VELOXVFX LLC

COMMENT LETTER

Proposed Accounting Standards Update - Statement of Cash Flows (Topic 230)

Cash Equivalents - Disclosure Enhancement and Evaluation of Certain Digital Assets

To: Technical Director, Financial Accounting Standards Board
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Executive position. VeloxVFX supports the Board's objective of reducing diversity in practice while preserving the existing narrow definition of cash equivalents. The proposal should be finalized with targeted clarifications: qualification must remain holder-specific and reporting-date-specific; regulatory status must be relevant evidence rather than a substitute for GAAP analysis; individually significant stablecoin holdings should be identifiable; and privately issued payment stablecoins must remain separate from any future sovereign United States digital-dollar instrument.

Scope of this letter. VeloxVFX responds only from its architecture focus: classification boundaries, holder-specific and time-specific state, evidence provenance, reassessment, disclosure readability, transition continuity, and preservation of institutional authority. It does not submit as a financial-statement preparer, auditor, stablecoin operator, or source of practitioner implementation estimates, and it does not opine on matters outside that architecture-related scope.

I. Executive Summary

The proposed examples correctly focus on enforceable redemption rights, known amounts of cash, reserve segregation, one-to-one reserve coverage, and short-term highly liquid reserve assets. Those attributes are materially more decision-useful than a token's label, intended peg, or secondary-market price. Case B correctly illustrates that expected secondary-market liquidity alone is not equivalent to a direct contractual cash redemption right. Case C correctly illustrates that nominal overcollateralization does not eliminate material value risk when the reserve assets themselves are volatile. A wrapped or bridged representation must be assessed as a separate holder-level instrument and should not inherit the accounting conclusion of any underlying native token.

The final Update should make the analysis more operable by specifying the unit of account, evaluation date, evidence needed to support the holder's redemption right, treatment of redemption through an authorized agent, and reassessment triggers when contractual, reserve, legal, or operational facts change. The final guidance also should separate an accounting conclusion from a regulatory conclusion. A lawful or permitted payment stablecoin is not automatically a cash equivalent, and a cash-equivalent presentation is not a finding that the issuer is compliant with every applicable law.

II. Recommended Disposition of the Seven Questions

Q	Position	Core recommendation
1	**Support with clarification**	Define holder-specific evidence, reporting-date reassessment, and additional cases for authorized-agent redemption and loss of qualification.
2	**Support with a bounded rule**	Consider only laws and regulations that materially affect enforceability, redemption, reserve access, restrictions, or lawful presentation.
3	**Support and disaggregate**	Require instrument name, issuer, and amount for each individually significant stablecoin presented as a cash equivalent.
4	**Operable with controls**	Clarify materiality, evidence currency, ownership, wrappers, restrictions, and reconciliation to prevent aggregation or double counting.
5	**Support transition**	Retain modified prospective adoption and make clear that opening reclassification is not a cash flow.
6	**No fixed period proposed**	Allow a complete reporting and controls cycle; defer the precise implementation period to preparers, auditors, and financial-statement users.
7	**Limited architecture view**	Benefits can justify costs if evidence, materiality, and technology-neutral safeguards limit unnecessary reconstruction and review burden.

III. Question 1 - Illustrative Examples

Position: The examples are directionally clear and operable, subject to targeted clarification.

The proposed cases establish a useful high threshold. The final Update should state expressly that qualification is determined for the particular instrument held by the particular reporting entity at the applicable reporting date. The same branded asset may produce different accounting conclusions when holder-specific enforceable rights differ. A wrapped or bridged representation should be evaluated separately from the issuer's native redeemable unit and should not qualify merely because the underlying native stablecoin may qualify.

The final examples should clarify the following:

- **Direct right, not communication channel.** A redemption right remains direct when the holder's enforceable claim is against the issuer, even if an authorized agent or interface transmits the request. A right is indirect when the holder's claim is only against an intermediary that has its own separate claim against the issuer.
- **Wrapped and bridged representations.** A wrapper or bridge may introduce smart-contract, custody, operational, or counterparty risk and may not give the holder the issuer-direct, on-demand contractual redemption right illustrated in Case A. The representation itself should satisfy Topic 230 based on its own enforceable rights and current evidence.

