information to ensure accurate client and regulatory reporting.
- **Robust protocol and token due diligence and monitoring frameworks** to align with safety and soundness expectations.
- **Control framework around BSA/AML requirements** and ability to continuously monitor and screen transaction activity.
- **Required digital asset specific knowledge** and skill set of Digital Asset team.
- **Enhanced disclosures** indicating the unique risks associated with digital assets to investors (e.g., volatility, infrastructure dependencies).
- **Operational controls around transaction authentication and signing key lifecycle management**, including key generation, storage, operation and recovery.
- **Cybersecurity** considerations and capabilities to ensure the safety of client assets.
- **Safeguards against internal fraud**, including defined segregation of roles and responsibilities.
- **Enhanced third party due diligence framework** to account for unique risks associated with digital natives (e.g., limited track record and maturity, unique infosec requirements).

\* OFAC = U.S. Office of Foreign Assets Control; BSA/AML = U.S. Bank Secrecy Act/Anti-Money Laundering

# 04

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## Stablecoin bill summary

# Overview of the GENIUS Act

The Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act of 2025 concerns the issuance and exchange of stablecoins. It prescribes distinct requirements that firms intending to launch a stablecoin or facilitate their trading (e.g., market making) should prepare for and adapt risk and compliance practices.

Regulator	<ul style="list-style-type: none"><li>Stablecoin issuers over US\$10b are federally regulated (Federal Reserve Board (FRB) for banks, Office of the Comptroller of the Currency (OCC) for non-bank issuers), issuers less than \$10b are mainly state regulated.</li></ul>
Permitted payment stablecoin issuer	<ul style="list-style-type: none"><li>Stablecoin issuers must be an insured depository institution or receive federal/state regulator approval to operate as a non-bank issuer.</li></ul>
Definition of payment stablecoin	<ul style="list-style-type: none"><li>A payment stablecoin is a digital asset backed 1:1 by USD, T-bills (up to 93 days), repos up to 7 days backed by T-bills, reverse repos up to 7 days rolled overnight, or money market funds (MMFs).</li></ul>
Stablecoin holder protection	<ul style="list-style-type: none"><li>1:1 reserve backing, prohibition on comingling of reserves, monthly public disclosures of reserves, annual audited financial statements, and other risk management standards.</li></ul>
Marketing standards	<ul style="list-style-type: none"><li>Prohibits marketing as legal tender, certain representations, e.g., government guarantees, Federal Deposit Insurance Corporation (FDIC) insured, and marketing noncompliant assets as payment stablecoins.</li></ul>
Redemptions	<ul style="list-style-type: none"><li>Issuers must publicly disclose redemption policy and establish procedures for timely redemption of outstanding payment stablecoins.</li></ul>
Financial crime	<ul style="list-style-type: none"><li>Stablecoin issuers to be treated as traditional financial institutions, including BSA reporting, AML requirements, and Know-your-customer (KYC) regulations.</li></ul>

## Polling question 2

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How do you perceive the impact of the GENIUS Act on the stablecoin market?

Please select one option.

- A It will enhance regulatory clarity and promote responsible innovation
- B It may create barriers to entry for new firms in the stablecoin space
- C It will improve risk management and compliance practices across the industry
- D It could stifle growth and limit the potential of stablecoins
- E I am not familiar enough with the GENIUS Act to form an opinion

# 05

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## Views from The Bahamas and other island nations

# Views from The Bahamas

The island nations of the Caribbean have long been recognized as leaders in virtual asset regulation. Their frameworks are designed to balance the need for oversight with the encouragement of innovation, attracting a diverse range of entrepreneurs and investors. The recent challenges posed by the crypto winter have prompted these jurisdictions to strengthen their regulatory regimes, confirming they are equipped to handle future market fluctuations.

## Digital Assets and Registered Exchanges (DARE) Act, 2024

The Bahamas was one of the first countries to implement comprehensive legislation governing digital assets through the Digital Assets and Registered Exchanges (DARE) Act, 2024. The Act is a comprehensive legal framework for regulating digital asset businesses. It builds upon the earlier 2020 DARE Act and introduces significant updates to address the evolving digital asset landscape, with a focus on investor protection and market stability.

