



June 27, 2025

Technical Director
Financial Accounting Standards Board (FASB)
director@fasb.org

File Reference No. 2025-ITC100

RE: Agenda Consultation Invitation to Comment

Dear FASB Technical Director,

We appreciate the opportunity to provide input on potential future agenda items for the FASB (the “Board”), from the perspective of a private company preparer and an active participant in the evolving digital asset space.¹

Founded in 2012, Ripple Labs Inc. (“Ripple”²) is a leading provider of enterprise payment and crypto-enabled solutions for businesses. The company’s mission is to build breakthrough crypto solutions for a world without economic borders. Through the use of blockchain technology, Ripple’s software enables financial institutions to send money globally, instantly, reliably and for a lower cost than traditional payment rails. Ripple’s payments product also enables customers to leverage certain digital assets, including XRP, the digital asset native to the distributed XRP Ledger, to bridge two currencies for global payments in local currencies. In December 2024, Ripple launched Ripple USD (“RLUSD”), a U.S. dollar-denominated stablecoin. RLUSD has since achieved a market capitalization exceeding \$400 million.³

Since the issuance of ASU 2023-08, the digital asset industry has been experiencing significant transformation, particularly with increased institutional adoption and real-world integration, and the growth is accelerating. Key developments include:

- *Rapid expansion of tokenized real-world assets (RWAs)* - Tokenization RWAs is projected to grow from around USD 0.6T in 2025 to USD 18.9T by 2033, representing a 53% compound annual growth rate⁴. Major financial institutions worldwide are launching tokenized financial instruments. Countries such as Germany, Italy, Mexico, Thailand and El Salvador are now participating by offering regulated tokenized bond products.
- *Stablecoin issuers becoming systemically relevant* – These issuers now collectively rank among the largest holders of U.S. Treasuries, highlighting their growing role in global financial markets. Stablecoin has an accelerated trajectory potentially reaching \$2T market cap by 2028⁵.
- *Convergence of traditional finance and digital assets* - Banks, asset managers, and fintech firms have begun integrating blockchain-based payment, investment, and asset issuance tools into their operations.

¹ We provide these comments to FASB for informational purposes only, for the sole purpose of sharing a perspective on the potential future agenda items, and the comments should not be used or relied upon by any third party or for any other purpose, including evaluating how Ripple’s activities fall within the various standards in the future.

² Some of the products and services referenced in this letter are offered by Ripple’s various subsidiaries.

³ As of June 20, 2025

⁴ Ripple and Boston Consulting Group: “Approaching the Tokenization Tipping Point” (April 07, 2025)

⁵ Standard Chartered: “Stablecoins, USD Hegemony, and UST Bills” (April 15, 2025)



- *Increasing global regulatory clarity* – Established frameworks for digital assets exist in regions like the EU, UAE, and UK, with similar developments under discussion in the United States, such as the recent passing of the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act by the U.S. Senate.

We commend the Board on the issuance of ASU 2023-08, which provides much-needed fair value guidance for certain crypto assets. This is a significant and welcome milestone in bringing accounting clarity to a rapidly evolving space. However, the standard intentionally excludes several increasingly pervasive and material areas. Current crypto accounting rules focus on classifying the digital assets based on specific criteria, including the holder's business identity. This narrow, criteria-driven approach risks overlooking the business context of digital assets' use, leading to financial outcomes that do not match economic reality.

To ensure financial reporting maintains its usefulness to users in this evolving industry, we strongly recommend the Board accelerate the development of a comprehensive accounting framework for digital assets, extending beyond the scope of ASU 2023-08.

This framework should include clear and enhanced guidance for:

- **Token creators and their related parties:** addressing the accounting practices for those involved in the creation and management of digital assets.
- **Holders of tokenized RWAs:** providing directions for those holding tokenized versions of traditional financial instruments.
- **Entities using crypto assets operationally:** covering operational uses of crypto assets beyond the simple buy-and-hold investment models.

Establishing such a framework would promote consistency, transparency, and comparability in areas currently subject to interpretive divergence. We applaud the Board's leadership in issuing ASU 2023-08, and we strongly encourage FASB to build on this momentum by developing a robust, comprehensive framework that addresses the full range of crypto asset use cases.

We have discussed each of these topics in more detail below. We appreciate the Board's consideration of our recommendations and welcome the opportunity to further discuss any of these topics at your convenience.

