October 2, 2026

Technical Director
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RE: File Reference No. 2026-ED400

We appreciate the opportunity to provide feedback on the proposed Accounting Standards Update (ASU), *Statement of Cash Flows (Topic 230)*, dated August 18, 2026. The purpose of the proposed ASU is to 1) clarify whether certain digital assets meet the definition of the term cash equivalents to reduce diversity in practice and 2) increase transparency of the significant components of cash equivalents.

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Leadership Council to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Leadership Council or Board of Directors and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below for the request for comment.

Question 1:
Are the proposed illustrative examples clear and operable and would they clarify the application of the Master Glossary definition of the term cash equivalents to digital assets? If not, why not, and what additional guidance would be needed and why? Do you anticipate any auditing challenges? Please explain.

Response:
The PSC agrees that the proposed illustrative examples are operable. However, it is not clear whether the attributes that are listed in paragraph 230-10-55-23 are all required for a stablecoin to be a cash equivalent or if they are just illustrative of a fact pattern that would qualify to be a cash equivalent. If the FASB intends these attributes to be a requirement, the PSC recommends that they be included in the primary guidance (and not just in the examples).

In regard to the proposed attributes, the PSC foresees that the requirement for a stablecoin issuer to have segregated reserve assets on at least a one-to-one basis might be difficult to audit.

Question 2:
Do you agree that the amendments in this proposed Update should clarify that an entity should take into account relevant laws and regulations (for example, the Guiding and Establishing National Innovation for U.S. Stablecoins [GENIUS] Act) when establishing its cash equivalents accounting policy? Please explain, including whether that clarification is necessary, clear, operable, and auditable.

Response:
The PSC agrees that an entity should consider relevant laws and regulations, including the Guiding and Establishing National Innovation for U.S. Stablecoins (GENIUS) Act, when establishing its cash equivalents accounting policy.

Question 3:
Would the proposed annual disclosure requirement provide decision-useful information for investors? Please explain, including how and in what circumstances the disclosure would influence capital allocation decisions. If the proposed disclosure would not provide decision-useful information, please explain why and what additional information, if any, would be necessary for making capital allocation decisions. For example, should an entity instead be required to disclose the name and amount of each significant stablecoin holding presented as cash equivalents? If so, should the term stablecoin be defined and, if so, how? Should those disclosures be limited to stablecoins presented as cash equivalents or applied more broadly to other assets presented as cash equivalents, such as money market funds? Please explain why or why not. In your response, please consider the decision usefulness, operability, auditability, and costs of an alternative disclosure compared with the proposed disclosure.

Response:
The PSC does not object to the proposed disclosures, as we do not think they would be difficult to provide but we question why they would be necessary. Since cash equivalents are intended to be short-term, highly liquid assets that are readily convertible to known amounts of cash, the PSC is not sure detailed disclosures of cash equivalents are needed. We also observe that ASC 320 and ASC 825 already require disclosures regarding some investments that qualify as cash equivalents. The PSC recommends the Board consider disclosure requirements under other Topics to avoid duplication.

Question 4:
Is the proposed annual disclosure requirement clear and operable? Do you anticipate any auditing challenges? Please explain.

Response:
The PSC agrees the proposed annual disclosure requirements are clear and operable. The PSC does not anticipate any auditing challenges as most accounting systems already capture this information.

Question 5:
Are the proposed transition requirements clear and operable? If not, why not, and what transition method would be more appropriate and why? Would the proposed transition disclosures provide decision-useful information? Please explain.

Response:
The PSC agrees the proposed transition requirements are clear and operable. However, the PSC observes that having a different transition date for paragraph 230-10-50-1A may be confusing.

Question 6:
Regarding the effective date, how much time would be needed to implement the amendments in this proposed Update? Should the effective date for entities other than public business entities be different from the effective date for public business entities? If the effective dates should be different, how much additional time would entities other than public business entities need to implement the proposed amendments? Please explain.

Response:
The PSC does not anticipate a long implementation period will be required and does not believe private entities would need a different effective date. However, consistent with other Updates, we would not object to allowing private entities additional time to adopt the new guidance, as long as early adoption is allowed.

Question 7:
Would the expected benefits of the proposed amendments justify the expected costs? If not, please describe why not.

Response:
The PSC believes that the implementation costs of the proposed amendments are insignificant, as the required information is likely already available to most preparers. Therefore, we believe that the benefits outweigh the costs.

We appreciate the opportunity to submit comments on the proposed ASU, *Statement of Cash Flows (Topic 230)*.

Sincerely,



Jeffrey Johanns, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants