



May 2, 2025

By electronic submission

Commissioner Hester M. Peirce and Members of the SEC Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0213

Re: Commissioner Hester M. Peirce's Statement *There Must Be Some Way Out of Here*

Dear Commissioner Peirce and Members of the SEC Crypto Task Force:

The Center for Audit Quality (CAQ) is a nonpartisan public policy organization serving as the voice of US public company auditors and matters related to the audits of public companies. The CAQ promotes high-quality performance by US public company auditors; convenes capital market stakeholders to advance the discussion of critical issues affecting audit quality, US public company reporting, and investor trust in the capital markets; and using independent research and analyses, champions policies and standards that bolster and support the effectiveness and responsiveness of US public company auditors and audits to dynamic market conditions. This letter represents the observations of the CAQ based upon feedback and discussions with certain of our member firms, but not necessarily the views of any specific firm, individual, or CAQ Governing Board member.

Support and General Recommendations

We appreciate the opportunity to provide our views on the topics and questions posed by Commissioner Peirce in her statement *There Must Be Some Way Out of Here* (the Statement). Given our role, we approach these topics through the lens of public company auditors, with a particular focus on implications for public companies that hold or transact with crypto assets. We believe that high-quality audits are essential to powering the capital markets¹ and therefore, we appreciate the Crypto Task Force's consideration of matters relevant to auditing crypto assets.

Overall, the CAQ is supportive of increased regulatory clarity related to crypto assets and we commend the establishment of the Crypto Task Force to advance this objective. We particularly value the Crypto Task Force's efforts to engage with stakeholders as they determine their next steps. Obtaining public input from a wide variety of stakeholders in the regulatory process fosters balanced, thoughtful, and fit-for-purpose regulations.

¹ [The Audit Effect | The Center for Audit Quality](#)



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Coordination Across Regulators and Standard-Setters

The establishment of clear regulatory frameworks by the SEC and other federal agencies will enable a more consistent application of accounting, financial reporting, and auditing requirements related to crypto assets and help to avoid expectation gaps. We encourage the SEC to coordinate with appropriate parties, including the Financial Accounting Standards Board (FASB) and Public Company Accounting Oversight Board (PCAOB) to provide additional accounting and auditing guidance for crypto assets, as needed. The American Institute of CPAs (AICPA) has published a practice aid, *Accounting for and Auditing of Digital Assets* (the AICPA Practice Aid), which provides nonauthoritative guidance on how to account for and audit digital assets.² This work could provide a useful starting point for any additional accounting and auditing guidance from the FASB or PCAOB. Additionally, seeking input from preparers and auditors to collaborate will be important. We also encourage the SEC to continue to engage with the appropriate standard-setters and regulators to monitor emerging topics and questions and determine when action or guidance becomes needed.

Stakeholder Education

Along the Crypto Task Force's journey, we encourage considering opportunities to provide education and resources on crypto assets to capital markets stakeholders, including investors and board members (including audit committee members). We have observed, based on an analysis of Form 10-K filings that the number of public companies that hold or transact with crypto assets is increasing (although still not widespread),³ and as the regulatory environment and crypto asset ecosystem evolve, more public companies are likely to transact with crypto assets and crypto-native companies may explore opportunities to become public companies. As crypto assets become more prevalent in public markets, stakeholder education will be important.

Auditing Crypto Assets

If a public company holds, for their own use or on behalf of customers, or transacts with crypto assets, risks associated with those holdings and transactions will be evaluated and addressed, based on appropriate considerations regarding materiality, in the audit of the company's financial statements.

Audits of public companies are performed in accordance with applicable PCAOB auditing standards. Although there are no specific auditing standards for crypto assets, the principles-based nature of the PCAOB auditing standards enables auditors to apply existing standards to this evolving area.⁴ While auditors are generally able to apply the existing auditing standards when auditing crypto assets and related transactions, the emergence of innovative technologies may call for additional guidance or an evolution of these standards to promote consistent application. We acknowledge the PCAOB's past efforts

² See [Accounting for and Auditing of Digital Assets Practice Aid \(PDF\) | Resources | AICPA & CIMA](#). The practice aid reflects multistakeholder views including auditors, preparers, and those in industry.

³ Using data from AlphaSense as of 3/19/2025, the CAQ analyzed Form 10-Ks filed with the SEC between January 1, 2025, and March 19, 2025, and identified 38 Form 10-Ks (24 public companies and 14 funds) that disclose crypto asset holdings. A comparable analysis conducted in 2022 identified only 11 Form 10-Ks.

⁴ For example, [PCAOB AS 2501: Auditing Accounting Estimates, Including Fair Value Measurements](#) provides the basis for performing audit procedures over fair value measurements and guides external auditors' procedures over crypto assets measured at fair value.



to provide information to public company auditors related to the auditing of crypto assets through staff spotlights,⁵ and we think that there is a renewed opportunity for a proactive dialogue between the PCAOB and the public company audit profession about best practices related to auditing crypto assets and areas in the auditing standards that could be modernized or where additional guidance may be helpful. As described above, the AICPA Practice Aid could be a good starting point for these conversations. The SEC, through its oversight of the PCAOB, can play an important role in the discussions between the PCAOB and public company auditors, which we believe will enhance audit quality.