- **Known amount.** The amount should be determinable from the enforceable terms, net of any fee or restriction that could be significant. A market expectation that the asset can be sold near its reference value is not a known cash amount.
- **On-demand status.** Normal administrative or settlement processing should not defeat on-demand status, but redemption gates, issuer discretion, material notice periods, significant fees, eligibility limits, or material capacity constraints require separate evaluation.
- **Current reserve evidence.** The reporting entity should have evidence current to the reporting date concerning reserve amount, composition, segregation, attribution to outstanding units, and material encumbrances. An issuer name, token label, or historical attestation is not enough by itself.
- **Reassessment triggers.** A material change in redemption terms, issuer status, reserve composition, segregation, access, fees, restrictions, suspension, or applicable law should trigger timely reassessment rather than waiting for the next annual policy review.

A. Additional cases

The Board should add a case in which a holder possesses a legally direct claim against the issuer but submits redemption through an authorized service provider. The conclusion should turn on the legal obligor and enforceable right, not the user interface or message path. A second case should illustrate a stablecoin that qualified in the prior period but is subject at the reporting date to a material redemption suspension, stale reserve evidence, a loss of required issuer status, or a legal restriction. That case would make the ongoing nature of the assessment clear.

B. Auditing considerations

The principal auditing challenges are not blockchain mechanics alone. They include establishing legal ownership, identifying the precise instrument and issuer, confirming that the reporting entity itself has the asserted redemption right, determining whether terms or laws changed before the reporting date, evaluating the currency and scope of reserve evidence, and preventing duplicate recognition across wallets, custodians, wrappers, bridges, or internal subledgers. The final Update should identify these as evidence considerations without prescribing a vendor, ledger, data format, or audit procedure.

IV. Question 2 - Relevant Laws and Regulations

Position: The clarification is necessary, but it should be bounded and auditable.

Relevant laws and regulations should be considered when they materially affect the holder's enforceable redemption right, the issuer's lawful ability to redeem, reserve segregation or availability, permissible holders, material restrictions, or the reporting entity's ability to present the asset as a cash equivalent. The guidance should not require a reporting entity or auditor to reach a generalized conclusion about the issuer's compliance with every applicable regulatory obligation.

The final Update should state that regulatory status is relevant evidence but is neither necessary nor sufficient by label alone. Recognition of an issuer under the GENIUS Act or another regime would not automatically establish a holder-specific direct redemption right, known cash amount, current reserve coverage, insignificant value risk, or an accounting policy election. Conversely, a material legal

prohibition or restriction may affect presentation even when the instrument otherwise has the economic attributes illustrated in Case A.

A proportionate evidence record should identify:

- the relevant jurisdiction, source, provision, effective date, and status of the legal or regulatory requirement;
- the specific accounting attribute affected by that requirement;
- the issuer, instrument, holder class, and reporting period to which the requirement applies;
- any material conflict, exception, supersession, or pending transition; and
- the responsible management judgment and any consultation used to resolve material uncertainty.

Consistent with paragraph BC23, the final Update should not impose a legal-opinion requirement by default. Management should document the basis for its conclusion and obtain specialized advice when material uncertainty warrants it. This preserves auditability without converting the accounting standard into a parallel regulatory examination.

V. Question 3 - Decision-Useful Disclosure

Position: The annual component disclosure is useful, but stablecoin aggregation alone is not enough.

A general line labeled stablecoins may combine instruments with different issuers, redemption terms, reserve structures, jurisdictions, restrictions, and concentration risks. For each individually significant stablecoin presented as a cash equivalent, the final Update should require the instrument name, issuer, reference asset, and carrying amount. Entities should also disclose material redemption restrictions or fees and significant concentrations when those facts are necessary to understand liquidity.

This information can influence capital allocation because two entities reporting the same total cash equivalents may have materially different immediate liquidity, counterparty concentration, redemption access, and evidence quality. Instrument-level identification also permits users to connect the reported amount with public issuer terms, reserve reports, and regulatory information without requiring the financial statements to reproduce those materials.

The Board need not create a broad new Master Glossary definition of stablecoin to require this disclosure. A scoped descriptor consistent with the proposal - a digital asset designed to maintain a stable value relative to a reference asset - can identify the disclosure population, while the actual cash-equivalent conclusion continues to depend on the existing Master Glossary definition and the holder's facts. The stablecoin-specific disclosure should apply to instruments presented as cash equivalents under Topic 230; other digital-asset holdings remain governed by the disclosure requirements applicable to their accounting classification.

A. Commercial stablecoins and sovereign digital currency

The proposed cases concern issuer-backed digital assets with contractual holder rights and issuer-held reserves. They should be understood as examples involving privately issued commercial instruments. A future sovereign United States digital-dollar instrument would present a distinct governmental issuer, legal obligation, public-authority structure, and operating framework. If constituted under governing law as sovereign fiat currency or a direct monetary liability of the United States or an authorized United

States monetary authority, it should not be presumed to be a privately issued stablecoin or evaluated through examples based on private issuer-held reserves. Its accounting should be addressed separately under its governing law and economic characteristics.

B. Annual and interim reporting

Annual disclosure is a reasonable baseline. For entities that issue interim financial statements, the Board should clarify that existing materiality principles may require updated component or concentration information when a stablecoin holding becomes significant, is materially reduced, loses qualification, or becomes subject to a material redemption restriction during an interim period.

VI. Question 4 - Operability and Auditability of Disclosure

Position: The requirement is operable if the final Update clarifies evidence and aggregation boundaries.

The term significant components should continue to be applied through existing materiality principles. However, amounts should not be netted across different stablecoin issuers merely because the instruments reference the same currency. Different legal obligors and redemption structures are different liquidity exposures. Restricted, pledged, or otherwise unavailable holdings also should not be obscured within an unrestricted component.

A minimum supportable record for the disclosure would preserve:

- **Instrument identity.** Contract address or equivalent identifier, network or environment, issuer, reference asset, and wrapper or bridge status where relevant.
- **Rights and restrictions.** The holder's contractual redemption right, amount, timing, eligibility, material fees, suspensions, and restrictions.
- **Reserve support.** The source, date, scope, and coverage period of reserve information used, including whether it addresses segregation, composition, and one-to-one coverage.
- **Legal context.** The relevant jurisdiction and current legal or regulatory information that materially affects presentation.
- **Accounting trail.** Reporting-date balance, custodial and wallet locations, elimination of internal transfers or duplicate representations, policy conclusion, review date, and approver.

A reporting entity may reuse current, attributable factual evidence from an issuer, auditor, custodian, regulator, or other responsible source when appropriate. Reuse should preserve source, effective date, scope, limitations, and supersession history. It should not transfer the source's legal authority or relieve management and the auditor of their respective responsibilities. The final Update should define outcomes and evidence objectives without mandating a private vendor, data architecture, blockchain analytics tool, or smart-contract design.

VII. Question 5 - Transition

Position: The modified prospective approach and opening-balance reconciliation are appropriate.

The proposed approach avoids costly reconstruction of historical holder rights, reserve evidence, and legal conditions while making the adoption effect visible. The final Update should state expressly that

the opening-balance adjustment reflects a presentation or classification change and is not itself a cash flow. This will reduce the risk that adoption appears to create or consume cash.

The transition reconciliation should separately identify each material digital-asset component affected, the amount reclassified, the opening line items affected, and whether the conclusion resulted from the holder's redemption rights, reserve evidence, applicable law, restrictions, or the entity's accounting policy election. Restricted cash and restricted cash equivalents should remain separately identifiable.

For interim early adoption, applying the disclosure requirement at the interim period-end and the illustrative examples from the beginning of the annual period is workable. The final guidance should include a short example showing the opening reconciliation and the prospective disclosure in the same adoption period.

VIII. Question 6 - Effective Date

Position: VeloxVFX does not propose a fixed implementation period.

VeloxVFX does not submit as a financial-statement preparer or auditor and therefore does not offer a practitioner-based estimate of the months required for implementation. The Board should give entities enough time to complete a full inventory, evidence, controls, review, and reporting cycle, and should place substantial weight on implementation-period evidence supplied by preparers, auditors, and financial-statement users. Early adoption should remain permitted.

From an architecture perspective, adequate lead time would allow entities to inventory instruments across custody and wallet environments, review holder-specific contracts, establish regulatory-change and reserve-evidence controls, determine significant components, coordinate with auditors, prepare the opening reconciliation, and implement any required GAAP Taxonomy tagging. A complete-cycle effective date also reduces avoidable differences based solely on where an entity falls within its fiscal reporting calendar when the final Update is issued.

IX. Question 7 - Benefits and Costs

Position: From the limited architecture perspective addressed here, the expected benefits can justify the costs if the final Update includes the clarifications above.

The proposal should improve comparability, reduce overreliance on token labels or market prices, and make liquidity composition more transparent. Those benefits are meaningful. The basis for conclusions, however, may understate foreseeable implementation work for entities that must establish holder-specific rights, current reserve support, legal relevance, ownership, restrictions, instrument identity, and reporting-date controls across multiple custodians or technical environments.

VeloxVFX does not offer a quantitative cost estimate or claim operational experience implementing Topic 230. The categories below identify foreseeable information-governance work that follows from the proposal's own holder-right, reserve-evidence, disclosure, and transition requirements.

