

Board Meeting Handout
Digital Assets—Classification of Stablecoins and Similar Assets
October 29, 2025

Meeting Purpose

1. The purpose of the October 29, 2025 Board meeting is for the Board to (a) discuss recent stakeholder feedback received on the accounting for digital assets and (b) consider whether to add a project to its technical agenda on whether certain stablecoins and other similar assets may be considered as cash equivalents.

Questions for the Board

Classification of Stablecoins as Cash Equivalents

1. Does the Board want to add a project to its technical agenda to clarify whether stablecoins and other similar assets may qualify as cash equivalents?
2. If the answer to Question 1 is “yes,” does the Board:
 - a. Have feedback on the project objective or scope?
 - b. Have feedback related to staff outreach or research on the following potential alternatives:
 - i. *Alternative A:* Revise the definition of the term *cash equivalents* in the Master Glossary that would apply to stablecoins and other digital assets with similar characteristics
 - ii. *Alternative B:* Add a new definition of the term *digital cash equivalents* in the Master Glossary that would apply only to stablecoins and other digital assets with similar characteristics
 - iii. *Alternative C:* Add examples to illustrate whether certain types of stablecoins and/or other digital assets would or would not qualify as cash equivalents under the current definition of the term *cash equivalent*?
 - c. Have other directions for the staff?

Research Project Background

2. In January 2025, the staff issued the [Invitation to Comment, Agenda Consultation](#) (2025 ITC), for public comment to solicit broad stakeholder feedback on the Board’s future standard-setting agenda. The feedback received on the 2025 ITC was summarized for the Board at its October 8, 2025 Board meeting. The FASB chair added a project on digital assets to the Board’s research agenda at its August 13, 2025 Board meeting based on input, as of that date, received on the 2025 ITC, including recommendations released in the report issued by the President’s Working Group on Digital Asset Markets. The digital assets research

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project is exploring targeted improvements to the accounting for and disclosure of certain digital assets and related transactions, including (a) whether certain payment digital assets (stablecoins and/or other digital assets) qualify as cash equivalents and (b) the accounting for certain digital asset transfers, such as crypto lending.

2025 ITC Feedback

3. Many stakeholders provided feedback on the accounting for digital assets in response to the following questions included in the 2025 ITC:

Question 24: What challenges, if any, are there in applying current recognition and derecognition guidance to crypto asset transactions? Are there specific transactions that are more challenging? If so, how pervasive are those transactions and does the application of the current guidance appropriately portray the economics of those transactions (and if not, why)? Please explain, including whether and how these challenges could be addressed through standard setting.

Question 29: Should the FASB reconsider the definition of cash equivalents and consider including other assets that are easily liquidated? If so, what types of assets should be added to the definition of cash equivalents? Please explain.

4. Thirty-one stakeholders directly responded to Question 24 or provided general feedback on crypto assets. Many of those stakeholders identified crypto assets as a top priority, while some stakeholders were neutral and noted that they would not be opposed if the Board decided to address the topic. Some indicated that this topic should be a low priority for the Board.
5. In addition to suggesting that the Board continue to monitor the development of the crypto ecosystem, stakeholders provided the following suggestions for the Board's consideration to address the accounting challenges or diversity in practice:
 - (a) *Crypto Asset Holdings*. Revise the scope criteria in paragraph 350-60-15-1
 - (b) *Stablecoins*. Clarify the classification (cash equivalents, financial assets, or a distinct category of intangible assets) and related accounting for stablecoins, particularly the fiat-backed stablecoins that can be redeemed from the issuer or exchanged for cash in a highly liquid secondary market
 - (c) *Accounting for Crypto Assets Transfers (Derecognition Accounting)*. Clarify whether and, if so, how crypto assets transferred in various transactions should be derecognized