As an example, the nature of public blockchains may provide public company auditors with greater flexibility in determining the nature, timing, and extent of audit procedures, creating an additional opportunity to incorporate elements of unpredictability⁶ into the audit procedures. Public company auditors may directly access certain audit evidence from a public blockchain⁷ without needing to go through the company being audited or the company's third-party service providers (e.g., service providers that safeguard the company's crypto assets). The use of information from a public blockchain as audit evidence also raises unique considerations about how to evaluate the reliability of such audit evidence. Open discussions between the PCAOB and public company auditors on topics like this will enable the appropriate sharing of ideas, good practices, and innovative approaches, ultimately enhancing audit quality.

Other Attestation Services Related to Crypto Assets

Beyond the considerations discussed above related to auditing crypto asset holdings and transactions at a public company when performing an audit of the financial statements, there is also growing demand for other attestation services related to crypto assets and services (e.g., custody, exchanges, etc.). Although these attestation services are typically not performed in accordance with PCAOB standards,⁸ they do impact public company auditors and public companies. Importantly, these services can enhance the reliability of audit evidence obtained in the performance of a public company audit and therefore support the performance of high-quality public company audits.

For example, SOC 1 Type 2 reports⁹ provide useful information about internal controls at service organizations (such as, at organizations that safeguard customer crypto assets). SOC 1 Type 2 reports are used by public companies and their auditors to understand and evaluate the design and operating effectiveness of the internal control environment at a service organization and provide evidence about

⁵ See [crypto-assets-spotlight.pdf](#) and [audits-involving-cryptoassets-spotlight.pdf](#)

⁶ PCAOB AS 2301.05c.

⁷ While the blockchain can provide some audit evidence, it may not always be sufficient on its own. Audit evidence from other sources may also be necessary.

⁸ While the PCAOB does have [attestation standards](#), they are used only in situations where a regulatory or similar body requires an attestation engagement to be performed in accordance with the PCAOB's attestation standards. Most attestation engagements are performed in accordance with AICPA attestation standards.

⁹ A SOC 1 Type 2 report is a report on the fairness of the presentation of management's description of the service organization's system and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives included in the description throughout a specified period. The reports are prepared by a CPA in accordance with AICPA attestation standards. See additional information from the AICPA regarding [SOC 1 Type 2](#) reports.



the reliability of information obtained from the service organization. SOC 1 Type 2 reports have been used across industries for years and are an important component of the financial reporting ecosystem.

Additionally, new attestation services specific to crypto assets are emerging. It is important that any attestation services are well-defined and have a consistently applied framework for reporting so that users know what to expect from these engagements. A recent positive development in this space is the *2025 Criteria for Stablecoin Reporting*¹⁰ released by the AICPA, which addresses the need for consistency, transparency, and trust in the stablecoin ecosystem. As demand for different types of crypto asset attestation engagements increases (whether driven by market demand or regulation), we encourage collaboration with existing standard-setters to ensure that such engagements are clearly defined, that there is an appropriate framework enabling the performance of consistent and high-quality engagements, and that investors and other users of attestation reports appropriately understand what the reports do and do not represent.

Further, as attestation services related to crypto assets expand, we continue to believe that auditors are best positioned to provide such services, building on their long-standing role of bringing trust and confidence in the reliability of financial reporting to the capital markets. Notably, auditors bring rigor, independence, and subject-matter expertise to the process. Auditors are required to adhere to systems of quality control and a rigorous set of widely recognized standards that are subject to an established standard-setting process. Auditors are also required to meet independence standards and stringent professional requirements, including technical training, to perform an audit or attestation engagement, and have the ability to access or involve specialists with expertise in a wide variety of topics, including blockchain, valuation, and other subject matter relevant to providing attestation services related to crypto assets. Further, auditors are subject to quality inspections by independent regulators or third parties, which evaluate auditors' compliance with professional standards. In addition to this, academic literature indicates that auditors can leverage their core skills – understanding and assessing risk, determining materiality, and obtaining and evaluating relevant evidence – to obtain assurance and provide opinions on this emerging subject matter.¹¹ These skills differentiate auditors from other service providers and highlight the important role that auditors can play in bringing trust to the crypto asset ecosystem.

The CAQ appreciates the opportunity to share our views on the topics included in the Statement, and we look forward to future engagement. We would be pleased to discuss our comments or answer questions from the Crypto Task Force regarding the views expressed in this letter. Please address questions to Dennis McGowan (dmcgowan@thecaq.org), Emily Lucas (elucas@thecaq.org), Star Yuan (syuan@thecaq.org), or Erin Cromwell (ecromwell@thecaq.org).

¹⁰ See [Stablecoin Reporting Criteria | Resources | AICPA & CIMA](#).

¹¹ Knechel, W. R. 2020. The Future of Assurance in Capital Markets: Reclaiming the Economic Imperative of the Auditing Profession. *Accounting Horizons* 35 (1): 133–151.



Sincerely,

A handwritten signature in black ink that reads "Dennis J. McGowan".

Dennis J. McGowan, CPA
Vice President, Professional Practice
Center for Audit Quality

cc:

SEC

Paul S. Atkins, Chair
Caroline A. Crenshaw, Commissioner
Mark T. Uyeda, Commissioner
Ryan Wolfe, Acting Chief Accountant
Anita Doult, Acting Deputy Chief Accountant