1. Accounting for Crypto Creators – Aligning Standards with Economic Reality

We want to highlight a significant gap in the current accounting standards concerning entities involved in the creation of native crypto tokens (hereafter referred to as, "crypto creators"). ASU 2023-08 currently excludes from fair value treatment any crypto assets "*created or issued by the reporting entity or its related parties*", even though these assets would otherwise qualify for fair value if held by unrelated third parties. We understand this exclusion is intended to prevent issues like self-valuation abuse. However, defaulting to indefinite-lived intangible asset accounting is not a viable long-term solution for this core group. It disconnects financial statements from market realities, imposes asymmetrical treatment that understates value until derecognition, and impairs the usefulness of financial reporting for stakeholders.

Crypto creators are essential to the crypto market and require accounting treatment that reflects their business realities. Although crypto is a technological innovation, it still operates within the traditional value chain of producers and consumers. The digitization of this value chain should not force companies to choose between two extremes: full fair value accounting or impaired cost accounting. Neither of these one-size-



fits-all approaches effectively captures the diverse and adaptable nature of crypto activities. A balanced approach is necessary, taking into account specific business contexts and use cases.

Crypto creators acquire and hold tokens from multiple sources for various uses. Newly minted tokens kept in reserve for long-term product development, unlikely to be immediately monetized, may appropriately be held at cost. Conversely, when tokens are acquired at arm's length for business operations, cost-less-impairment does not accurately reflect available capital, thus failing to provide accurate and useful information to financial users.

Consider these hypothetical scenarios:

- *Scenario 1:* a crypto creator holds tokens, some that were originally minted by the creator and others it later acquires as staking rewards or as customer payments. Importantly, all of these other tokens were obtained at market prices, just like any third-party market participant.
- *Scenario 2:* once the creator distributes its tokens, the creator has no further ownership of such tokens. If the creator later reacquires tokens, it does so under standard market conditions, also just like any third-party market participant.

In both scenarios, the creator functions like any other third-party holders. However, under current guidance, the creator must apply the cost-less-impairment model, while others may apply fair value. This results in inconsistent treatment for identical assets, based solely on the holder's identity, not the asset's nature or the transaction's economics.

We would also like to highlight that many widely used tokens lack centralized control. Their supply, issuance, deletion, or transaction validation are algorithmically predetermined, enforced through decentralized consensus mechanisms. These rules are publicly verifiable, immutable, and cannot be altered unilaterally or collectively by any single entity or related group, not even the original creators. Essentially, no single party has the ability to direct the relevant economic activities or modify the protocol's core parameters. If a creator disposes of its tokens, it must reacquire them under the same terms as other participants—without preferential access, pricing, or control. This is fundamentally different from traditional instruments where the originating entity retains influence or reissuance authority.

Given these unique characteristics of blockchain-based systems, tokens acquired at market value with no preferential pricing should be eligible for fair value treatment for creators. Such an approach acknowledges that these tokens are governed by predetermined programmatic rules, devoid of control or significant influence from any entities. Accounting standards need to evolve to address this disparity and provide appropriate guidance for crypto creators.

Pervasiveness and materiality of the issue

Each token project often begins with at least one founding member. Additional parties may become involved throughout the life cycle and can be considered crypto creators for the purpose of ASU 2023-08.⁶ By late 2024, millions of tokens exist⁷, each representing a potential group of creators. While not all token projects may stay active forever, they remain accessible, much like websites on the internet. These tokens leave a permanent mark on the ecosystem's history, illustrating the rapid increase in contributors in the space, a significant population that can not be overlooked. Beyond mere market participants, these entities are industry leaders driving innovation and adding utility. Penalizing them with inconsistent accounting

⁶ We would also note that whether a party is a crypto creator for purposes of ASU 2023-08 does not mean they are an issuer or creator of the token in other settings.

⁷ <https://coinmarketcap.com/charts/number-of-cryptocurrencies-tracked/>

treatment unintentionally discourages transparency and hinder their participation in technological and commercial development.

Many crypto creators manage substantial token treasuries. While most are good actors, sometimes the impact of poor accounting practices is best understood through negative examples. Similar to how Enron's collapse spotlighted the need for enhanced accounting standards, we can learn from FTX. FTX illustrates how an "all-or-nothing" accounting approach for token creators can lead to manipulation and fictional portrayal of business health by focusing on form over substance. Before its collapse, FTX reported holding \$3.4 billion worth of FTT tokens, much of which turned out to be illiquid and value vanished overnight. Without sensible accounting requirements to help investors understand underlying risks, protection and transparency were limited. Unclear token creator accounting guidance makes it challenging to standardize the perceived enterprise values as it often leads to extreme all-or-nothing practices without adequate disclosure. This example underscores the economic importance of addressing the misalignment and confusion in how digital assets are presented for various use cases for token creators.

