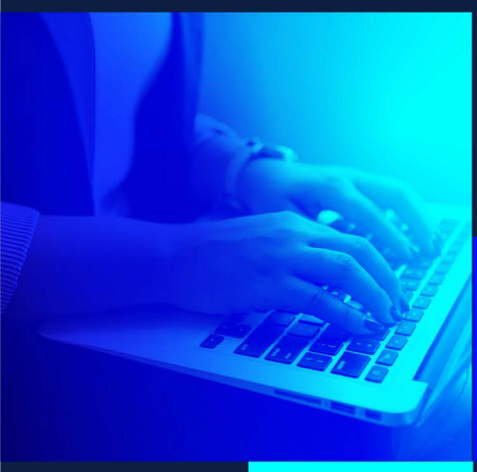
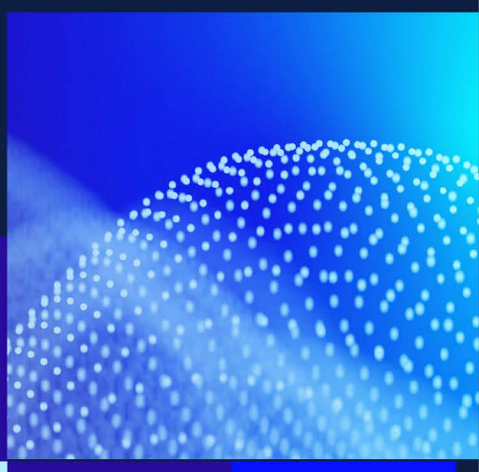
Stablecoin Standard

StableCheck

WHITEPAPER / OCTOBER 2025





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October 2025

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Executive Summary

StableCheck is the Stablecoin Standard's (SCS) independent scoring framework, developed to bring clarity and confidence to the growing stablecoin market. Based on the SCS framework and aligned with evolving global regulatory expectations, StableCheck evaluates fiat-backed payment stablecoins across six key factors: reserve quality, redemption reliability, transparency, governance, market performance, and risk controls. The StableCheck Directory and any score ("score" or "mark") are designed to be updated quarterly and presented via one or more verified dashboards ("Dashboard") designed to inform users and regulators. The process is expected to evolve after launch, informed by ongoing experience and improvements.

The evaluation is anchored in two key questions:

1. Can a holder reliably redeem the stablecoin at full value, on demand?
2. What characteristics define a High-Quality Liquid Stablecoin (HQLS)?

StableCheck combines a due diligence process with a qualitative scorecard to create a globally consistent benchmark for transparency and quality. Scores highlight issuer strengths and vulnerabilities across governance, reserves, and disclosures.

The framework also reflects current policy challenges—such as regulatory harmonization, reserve obligations, insurance, and real-time transparency—that are expected to evolve through collaboration among regulators, issuers, and industry bodies like the Stablecoin Standard. These developments will be tracked and integrated into future versions of the framework and Dashboard.

StableCheck rewards robust reserve management and transparency, while also considering performance over time. The aim is to support responsible innovation by providing clear, comparable assessments that empower market participants.

***Important Note**: StableCheck is not a credit rating or investment advisory service. Evaluations are based on publicly available information and issuer-provided data through a voluntary due diligence process. Stablecoin Standard members and partners do not influence individual issuer scores. Issuers are encouraged to participate fully in the evaluation but all scores are determined independently by SCS as a neutral third party without undue bias or*

influence. Stablecoin Standard will establish governance policies, including recusal procedures, to prevent conflicts where member issuers are interested parties.

StableCheck scores (marks) will be displayed as verified or unverified/pending depending on whether the issuer has provided due diligence information. Issuers that do not provide due diligence may be ineligible for all three Stablecheck marks, as not all required information is believed to be publicly available.

Introduction: The StableCheck

StableCheck has been developed by the Stablecoin Standard (SCS) to assess adherence to its global **SCS Stablecoin Standards** ("the Standards"), which sets out key principles for the issuance and oversight of prudentially regulated stablecoins. StableCheck's features align with the scope and requirements defined in these Standards.

- **Role**: StableCheck brings together the membership of the Stablecoin Standard and industry leaders to extend the application and deployment of the Standards. Its purpose is to provide a structured dialogue on stablecoins as regulatory scrutiny and market attention increases.

- **Reach**: StableCheck is intended to apply across the sector—from early-stage nonbank innovators to established issuers—drawing on elements of existing regulation (e.g., GENIUS in the U.S., MiCA in the European Union) and global frameworks (e.g., UK, Singapore).

- **Stakeholders**: The target audience includes institutions, policymakers, regulators, stablecoin holders and potential adopters; StableCheck is designed to provide them with a reference point for evaluating and contextualizing stablecoins.

