



Analysis by Simon Taylor

Stablecoins as Cash on the Balance Sheet

TEMPO

FASB has proposed rules that would let a qualifying stablecoin sit in the cash line of a US GAAP balance sheet. Here is what that means if you run a finance team.

For corporate treasury teams, a major barrier to adoption has been how accounting principles treat stablecoins on their balance sheet.

Today, in Generally Accepted Accounting Principles (GAAP), a stablecoin usually doesn't sit as cash. Most companies book stablecoins under "other assets", next to software licenses and patents. So a treasurer who moves \$10m from the bank into OUSD has, on paper, spent \$10m on an investment. The company's liquidity ratios fall, and its lenders notice. That is why most treasuries have stayed out, and they were right to.

But holding stablecoins on the balance sheet has significant benefits. A stablecoin can pay a supplier on a Sunday night, settle in seconds, and cost cents to send across a border. This is especially helpful for teams dealing with non-G20 currencies, or long-tail markets, such as global payroll, platforms, and fintech companies. According to an EY-Parthenon corporate survey, 41% of companies using stablecoins report direct cost reductions of at least 10%, with the steepest savings concentrated in cross-border supplier disbursements and contractor payroll.

On 18 August, the Financial Accounting Standards Board (FASB) proposed a fix. If it passes as written, a stablecoin that meets three tests can be reported as a cash equivalent. One line in the accounting rules changes who can hold one.

Why a standards board gets to decide

FASB writes US Generally Accepted Accounting Principles (GAAP), the rules every US public company and most large private ones follow when they report their numbers. Auditors sign off against its rules, and lenders, ratings agencies, and investors read the results.

The top line of a balance sheet is "cash and cash equivalents". Under US GAAP, a cash equivalent is a short-term, highly liquid investment you can turn into a known amount of cash with almost no risk of it being worth less. Treasury bills, commercial paper, and money market funds all qualify (Mayer Brown).

A lot rests on that line.

- Lenders build liquidity ratios on it. Current ratio, quick ratio, days cash on hand.
- Lenders test loan covenants against it. A minimum liquidity covenant counts cash and cash equivalents and nothing else.
- Investors and ratings agencies use it to answer one question: how much can this company spend tomorrow?

Everything below the line is something you would have to sell first.

What a stablecoin looks like on a balance sheet today

No specific rule exists, so companies have reached different answers. Some book stablecoins as intangible assets. Some as financial instruments. FASB's own phrase for this is "diversity in practice", which means two companies holding the same token can report it in different places ([Journal of Accountancy](#)).

Coinbase decided not to wait. In its 2025 annual report, it moved USDC and other payment stablecoins into cash equivalents, on the grounds that USDC redeems one for one on demand ([Bloomberg Tax](#)). Most companies don't have Coinbase's audit committee, or its redemption arrangement with Circle. They kept stablecoins below the line.

Sitting below the line has three costs.

Your liquidity ratios ignore it	\$10m in USD stablecoins counts for nothing against a minimum liquidity covenant.
Buying it looks like investing	On the cash flow statement, moving money from a bank account into a stablecoin is an investing outflow. Your cash balance drops even though you have the same dollars.
Spending it creates entries	Paying a supplier in a stablecoin means disposing of an asset. Each payment can carry a gain or loss, even when the answer is zero.

These costs come from the label, and the label decides whether the CFO says yes.

What FASB proposed

The proposal does not change the definition of a cash equivalent. It adds three worked examples to Topic 230 showing when a stablecoin meets it and when it doesn't ([KPMG](#)).

A stablecoin can sit in the cash line if it has three attributes:

- 1. **You can redeem it on demand.** A contractual right to hand it back and get cash, at any time.
- 2. **You redeem it directly with the issuer for a known amount.** One dollar per token, from the company that issued it. Being able to sell the token on an exchange for a dollar is a different thing, and on its own it does not count.
- 3. **The issuer holds full reserves, kept separate.** At least one dollar of cash or short-term, highly liquid assets for every token outstanding, in segregated accounts.

FASB looked at whether an indirect route (redeeming through an exchange like Coinbase) should count. It decided no ([The Network Firm](#)). Tokens backed by crypto or gold fall short on the "known amount" test.

The consequence is easy to miss. **Your contract with the issuer is what qualifies, and the token alone doesn't get you there.** Coinbase, with a direct redemption arrangement with Circle, can count its USDC. A company that bought the same USDC on an exchange, with no redemption account, cannot. Same token, two answers.