### Key highlights of DARE 2024 include:

- 1. Expanded Scope:** The law now encompasses a wider range of digital asset activities, including advisory or management services, digital asset derivatives and staking services. The Securities Commission also has the flexibility to add additional activities as the space evolves.
- 2. Enhanced Digital Asset Exchange Requirements:** Digital asset exchanges must adhere to increased investor and consumer protection requirements including stringent systems and controls requirements, which enhance the integrity and security of transactions.

**3. Robust Custody Framework:** New provisions bring custody of digital assets or custodial wallet services under DARE 2024 and enhance the protection of client interests by requiring accessibility of digital assets, among other provisions.

**4. Staking Framework:** DARE 2024 introduces a first-of-its-kind disclosure regime for staking digital assets belonging to clients or the operation or management of a staking pool as a business.

**5. Comprehensive Stablecoin Framework:** The Act provides a clear definition for stablecoins, provides for the registration of existing stablecoins, specifies acceptable forms of reserve assets and establishes new requirements for custody and management, segregation, reporting and redemption of reserve assets. The issuance of algorithmic stablecoins is expressly prohibited.

**6. Digital Asset Issuers:** Investor protection measures are enhanced by the inclusion of fit and proper standards for digital asset issuers, in addition to new disclosure and financial reporting requirements.

In November 2022, following the collapse of Bahamas-domiciled FTX Group, the Securities Commission of The Bahamas (SCB) acted swiftly to freeze the cryptocurrency exchange's assets and appoint provisional liquidators.

The SCB's rapid response played an important role in enabling several successful fraud prosecutions and a US court-ordered reorganization that recovered the majority of creditors' funds. The Bahamas financial regulator's actions not only safeguarded creditors but also underscored the importance of robust regulatory frameworks in mitigating risks associated with the virtual assets sector.

# Views from the other island countries

## Digital Asset Business Act (DABA) – Bermuda

The Digital Asset Business Act (DABA) is Bermuda's legislation for regulating companies that offer digital asset services, such as exchanges, custodians, and payment providers. Its main goals are to provide a clear regulatory framework, protect consumers through disclosure and anti-money laundering rules, and position Bermuda as a leader in the digital asset ecosystem. DABA requires any entity conducting digital asset business in or from Bermuda to obtain a license from the Bermuda Monetary Authority (BMA), and it establishes rules for operational standards, compliance, and penalties for noncompliance.

### Why DABA Matters

**Consumer Confidence:** The DABA builds trust by imposing rules and compliance obligations on digital asset businesses.

**Regulatory Certainty:** It provides a predictable legal and regulatory environment, encouraging innovation and growth in the digital asset sector.

**International Competitiveness:** By creating a comprehensive regulatory framework, Bermuda aims to attract and retain leading digital asset businesses.

## Virtual Assets Service Providers Act, 2022 – The BVI

The British Virgin Islands' (BVI) Virtual Assets Service Providers Act, 2022 (VASP Act) established a regulatory framework requiring any entity conducting virtual asset services to register with the BVI Financial Services Commission (FSC) to ensure compliance with anti-money laundering (AML/CFT) standards. The Act, which came into force in February 2023, defines several "virtual asset services" such as providing custody, offering exchanges, and operating kiosks, and mandates that VASPs maintain robust risk mitigation systems. There are penalties for noncompliance, and the framework is designed to align with recommendations from the Financial Action Task Force (FATF).

### Benefits of the BVI Framework

**Regulatory Alignment:** The VASP Act aligns the BVI with international standards like the FATF recommendations.

**Enhanced Reputation:** Establishes the BVI as a reputable jurisdiction for virtual assets, attracting businesses to its well-regulated environment.