Investors, regulators, and the public all have a vested interest in the figures reported (or omitted) in financial statements. The lack of standardized method for reporting these holdings can significantly distort perceived enterprise value or obscure associated risks. As a result, companies may increasingly rely on non-GAAP measures to explain their token-related finances, leading to inconsistent reporting that is discretionary and opaque across the industry.

Calling for actions

We respectfully urge the Board to add crypto creator accounting to the agenda. We propose that the accounting outcome should reflect the economic use of the tokens, rather than the identity of the holders. The following principles-based criteria could ensure fair value treatment in suitable cases:

- **Acquisition at market price:** Tokens acquired at market price, rather than self-created or at significantly discounted or preferential rates, should qualify for fair value accounting.
- **Lack of control over the protocol:** Entities that do not have the power to govern the relevant activities or unilaterally change significant functions of the protocol, such as its supply or token creation rules, should be eligible for fair value treatment.
- **Economic substance and usage:** Tokens with active utility, third-party adoption, or clear transactional history should be fair valued, excluding initial tokens that have never been used.
- **Anti-abuse safeguards:** Additional measures, such as rapid turnover thresholds or requiring fair value election for tax purposes, could help deter potential manipulation.

Though initial reluctance to address creator-held tokens is understandable, the current model results in inconsistencies and misleading financials. We strongly encourage the Board to develop specific guidance for crypto creators.

2. Accounting for Tokenized RWAs: Substance over Form

A growing category of crypto assets not addressed by ASU 2023-08 is tokenized RWAs, such as stablecoins, tokenized Treasury bills, and asset-backed tokens. These are designed to mirror the value of traditional financial instruments. Despite this intention, uncertainty about the enforceability of redemption rights may cause these tokens to fall outside of the scope for both financial assets and crypto assets under ASU 2023-08. As a result, they exist in a grey area with no clear accounting framework.



This raises a fundamental question: should tokenizing a financial instrument on the blockchain disqualify it from receiving the same accounting treatment as the underlying financial instrument, even when its economic substance remains unchanged?

For example, as of June 2025, practitioners continued to debate whether Tether (USDT)—a widely used stablecoin—qualifies as a financial asset. While its terms suggested redeemability, the absence of an unconditional right to cash or a financial asset meant it received impaired cost treatment, even though USDT consistently tracks the value of fiat currency. When Tether revised its terms in early 2025 to clarify redemption language and other conditions, practitioners had to re-evaluate its accounting classification, despite no change in the token’s underlying economic characteristics.

This gap has significant implications. Tokenized RWAs are expanding rapidly and are poised to reshape global financial markets. Without a clear accounting model, financial statements may fail to accurately reflect the true nature or value of these instruments.

Pervasiveness and materiality of the issue

Tokenized RWAs represent a fast-growing segment of the digital asset ecosystem as detailed at the beginning of this letter, with tokenized RWAs projected to reach USD 18.9T by 2033, at 53% compound annual growth rate.

With increased involvement from traditional finance, tokenization is also expanding into other asset classes spanning private credit, commodities, stocks and more. This trend suggests momentum toward larger issuance of RWA tokens. Overall, the substantial scale and rapid growth of tokenized RWAs into the trillions in the next few years, make this an increasingly significant part of global markets. Any misclassification or mismeasurement could materially distort key metrics for investors.

Calling for actions

We urge the Board to issue authoritative guidance on the accounting treatment of tokenized RWAs. Currently, practice is fragmented:

- Some practitioners focus on the features of the token itself;
- Others emphasize the specific rights and circumstances of the holder, leading to different treatment for the same token by different holders.
- Additionally, some apply a “look-through” approach, classifying the token based on the underlying asset it represents.

The lack of consensus leads to inconsistent classification of similar tokens as financial assets, intangibles, or even cash equivalents. To reduce diversity in practice and promote comparability, we recommend that the Board adopt a look-through model as the default, subject to specific criteria. Specifically, a tokenized asset should be accounted for based on the nature of the underlying instrument if:

- The holder has a contractual right to redeem the token for the underlying asset or its cash equivalent on demand; and
- The market price of the token closely tracks the fair value of the underlying asset.