- (d) *Gross versus Net Presentation (notional amount or economic revenue)*. Clarify the application of principal versus agent guidance in Topic 606, Revenue from Contracts with Customers, to entities that facilitate crypto assets trading activities
 - (e) *Tokenized Real-World Assets (TRWAs)*. Clarify whether the accounting for tokenized TRWAs (or non-fungible tokens), such as tokenized U.S. Treasury Bills and tokenized real estate or commodity, should be based on the underlying assets or something else (such as a derivative, a right to the underlying assets, or cash equivalent)
 - (f) *Other Suggestions*.
6. Thirty stakeholders directly responded to Question 29 or provided general feedback on the Master Glossary definition of the term *cash equivalents*. Overall, stakeholders provided mixed views on whether the Board should address this topic as a priority. Almost all stakeholders that identified the definition of cash equivalents as a top priority for standard setting suggested that the Board consider the classification of stablecoins. Those stakeholders suggested that the Board amend the Master Glossary definition of *cash equivalents* to include certain stablecoins that are highly liquid, readily convertible to known amounts of fiat currency, and are fully collateralized by cash, short-term U.S. Treasuries, or other assets that currently meet the Master Glossary definitions of the terms *cash* or *cash equivalents*. Some stakeholders also noted the Board should consider if specific types of assets should be cash or cash equivalents (that is, beyond stablecoins).
7. While focusing on the two priority workstreams under the current research project, the staff continues to monitor and evaluate other issues raised by stakeholders and their interactions with other topics and will consider those issues in the future.

Classification of Stablecoins as Cash Equivalents

Current GAAP Related to Stablecoins and Cash Equivalents

8. There are differences among the various stablecoins in the market. Depending on the terms, conditions, and rights conveyed through the arrangement, the holders of stablecoins may be subject to various areas of GAAP, including, but not limited to, (a) intangible asset accounting, measured either at cost less impairment or at fair value (if scope criteria in Subtopic 350-60, Intangibles—Goodwill and Other—Crypto Assets, are met), (b) financial asset accounting, including potentially as a receivable, a debt investment, or an equity investment, (c) derivative accounting, and (d) a cash equivalent.

9. The Master Glossary definition of the term *cash equivalents* is as follows:

Cash equivalents are short-term, highly liquid investments that have both of the following characteristics:

- a. Readily convertible to known amounts of cash
- b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less qualify under that definition. Original maturity means original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year U.S. Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining maturity is three months. Examples of items commonly considered to be cash equivalents are Treasury bills, commercial paper, money market funds, and federal funds sold (for an entity with banking operations).

Additionally, the Codification provides guidance on cash equivalents in Topic 230, Statement of Cash Flows, Section 230-10-45, Statement of Cash Flows—Overall—Other Presentation Matters, Section 230-10-50, Statement of Cash Flows—Overall—Disclosure, and Topic 210, Presentation—Balance Sheet. Section 210-10-45, Balance Sheet—Overall—Other Presentation Matters, provides guidance on current assets.

10. Cash equivalents classification is elective and subject to policy disclosure under paragraph 230-10-45-6, which states that “not all investments that qualify are required to be treated as cash equivalents. An entity shall establish a policy concerning which short-term, highly liquid investments that satisfy the definition of cash equivalents are treated as cash equivalents.”

2025 ITC Feedback on Stablecoins

11. 2025 ITC respondents provided additional feedback specifically relating to stablecoins. Some stakeholders responded that fiat-backed stablecoins have become essential to the digital assets, financial markets, and global payments ecosystems and that a lack of authoritative and consistent accounting guidance has led to uncertainty in their classification—whether as cash equivalents, financial assets, or general or distinct intangible assets. They highlighted that this perceived ambiguity creates inconsistencies in financial reporting, impairs comparability, and increases the burden on preparers, auditors, and users. A recurring recommendation is for the Board to develop clear criteria that would allow certain stablecoins to be classified as cash equivalents, particularly stablecoins that are fiat-redeemable, fully collateralized, and highly liquid. A few other stakeholders were neutral on the matter of stablecoins as cash equivalents; however, they suggested that the Board should continue to monitor developments and proliferation of these assets or prioritize addressing whether

stablecoins were financial assets and subject to the transfers accounting requirements under Topic 860, Transfers and Servicing.

12. The stakeholders who responded to the 2025 ITC and stated that revising the Master Glossary definition of the term *cash equivalents* was a low priority also stated that this recommendation was based specifically on stablecoins or other digital assets. Instead, these stakeholders primarily stated concerns about unintended consequences, their perceptions that the current definition is sufficiently understood in practice, and their views that revisiting the definition of cash equivalents is a relatively low priority compared with other accounting issues discussed in the 2025 ITC. Some of these stakeholders opposed expanding the Master Glossary definition of the term *cash equivalents* to include more types of highly liquid assets. Concerns raised by stakeholders about expanding the definition included increased complexity, diversity in practice, lack of comparability, audit challenges, inconsistent practices, and the risk of misclassifying volatile instruments. Additionally, some of those stakeholders expressed skepticism about the reliability and stability of those assets based on past market behavior.