Material cost categories include:

- instrument inventory and legal-entity mapping;
- contractual redemption-right review and change monitoring;

- reserve-report acquisition, validation, and reporting-date controls;
- legal and regulatory relevance assessment across jurisdictions;
- wallet, custodian, wrapper, bridge, and internal-transfer reconciliation;
- management review, auditor evidence, disclosure controls, and GAAP Taxonomy tagging; and
- transition mapping and opening-balance reconciliation.

The Board can contain those costs by preserving materiality, permitting appropriately bounded reuse of current attributable evidence, avoiding a default legal-opinion requirement, supplying the additional illustrative cases, allowing a full implementation cycle, and maintaining technology neutrality. To reduce duplicative implementation effort, the final Update should permit appropriate reliance on current, attributable factual evidence produced by issuers, custodians, independent assurance providers, or public authorities, while preserving management's accounting judgment and the auditor's responsibilities. Requiring each reporting entity to reconstruct the same instrument-level facts independently could impose substantial duplicative cost without a corresponding increase in decision-useful information. These measures improve consistency without prescribing a platform or expanding the proposal into prudential supervision.

X. Consolidated Recommendations

- **Make qualification holder-specific and reporting-date-specific.** The instrument name or intended peg should never determine the conclusion.
- **Clarify legally direct redemption through an authorized agent.** Focus on the obligor and enforceable claim, not the communication path.
- **Require current, attributable reserve evidence.** Preserve its source, date, scope, and limitations.
- **Use regulation as relevant evidence, not an accounting shortcut.** Permitted status is neither a blanket qualification nor a finding of full regulatory compliance.
- **Identify individually significant stablecoins.** Disclose instrument name, issuer, reference asset, amount, and material redemption restrictions or concentrations.
- **Separate commercial stablecoins from sovereign digital currency.** Do not use the private issuer-reserve examples to predetermine a future sovereign instrument's accounting.
- **Keep transition noncash and reviewable.** Show instrument-level opening reclassification without presenting it as a cash flow.
- **Preserve technology neutrality and institutional responsibility.** Define evidence outcomes without selecting a vendor or transferring accounting, audit, regulatory, or governmental authority.

XI. Institutional and Intellectual-Property Boundary

VeloxVFX LLC is a privately held and independently owned technology and intellectual-property company. It does not currently issue, offer, sell, mint, redeem, custody, transfer, process, or settle stablecoins or other digital assets and does not act as an accounting firm, auditor, stablecoin issuer, digital-asset platform, exchange, wallet provider, custodian, payment processor, money transmitter, financial institution, regulator, or public authority. This comment provides independent architecture-

oriented observations and does not offer an audit opinion or advice concerning any specific entity's financial statements.

Any correspondence between VeloxVFX concepts and accounting, governmental, regulatory, institutional, or market developments reflects independent functional alignment only. It does not establish or imply adoption, endorsement, approval, validation, implementation, procurement, certification, affiliation, sponsorship, authorization, or operational reliance by FASB, the Financial Accounting Foundation, any governmental authority, any financial institution, any stablecoin issuer, any crypto or digital-asset platform, or any other private party. Publication or public availability of this comment does not create such a relationship.

Government-facing or sovereign-dollar architecture remains informational and nonexecuting unless and until lawfully implemented by duly authorized United States governmental institutions. Any sovereign authority, monetary-policy control, reserve control, issuance, operation, and governmental decision-making would remain exclusively public. That government-facing context is separate from VeloxVFX's proprietary commercial and institutional architecture families.

Nothing in this comment grants an express or implied license, dedicates VeloxVFX intellectual property to the public, places it in the public domain, authorizes implementation or use, defines patent claim scope, or waives any right. Patent application numbers are intentionally omitted because they are unnecessary to the accounting issues before the Board.

XII. Conclusion

VeloxVFX respectfully supports the Board's decision to preserve the existing narrow definition of cash equivalents and use illustrative examples. With the targeted clarifications described above, the final Update can improve comparability and liquidity transparency while keeping accounting judgments, audit responsibilities, regulatory determinations, and institutional authority properly separated.

Respectfully submitted,

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Sources

1. Financial Accounting Standards Board, Proposed Accounting Standards Update, Statement of Cash Flows (Topic 230), File Reference No. 2026-ED400 (August 18, 2026).

2. Financial Accounting Standards Board, Background Information and Basis for Conclusions, paragraphs BC1-BC37, included in File Reference No. 2026-ED400.

3. U.S. Department of the Treasury, GENIUS Act Regulations on Payment Stablecoin Issuance, Offer, and Sale, 91 Fed. Reg. 53368 (August 18, 2026), RIN 1505-AC95, Docket TREAS-DO-2026-0496.