There is a second change that applies to everyone. Any company presenting cash equivalents would have to disclose, once a year, what is in that balance: Treasury bills, commercial paper, money market funds, stablecoins ([Deloitte](#)). That applies whether or not you hold a stablecoin.

Comments close on 19 November 2026. FASB sets the effective date after it reads them.

	Other asset	Cash
Liquidity ratios	Ignored	Counts
Loan covenants	At risk	Covered
Moving cash in	An investment	Simple transfer
Paying suppliers	Gain or loss	Just a payment

Questions finance teams are asking

I don't hold stablecoins. Does this touch me?

Yes, the disclosure does. If you present cash equivalents, you will break them out by type. Most companies already have the data.

Which stablecoins qualify?

The wrong question. The test is about your arrangement, not the brand. Ask the issuer whether you can open a direct redemption account and what the terms are.

What if the issuer charges a redemption fee or sets a minimum?

The rule says "known amount of cash". A fee or a minimum makes that amount less certain. Read the terms before you assume you pass ([The Network Firm](#)).

Didn't the GENIUS Act already settle this?

No. GENIUS decides who may issue a payment stablecoin in the US and what reserves they must hold. FASB decides how you report one you hold. Two layers, two bodies.

I report under IFRS; how does this impact me?

There is no equivalent IFRS proposal yet. The new FASB disclosure was designed to line up with an existing IFRS one, so the two are converging slowly. However, today, under IFRS, the classification is made against IAS 7 on the facts of the holding.

Is this final?

No. It is a proposal that is subject to change. The redemption clause is where issuers will push back, because most corporate holders bought on an exchange.

Does the chain I hold it on matter?

Not to FASB, but it absolutely does to your bottom line. Redemption and reserves are questions about the issuer. The chain can make a difference to your compliance, risk, and cost calculations. For example, some chains require minutes to settle and can cost anywhere from \$0.30 to \$12 to settle. Tempo is designed for sub-second finality, high liquidity, and ultra-low fees paid in stablecoins.

What is it worth if stablecoins become cash?

Once the label is fixed, the question moves from "can we hold it" to "what would we do with it".

A global company reporting under US GAAP could hold dollars on a blockchain, in its cash line, and:

- pay a supplier in Lagos or Manila on a Sunday night, with the accounting of a bank transfer
- settle with marketplace partners in seconds instead of at the next batch
- run payroll across [N] countries from one balance

That moves "should we hold stablecoins" out of the crypto team and onto the CFO's desk. Expect issuers to get a queue of treasurers asking for direct redemption accounts, because that contract is now the price of admission.

Tempo is a blockchain built for payments. Teams can pay network fees in stablecoins, batch payments, and attach invoice references to support reconciliation.

What to do before 19 November

1. Read the proposal.
2. Ask your issuer for direct redemption terms in writing.
3. Model the covenant impact with your lenders before you move a dollar.
4. If the redemption clause matters to you, comment. FASB reads them.

Clearer accounting guidance can help finance teams evaluate stablecoins alongside their payment and treasury needs.

When stablecoins become cash, one of the biggest blockers for finance teams at publicly traded companies starts to disappear. The conversation shifts from whether they can hold stablecoins at all to how they can use them to move money faster, cheaper, and with better control.

TEMPO LABS INC.
DBA TEMPO

SAN FRANCISCO, CA
UNITED STATES

INCUBATED BY
STRIPE & PARADIGM

STABLECOINS AS CASH ON
THE BALANCE SHEET

INFORMATION CURRENT
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AUTHOR
SIMON TAYLOR

SOURCES

[FASB: PROPOSED UPDATE ON CASH EQUIVALENTS](#)

[FASB: PUBLIC COMMENT PROCESS](#)

[THE DIGITAL BANKER: STABLECOIN BUSINESS PAYMENTS](#)

[MAYER BROWN: CASH-EQUIVALENT CLASSIFICATION AND DISCLOSURE](#)

[JOURNAL OF ACCOUNTANCY: FASB PROPOSAL OVERVIEW](#)

[BLOOMBERG TAX: STABLECOIN ACCOUNTING TREATMENT](#)

[KPMG: PROPOSED GUIDANCE ON CASH EQUIVALENTS](#)

[THE NETWORK FIRM: REDEMPTION RIGHTS AND RESERVES](#)

[DELOITTE: CASH-EQUIVALENT DISCLOSURES AND DIGITAL ASSETS](#)

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CONTACT

PRESS
TECHNICAL

PRESS@TEMPO.XYZ
SUPPORT@TEMPO.XYZ