## Virtual Assets Service Providers Act, 2020 – Cayman Islands

The Cayman Islands' Virtual Asset (Service Providers) Act (VASP Act), 2020 establishes a regulatory regime for businesses providing virtual asset services in the jurisdiction, requiring them to register or obtain a license from the Cayman Islands Monetary Authority (CIMA). The law aims to align with global standards, particularly those from the Financial Action Task Force (FATF), covering activities like exchange of virtual assets with fiat currencies or other virtual assets, custody, and services related to virtual asset issuance.

### Purpose of the Act

**Compliance with International Standards:** The VASP Act ensures the Cayman Islands' virtual asset regulatory framework aligns with global standards set by organizations like the FATF.

**Risk Mitigation:** By regulating the sector, the Act aims to lower the risk exposure to new and emerging virtual asset services.

**Promoting the Jurisdiction:** The comprehensive regulatory approach helps position the Cayman Islands as a leading and compliant hub for virtual asset businesses.

## Polling question 3

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What do you believe is the most significant benefit of the Bahamas' Digital Assets and Registered Exchanges (DARE) Act, 2024?

Please select one option.

- A It provides a robust legal framework that enhances investor protection
- B It fosters innovation and growth in the digital asset sector
- C It improves market stability and regulatory compliance
- D It sets a precedent for other countries to follow in digital asset regulation
- E I am not familiar enough with the DARE Act to form an opinion

# 06

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## Accounting for digital assets

# IFRS highlights

## Classification and Measurement

Holders of a crypto asset need to evaluate their own facts and circumstances in order to determine which accounting classification and measurement under current IFRS should be applied. Depending on the standard, the holder may also need to assess its business model in order to determine the appropriate classification and measurement.

Cash equivalents	IFRS 9 financial instruments	IAS 2 inventories	IAS 38 intangible assets	Prepayment assets
<ul style="list-style-type: none"><li>IAS 7 defines cash equivalents as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.</li><li>Accordingly, crypto assets cannot be considered cash equivalents unless they are held for meeting short-term cash commitments, have a short maturity, are subject to an insignificant risk in change of value, and the amount of cash that will be received on maturity is already known when the crypto asset is initially acquired.</li></ul>	<ul style="list-style-type: none"><li>IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.</li><li>Holders of crypto assets need to consider carefully whether the terms and conditions of their crypto assets give rise to a contract. In the absence of a contract, a crypto asset is not a financial instrument.</li></ul>	<ul style="list-style-type: none"><li>IAS 2 defines inventory as an asset: Held for sale in the ordinary course of business; In the process of production for such sale; or In the form of materials or supplies to be consumed in the production process or in the rendering of services.</li><li>Crypto assets could be held for sale in the ordinary course of business hence inventory.</li><li>Normally, IAS 2 requires measurement at the lower of cost and net realisable value. However, those who acquire and sell crypto assets principally to generate profit from fluctuations in price or margin have the choice to measure at fair value less costs to sell.</li></ul>	<ul style="list-style-type: none"><li>IAS 38 defines an intangible asset as “a resource controlled by an entity as a result of past events; and from which future economic benefits are expected to flow to the entity,” that lacks physical substance and is identifiable.</li><li>Crypto assets generally meet the relatively wide definition of an intangible asset, as they are identifiable, lack physical substance, are controlled by the holder and give rise to future economic benefits for the holder.</li></ul>	<ul style="list-style-type: none"><li>A prepayment is an asset recorded where an entity has paid for goods or services before their delivery.</li><li>A crypto asset that entitles the holder to a future good is more akin to an electronic voucher. An entity's intention, and business model, would be relevant in determining the appropriate accounting for such a “voucher.” If the entity does not intend to hold on to the crypto-asset in order to take delivery of the underlying good, accounting for it as a prepayment would generally be inappropriate and the intangible asset guidance should be considered.</li></ul>

# US generally accepted accounting principles (GAAP) highlights

The accounting for digital assets that rely on blockchain technology requires judgment based on the facts and circumstances. Digital assets in the scope of ASC 350-60 (i.e., crypto assets as defined by that subtopic) are measured at fair value each reporting period, with changes from remeasurement reflected in net income. All other digital assets generally meet the definition of indefinite-lived intangible assets and are initially measured at cost and tested for impairment under ASC 350-30.

