

Model Money Transmission Modernization Act Guidance

Stablecoin Tangibility

March 2026

Executive Summary

On-balance sheet stablecoins that contractually convey the right to receive cash from the issuer are tangible financial assets per accounting guidance and, therefore, should be included in Total Assets when calculating tangible net worth.

Scope

This guidance is limited to the implementation of the following sections of the Money Transmission Modernization Act:

- Section 2.01(bb). "Tangible net worth" shall mean the aggregate assets of a licensee excluding all intangible assets, less liabilities, as determined in accordance with United States generally accepted accounting principles.

Background

The Conference of State Bank Supervisors ("CSBS") Model Money Transmission Modernization Act ("MTMA") requires licensees to maintain a tangible net worth ("TNW") – total assets minus total liabilities minus intangible assets – calculated in accordance with generally accepted accounting principles ("GAAP"). The TNW must be greater than a tiered percentage of the entity's total assets ("TNW Requirement").

Question Presented

What is the appropriate accounting for stablecoins in the TNW calculation?

Brief Answer

Stablecoins that are contractually redeemable in cash are tangible financial assets and cannot be excluded from aggregate assets when calculating TNW.

Applicable Accounting Standards

ASC 350-10-20. Intangible Assets: Assets (not including financial assets) that lack physical substance. (The term intangible assets is used to refer to intangible assets other than goodwill.)

ASC 326-10-20. Financial Asset: Cash, evidence of an ownership interest in an entity, or a contract that conveys to one entity a right to do either of the following:

- a. Receive cash or another financial instrument from a second entity.
- b. Exchange other financial instruments on potentially favorable terms with the second entity.

Analysis and Guidance

GAAP excludes financial assets from the definition of intangible assets. Financial assets include contracts that convey the right to receive cash from a second entity. Accordingly, certain fiat-backed stablecoins may qualify as financial assets.

To determine if a specific stablecoin qualifies as a financial asset, and therefore, a tangible asset, the stablecoin must be reviewed to determine:

- (a) if a contract exists between the issuer and the holder, and
- (b) whether the contract conveys the legally enforceable, unconditional right to redeem from the issuer for cash at par, but not another financial instrument (such as US Treasuries instead of cash).

If both conditions are met, the fiat-backed stablecoin should be considered a financial asset and be included as a tangible asset in the TNW calculation if reported on-balance sheet subject to standard GAAP rules. All payment stablecoins issued pursuant to the Guiding and Establishing National Innovation for U.S. Stablecoins Act (“GENIUS Act”) convey the right to receive cash from the issuer through a contract between the issuer and the holder. Accordingly, stablecoins issued in compliance with the GENIUS Act will qualify as fiat-backed financial assets and therefore should not be excluded from aggregate assets when calculating a licensee’s TNW.

This guidance does not apply to other forms of cryptocurrency, and the above analysis would need to be undertaken for anything other than fiat-backed stablecoins. Additionally, custodied assets reported off-balance sheet by auditors do not fall under this guidance.

Conclusion

On-balance sheet fiat-backed stablecoins subject to a contract with an unconditional right to redeem from the issuer for cash at par are tangible financial assets and must be included in aggregated assets when calculating a licensee’s TNW. Stablecoins that are not fiat-backed are unlikely to meet the definition of a tangible financial asset and, as such, should be treated as intangible assets and excluded from aggregate assets when calculating TNW.