

SEC STAFF STATEMENT ON CRYPTO OFFERING DISCLOSURES

APRIL 2025

WHAT'S NEW?

The SEC's Division of Corporation Finance (the "Division") issued a statement to clarify the application of certain federal securities laws to offerings and registrations of crypto asset securities. This guidance aims to assist issuers in the crypto asset markets with understanding and complying with disclosure requirements under the Securities Act of 1933 and the Securities Exchange Act of 1934. The statement is part of the SEC's broader effort to establish a comprehensive regulatory framework for crypto assets.

DISCLOSURE REQUIREMENTS

Issuers in the crypto asset markets are expected to tailor their disclosures to their specific business circumstances, avoiding technical jargon and focusing on material aspects of their operations. Key areas of disclosure include:

Description of Business

- ▶ Issuers must provide a narrative of their business operations, including the current stage of development and future plans.
- ▶ Disclosures should specify the issuer's business activities, such as network or application development, and how these activities relate to crypto assets.
- ▶ Issuers should clarify how they generate revenue and the role of any crypto assets in their business model.

Risk Factors

- ▶ Issuers are required to disclose material risks associated with their business and securities, including technological, cybersecurity, and regulatory risks.
- ▶ Specific risks related to the security's characteristics, such as price volatility and liquidity, must be addressed.
- ▶ Issuers should also consider risks associated with compliance with other applicable laws and regulations.

Description of Securities

- ▶ A comprehensive description of the securities must be provided, detailing rights, obligations, and technical specifications.
- ▶ Issuers should explain how security rights are documented and transferred, and any conditions under which they can be modified.
- ▶ Technical aspects, such as network requirements and transaction processes, should be clearly outlined.
- ▶ The rules governing total supply of the security, total supply, and whether the issuer intends to enter into any arrangements with market makers to distribute and/or provide liquidity for the security.

Material discussed in this Bulletin is meant to provide general information and should not be acted upon without first obtaining professional advice appropriately tailored to your individual facts and circumstances.

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Directors, Executive Officers, and Significant Employees

- ▶ Issuers must disclose information about key management personnel, including their roles and contributions to the business.
- ▶ If a third party performs executive functions, relevant details about the third party must be included.

Financial Statements

- ▶ Issuers are required to provide financial statements that comply with SEC requirements, reflecting the financial position and operations of the business.
- ▶ Assistance from the Division's Office of Chief Accountant is available for questions regarding complex financial reporting issues.

Exhibits

- ▶ Issuers must file relevant smart contracts or code as exhibits, with updates provided for any changes.
- ▶ These exhibits should accurately represent the rights and obligations of security holders as programmed into the network or application.

CONTACTING THE DIVISION FOR HELP

Issuers can contact the Division for guidance on SEC disclosure rules and reporting obligations. The Division provides support for interpretive questions and requests for no-action letters. Contact information is available on the SEC's website for further assistance.

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Link to the SEC staff's [Statement](#)

For additional guidance on the accounting for obligations to safeguard crypto assets, see our publications:

- ▶ [BDO Knows: Accounting for Cryptocurrencies](#)
- ▶ [Bulletin: SEC Rescinds Guidance on Safeguarding Crypto Assets](#)

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Contact Us to Learn How BDO Can Help