Intangible Assets	Non-crypto digital assets	Investment companies	Brokers and dealers	Hard forks and airdrops
<p>FASB issued ASU 2023-08, Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60):</p> <ul style="list-style-type: none"><li>Meet the definition of intangible assets as defined in the Codification</li><li>Do not provide the asset holder with enforceable rights to or claims on underlying goods, services, or other assets</li><li>Are created or reside on a distributed ledger based on blockchain or similar technology</li><li>Are secured through cryptography</li><li>Are fungible</li><li>Are not created or issued by the reporting entity or its related parties</li></ul>	<ul style="list-style-type: none"><li>We generally believe that digital assets that are not crypto assets (i.e., not in the scope of ASC 350-60) and do not meet any of these definitions are likely intangible assets. Since there is no limit on their useful life, such digital assets are generally classified as indefinite-lived intangible assets that are not subject to amortization.</li><li>Holders of such digital assets only recognize decreases in the asset's value. Any increase in value is recognized only upon disposition.</li></ul>	<ul style="list-style-type: none"><li>Investment companies</li><li>Investment companies generally account for their investments in digital assets as "other investments" in accordance with ASC 946-325. Under this guidance, these investments are subsequently measured at fair value. Investment companies that hold crypto assets are subject to the enhanced disclosure requirements of ASC 350-60.</li></ul>	<ul style="list-style-type: none"><li>Entities may facilitate the buying, selling and storing of digital assets for their customers, similar to brokers and dealers in securities. ASC 940 provides accounting and reporting guidance for brokers and dealers in securities. Under that guidance, a broker-dealer's security positions held for its own account, including both inventory and obligations for short inventory positions, are initially and subsequently measured at fair value, with any unrealized gains or losses resulting from remeasurement recorded in earnings.</li></ul>	<ul style="list-style-type: none"><li>A hard fork results from a change in the software of an existing blockchain network that is not adopted by all nodes. After a hard fork, there are two different blockchains and blockchain networks.</li><li>In an airdrop of digital assets, a random selection of wallet addresses, or a specified list of wallet addresses, receive digital assets free of charge to promote awareness and/or adoption of the new digital asset.</li></ul>

# Bitcoin FS example

meanwhile		
Meanwhile Insurance Bitcoin (Bermuda) Limited		
Statutory Balance Sheet as of December 31, 2024		
ALL NUMBERS IN BTC (B)		
	As of 31-Dec-24	As of 31-Dec-23 Unaudited
<b>Assets</b>		
Quoted Investments — Digital Assets	₺ 70.65275291	2.20700000
Unquoted Investments — Bonds and Debentures — Other	35.00000000	—
Collateral Loans	105.00010000	92.45485788
Investment Income Due and Accrued	4.75361631	0.31323098
Accounts and Premiums Receivable	—	—
Sundry Assets — Other Sundry Assets — Collateral Held in Custody	5.00000000	—
<b>Total Assets</b>	<b>220.40646922</b>	<b>94.97508886</b>
<b>Liabilities</b>		
Amounts Due to Affiliates	—	—
Policy Reserves — Life	(6.64471214)	(3.47201415)
Commissions, Expenses, Fees and Taxes Payable	0.20000000	—
Policyholders' Funds on Deposit	98.62358793	0.50700000
Sundry Liabilities — Other Sundry Liabilities — Collateral Payable	5.00000000	—
<b>Total Liabilities</b>	<b>97.17887579</b>	<b>(2.96501415)</b>
<b>Statutory Capital and Surplus</b>		
Statutory Capital	7.12773616	7.12773616
Contributed Surplus	82.99884453	82.99884453
Statutory Surplus	33.10101274	7.81352232
<b>Total Statutory Capital and Surplus</b>	<b>123.22759343</b>	<b>97.94010301</b>
<b>Total Liabilities and Statutory Capital and Surplus</b>	<b>₺ 220.40646922</b>	<b>94.97508886</b>