Additional Stakeholder Outreach

13. In addition to the feedback received as part of the 2025 ITC, the staff performed outreach as part of pre-agenda research with investors, preparers, and practitioners.

Investor Outreach

14. The staff requested feedback from investors, primarily made up of banking analysts. Specifically, the staff asked these investors (a) whether classifying stablecoins as cash equivalents would be useful and (b) which types of stablecoins (or similar assets) should be classified as cash equivalents to be relevant in their capital allocation decisions. The few investors that provided responses supported classifying certain stablecoins as cash equivalents when transparent information is available about the entities at which reserve assets and stablecoins are held and the sufficiency and quality of reserve assets. They also highlighted certain benefits and risks to stablecoins.

Preparer, Practitioner, and Service Provider Outreach

15. The staff also performed outreach with preparers, practitioners, and other service providers. As part of that outreach, the staff discussed whether there is a need for the Board to address (a) the classification of stablecoins as cash equivalents and (b) the relevant characteristics to identify stablecoins and similar assets that may be treated as cash equivalents for financial reporting purposes. The staff also solicited feedback on the scope of potential standard setting, particular aspects of the characteristics, potential effects of the Guiding and

Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act), and related topics, including operability and cost.

16. Of the stakeholders that participated in outreach with the staff, several participants supported a project scope specific to digital assets. Those participants commonly stated concerns that broadly revising the definition of cash equivalents could make it difficult to address payment digital assets without affecting other assets. They generally expressed beliefs that a digital-asset-specific scope would be quicker to implement than revisions to cash equivalents and provide desired clarity. These participants generally indicated that stablecoins have distinct characteristics from other assets that meet the definition of cash equivalents and that a tailored approach is necessary to specify certain stablecoins without broadening the scope of cash equivalents to include other assets. However, they also generally indicated that a broader scope of stablecoins that would qualify for cash equivalent would be more operable than a narrow scope because of the challenges resulting in the subsequent accounting for businesses that hold both in-scope and out-of-scope stablecoins. Other more limited suggestions included a variation of this digital-asset-specific approach that could result in separate presentation or disclosure of digital cash equivalents and nondigital (or traditional) cash equivalents (that is, not referencing a new digital-based definition in cash equivalents and keeping two separate definitions for classification and possibly for presentation and disclosure) or incorporating characteristics for digital cash equivalents into Subtopics within another Topic.
17. Many participants supported a broader scope that would include revisions to the current definition of cash equivalents, rather than a separate digital-asset-only approach. Those participants generally opposed creating a form-specific definition to address the classification of stablecoins and preferred “principles-based” revisions. Other more limited suggestions included adding to the current cash equivalents characteristics to address assets without a stated maturity, reworking the definition of cash equivalents to replace the maturity date requirement with clarifications that address the classification for stablecoins and other similar assets, or more extensive revisions to the definition of cash equivalents to enhance the description of the assets that should be included and to address practice issues relating primarily to certificates of deposit and money market funds, while not excluding any assets that currently have been treated as cash equivalents. However, those changes were generally not suggested by other outreach participants.
18. Outreach participants acknowledged that general revisions potentially could affect assets beyond stablecoins. However, none expressed specific concerns about this result and some noted that it might be useful to clarify how the definition of cash equivalent applies to certain traditional assets, such as money market funds.

19. Outreach participants who favored a broader scope stated that the separate treatment for digital assets was unnecessary, the guidance likely would become outdated quickly, and that standard setting should focus on underlying rights and obligations rather than the form of the asset.

Analysis of Agenda Criteria

20. The Board will evaluate the potential project on the classification of stablecoins as cash equivalent based on the following agenda-decision criteria:
 - (a) Is there an identifiable and sufficiently pervasive need to improve GAAP?
 - (b) Are there technically feasible solutions, and are the expected benefits of those solutions likely to justify the expected costs of change?
 - (c) Does the issue have an identifiable scope?

Potential Alternatives to Consider

21. The staff identified potential alternatives for the Board's consideration:
 - (a) *Alternative A:* Revise the definition of the term *cash equivalents* in the Master Glossary that would apply to stablecoins and other digital assets with similar characteristics
 - (b) *Alternative B:* Add a new definition of the term *digital cash equivalents* in the Master Glossary that would apply only to stablecoins and other digital assets with similar characteristics
 - (c) *Alternative C:* Add examples to illustrate whether certain types of stablecoins and/or other digital assets would or would not qualify as a cash equivalent under the current definition of the term *cash equivalent*.