What’s new from EY

**To the Point: SEC staff issues guidance on obligations to safeguard crypto assets**

Our publication summarizes Staff Accounting Bulletin (SAB) No. 121, which was issued by the SEC staff to provide guidance on the accounting for obligations to safeguard crypto assets an entity holds for platform users. It also discusses the disclosures that the staff expects these entities to make and the staff’s expectations for when an entity should apply the guidance.

**To the Point: FASB eliminates TDR guidance for creditors and requires enhanced vintage disclosures**

The FASB issued final guidance amending ASC 310 to eliminate the recognition and measurement guidance for a troubled debt restructuring (TDR) for creditors that have adopted ASC 326 and requiring them to make enhanced disclosures about loan modifications for borrowers experiencing financial difficulty. The guidance also requires public business entities to present gross write-offs by year of origination in their vintage disclosures. For entities that have adopted ASC 326, the guidance is effective for fiscal years beginning after 15 December 2022, and interim periods therein. Early adoption is permitted. Entities that have not yet adopted ASC 326 will apply the new guidance when they adopt ASC 326.

**To the Point: SEC proposes new SPAC disclosures and expanded liability for parties in SPAC transactions**

The SEC proposed requiring new disclosures when a special purpose acquisition company (SPAC) conducts an initial public offering and when it combines with a private operating company in what is known as a de-SPAC transaction. The proposal would also subject SPACs, underwriters and their private company targets to liability under the securities laws.
Technical Line: Accounting and reporting considerations for the war in Ukraine
Companies need to consider the accounting and financial reporting implications of the war in Ukraine, the sanctions on Russia and the ripple effects. While many companies have limited direct exposure to the Russian and Ukrainian economies, they may be indirectly affected by supply chain disruptions, rising prices for oil and other commodities, volatility in stock markets and foreign currency exchange rates, rising interest rates or heightened cybersecurity risks. Our publication addresses key accounting and financial reporting considerations.

SEC in Focus - April 2022
Our newsletter summarizes SEC developments in the last quarter, including certain items we have not previously reported. It highlights the SEC’s climate-related disclosures proposal, reporting considerations for the war in Ukraine, other SEC rulemaking and staff initiatives, and enforcement matters.

Effective date matrix as of 31 March 2022
Several accounting pronouncements are effective for the first time in 2022 for calendar year-end entities. This publication lists the effective dates of Accounting Standards Updates (ASUs) issued as of 31 March 2022 and provides links to related EY content.

How to manage the challenges companies face today in lease accounting webcast
A webcast discussing how companies can rethink and transform their lease accounting and contract management processes to provide compliance and enhance completeness, accuracy and timeliness of lease information will be held on 14 April 2022 at 1 p.m. Eastern time.

Standard Setter updates
Financial Accounting Standards Board (FASB)

6 April 2022 FASB meeting
Post-implementation review of ASC 326, Financial Instruments - Credit Losses: The FASB decided not to add a project to its agenda to provide a practical expedient that would allow all entities (regardless of whether they already adopted ASC 326) to not apply the guidance on TDRs in ASC 310-40.

The Board also discussed its project on Segment reporting.

For details, see the FASB's Tentative Board Decisions.

Upcoming meetings
13 April 2022 FASB meeting
The FASB will discuss its project on Distinguishing liabilities from equity phase 2 and will discuss the accounting for software costs as part of its research project on Accounting for and disclosure of intangibles. For details, see the FASB’S calendar.

Other
Entities need to change functional currency in Turkey due to highly inflationary status
The cumulative three year inflation rate in Turkey at the end of March 2022 exceeded 109%, triggering a requirement for calendar year entities that prepare interim financial information (e.g., public business entities) with foreign operations in Turkey to change the functional currency of their Turkish operations to their reporting currency beginning on 1 April 2022.
ASC 830, Foreign Currency Matters, requires the financial statements of a foreign entity in a highly inflationary economy to be remeasured as if the functional currency were the reporting currency of the parent as of the beginning of the reporting period, including interim reporting periods, following the period in which the economy becomes highly inflationary (i.e., when the cumulative three-year inflation rate exceeds 100%). For example, public business entities will change their functional currency in the quarter following the one in which an economy becomes highly inflationary.

International standard setter updates

International Accounting Standards Board (IASB)

Climate-related disclosures
The International Sustainability Standards Board (ISSB) released Exposure Draft (ED) ED/2022/S2, IFRS S2 Climate-related Disclosures, which builds upon the recommendations of the Task Force on Climate-Related Financial Disclosures and incorporates industry-based disclosure requirements derived from the Sustainability Accounting Standards Board Standards. Comments are due by 29 July 2022.

Disclosure of sustainability-related financial information
The ISSB ED/2022/S1, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, sets out the overall requirements for an entity to disclose sustainability-related financial information about all its significant sustainability-related risks and opportunities, to provide the market with a complete set of sustainability-related financial disclosures. Comments are due by 29 July 2022.

International Federation of Accountants/International Auditing and Assurance Standards Board (IFAC/IAASB)

Retirement benefit plans
The International Public Sector Accounting Standards Board (IPSASB) released for comment ED 82, Retirement Benefit Plans. This ED is intended to increase the transparency and accountability of public sector entities regarding multi-employer retirement benefit obligations. Comments are due by 1 August 2022.

Upcoming webcasts

How to manage the challenges companies face today in lease accounting
14 April 2022, 1 p.m. Eastern time

Think ESG: A closer look at what the proposed SEC ESG disclosure rules mean to public companies, boards and investors
21 June 2022, 1 p.m. Eastern time

Information regarding upcoming events can be found on the EY webcasts site.