meanwhile		
Meanwhile Insurance Bitcoin (Bermuda) Limited		
Statutory Statement of Income as of December 31, 2024		
ALL NUMBERS IN BTC (B)		
	Year Ended 31-Dec-24	Period Ended 31-Dec-23 Unaudited
<b>Long-Term Business Underwriting Income</b>		
Net Premiums and Other Considerations — Life	₺ 23.01972158	1.70000000
<b>Total Long-Term Business Underwriting Income</b>	<b>23.01972158</b>	<b>1.70000000</b>
<b>Long-Term Business Deductions</b>		
Claims — Life	—	—
Surrenders	—	—
Commissions	0.24200000	—
<b>Total Long-Term Business Deductions</b>	<b>0.24200000</b>	<b>—</b>
Increase (Decrease) in Policy Reserves — Life	(3.17269799)	(3.47201415)
<b>Total Long-Term Business Deductions and Underwriting Expenses</b>	<b>(2.93069799)</b>	<b>(3.47201415)</b>
<b>Net Underwriting Profit — Long Term Business</b>	<b>25.95041957</b>	<b>5.17201415</b>
Combined Operating Expenses — General and Administrative	5.01063326	—
Combined Net Investment Income — Net	4.34770411	2.64150817
Combined Other Income (Deductions)	—	—
<b>Combined Income Before Taxes</b>	<b>25.28749042</b>	<b>7.81352232</b>
Combined Income Taxes	—	—
<b>Combined Income Before Realized Gains (Losses)</b>	<b>25.28749042</b>	<b>7.81352232</b>
Combined Realized Gains (Losses)	—	—
<b>Net Income</b>	<b>₺ 25.28749042</b>	<b>7.81352232</b>

### 3. Accounting standards and principles on which the Statutory Financial Statements are based

This section outlines the key accounting policies the Company follows in preparing its statutory financial statements (Statutory Financial Statements) and reserves under Bermuda's regulatory framework.

#### Basis of preparation

The Statutory Financial Statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Statutory Financial Statements (the Legislation).

We draw attention to the fact that the Bermuda Monetary Authority has not yet formally finalized or published specific year-end reporting requirements for the Class IILT license class under which the Company operates. The Company has prepared these Statutory Financial Statements based on its understanding of current regulatory expectations. Future clarification of these requirements may necessitate changes to the format or content of subsequent financial reporting.

The Company exclusively transacts in Bitcoin (BTC), and all transactions and balances are measured and recognized in BTC.

At this time, the Company is not required to produce financial statements based on accounting principles generally accepted in the United States of America (US GAAP) or on International Financial Reporting Standards (IFRS), as it operates solely under Bermuda's regulatory requirements.

The Statutory Financial Statements are based upon generally accepted accounting principles (GAAP) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP and IFRS. The more significant variances are as follows:

- The functional and reporting currency is BTC;
- The Statement of Cash Flows or equivalent is not included;
- Statutory reserves are calculated using the Economic Balance Sheet (EBS) Technical Provisions methodology from the "Guidance Notes for Commercial Insurers and Groups Statutory Reporting Regime" dated 30 November 2016 and 8 September 2023;
- A Statement of Comprehensive Income is not included;
- The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP and IFRS; and
- The notes included in the Statutory Financial Statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP and IFRS.

The effects of the foregoing variances from US GAAP and IFRS on the accompanying Statutory Financial Statements have not been determined but are presumed to be material.

## Polling question 4

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What do you consider the biggest challenge in accounting for digital assets under ASC 350-60?

Please select one option.

- A Determining fair value for accurate reporting
- B Navigating the complexities of remeasurement and its impact on net income
- C Assessing impairment for indefinite-lived intangible assets
- D Understanding the evolving regulatory landscape for digital assets
- E I am not familiar enough with ASC 350-60 to form an opinion

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