This approach would uphold the principle of substance over form, enhance comparability, and reduce the current ambiguity faced by financial statement preparers. It also ensures that innovation in financial markets—such as tokenization—does not penalize issuers or holders from an accounting perspective.

3. Streamlining ASU 2023-08 Disclosure for Operational Use Cases

We commend the FASB's efforts in ASU 2023-08 to provide fair value transparency to crypto assets for companies that follow an "invest-and-hold" model. However, we have serious concerns that the extensive disclosure requirements, such as the rollforward with gross additions and disposals in ASC 350-60-50-3, introduce significant friction without delivering meaningful value for transactional and operational use cases—where companies actively use crypto assets to build products, support day-to-day operations, or perform market or treasury functions.

The digital asset ecosystem comprises numerous participants, fulfilling different roles — investors, token creators, market makers, exchanges, among others. Many of them do not hold crypto assets for long-term investment. Instead, they engage in frequent transactions, akin to cash or inventory, resulting in substantial transaction volume, but small, often temporary, period-end balances.

Under current U.S. GAAP, both an entity like MicroStrategy, with long-term Bitcoin holdings, and an active crypto trading company who maintains minimal net crypto inventory, but with a massive throughput, are subject to the same disclosure requirements. We believe this one-size-fits-all approach is inappropriate and creates several issues for transactional crypto businesses:

- **Potential investor confusion:** Financial users may misinterpret a company's exposure by observing massive gross additions and disposal figures.
- **Lack of decision-usefulness:** For companies earning revenue through spreads, fees, or product usage, investors focus more on volume metrics and fees charged, rather than cumulative gross crypto purchases and sales. This perspective aligns with the Board's reasoning in BC68, which excludes disclosure for "*crypto immediately converted to cash*", acknowledging such disclosure "*may not provide investors with decision-useful information because those entities have no ongoing risk exposure to crypto assets, even if that activity was significant during the period*".
- **Unprecedented requirement:** In traditional industries, no similar rollforward disclosure exists for inventory balances. Imposing such a requirement for crypto assets used in analogous operational contexts represents a significant departure from established norms.

Given these, we believe the cost-benefit tradeoff for the disclosure is highly unfavorable for companies actively engaged in crypto transactions. Preparers would incur escalating systems and compliance costs, auditors would expend large effort auditing them, yet investors are unlikely to gain meaningful insights.

Pervasiveness and materiality of the issue

This issue affects a broad spectrum of market participants, including market makers, exchanges, OTC trading desks, and product developers, who together represent a significant portion of crypto market activity. Industry data from 2024 shows that global crypto trading volume exceeded \$150 trillion⁸, which translates to more than \$400 billion volume per day on average. This figure underscores that many market participants are rapidly trading in and out, rather than stockpiling crypto.

Consider an example: A trading firm primarily matches orders may only hold a few million dollars of crypto at any given moment, yet could easily transact hundreds of millions of dollars per day in volume. Requiring that firm to disclose gross additions/dispositions in the tens of billions for the quarter could imply a level of activity or exposure that is not reflective of its economic reality. This is analogous to forcing a foreign currency exchange dealer to disclose the sum of the total of currency exchanged in a year – the number would be massive and not particularly helpful in assessing the dealer's financial health.

⁸ <https://coincodex.com/trading-volume/>



Calling for actions

We respectfully request the Board to issue supplemental implementation guidance to clarify that:

- *Business segments/transactions that immediately turn over crypto assets should not be subject to disclosure requirements under ASC 350-60-50-3 and 4.*

We believe this is consistent with the Board's intention outlined in BC68. We urge the Board to expand on BC68 and ASC 350-60-50-5 by defining disclosure exception criteria such as: a company that turns over its crypto inventory more than a certain number of times per period, or earns revenue from transaction fees/spreads/staking services for the particular business segment, etc., or provide options for electing alternative disclosures such as net position changes, average balances, or turnover ratios, that more meaningfully reflect exposure and risk in a trading context.

This approach would uphold the intent of ASU 2023-08, ensuring transparency and relevance while avoiding disclosures that may be misleading, burdensome, and not decision-useful for investors assessing crypto-centric businesses.

Respectfully submitted,

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Ripple Labs Inc.

cc: Bradley Awaya, CPA, Vice President, Global Controller