- **Focus**: As of the date of publication (October 2025), the focus is on fiat-backed stablecoins, while analysis of other models (e.g., algorithmic, synthetic) is deferred to future work—not to evaluate their utility or role, but to establish scope and starting point.

- **Approach**: StableCheck is designed to be dynamic—evolving as issuers expand disclosures, enhance risk management practices, and improve operational performance. The analysis is organized around two fundamental questions:

1. **Can a holder redeem[1] the stablecoin at full value, reliably and on demand?**

2. **What essential characteristics define a high-quality liquid stablecoin (HQLS)?**

For purposes of StableCheck, the terms “redemption” and “issuer” are applied in ways that may differ from their use in legislative or regulatory frameworks. *Redemption* is defined herein from the perspective of the user: the ability to convert, sell, or exchange the stablecoin for the fixed amount of monetary value that the issuer represents the coin will maintain. This definition is intentionally functional and at times overboard. It reflects that stablecoins may employ a range of redemption and conversion models, and that user outcomes are not always dependent on direct redemption with the issuer unless required by law. StableCheck therefore assesses whether users in practice experience redemption and/or conversion consistent with the issuer’s stated commitments, regardless of the mechanism or counterparty involved. *StableCheck also considers convertibility is not the same as redemption and the ability to exchange the stablecoin for the equivalent par value in secondary market transactions is not always within the control of the role of the issuer.*

[1] For StableCheck purposes, *redemption* means redemption and convertibility: a user’s ability to realize the fixed monetary value the stablecoin represents, whether directly with the issuer or indirectly through intermediaries, so long as the outcome aligns with the issuer’s stated commitments. By contrast, *issuer* refers only to the legally accountable entity designated under applicable law, and excludes supporting service providers unless they are themselves recognized as issuers.

This user-focused approach recognizes that redemption or conversion may often be facilitated by intermediaries—such as liquidity providers, custodians, or affiliated institutions—while still producing the same economic result for the user. StableCheck review looks at the reliability of that result: whether the stablecoin delivers par-value liquidity in the manner expected. In this way, redemption and conversion is measured against performance as experienced, rather than design as asserted.

By contrast, *issuer* and *issuance* are defined with reference to legal responsibility. In most jurisdictions, licensing, prudential obligations, and supervisory authority attach to the legal entity formally recognized as the issuer. StableCheck therefore uses "issuer" to mean that legally accountable entity, not supporting service providers such as technology vendors, smart contract operators, mint-and-burn agents, or reserve custodians unless they are themselves deemed issuers under applicable law. This ensures that StableCheck aligns with regulatory treatment of issuer responsibility while applying functional analysis to redemption or conversion where user outcomes are the primary concern.

The StableCheck Framework

To address these questions, StableCheck is organized into three segments, guided by the Core Principles and **SCS Stablecoin Standards** to provide an assessment focused on top priorities.

- **Section I: The StableCheck Process, Directory and Dashboard**: Involves a due diligence process that informs a high-level signal via a verified Dashboard for initial assessment. The Dashboard is designed to offer a first-step view of redemption and structural sufficiency across the "Six Pillars" identified by StableCheck. It is not intended to rank stablecoins against one another. The criteria emphasized may evolve over time, with updates published on the Stablecoin Standard's website.

- **Section II: StableCheck Plus**: Intended for institutions, regulators, and stablecoin holders conducting deeper due diligence. The provided questions serve as a structured tool to guide engagement with stablecoin issuers–enabling analysis of utility, functionality, and operational practices for deploying the stablecoin (e.g., within an institution, payments network, DeFi, etc.).

- **Section III: Open Questions**: A resource for policymakers, industry leaders, and researchers focused on strategic planning and the long-term trajectory of stablecoins. These are areas where StableCheck may not provide definitive answers today, but which may inform future iterations. This section emphasizes nuance, acknowledging

that not all aspects of stablecoin design and performance can be captured through purely quantitative or qualitative measures.

When taken together, the three sections provide a layered framework for analysis. Users may begin with the StableCheck **Due Diligence Process, Directory and Dashboard** for an overview, consult the **StableCheck Plus** for additional evaluation as appropriate, and then turn to **Open Questions** to place a stablecoin within the broader context of industry challenges and opportunities.

This structure is designed to provide flexibility and allow each stakeholder to access the depth of information most relevant to their needs.

The Core Principles of StableCheck

1. **Redemption Reliability**: The measurement framework is centered on a critical outcome for stablecoin holders: the ability to redeem at par and convertibility. The StableCheck process examines known legal structures and technical designs with the aim of providing an initial assessment of redemption reliability. This perspective is practical and outcome-oriented, not a substitute for the broader scope of regulatory supervision.

2. **Globally Consistent:** The Directory and Dashboard (Section I) display are anchored in defined criteria published on the Stablecoin Standard's website. Assessments are based on publicly available data and verifiable data, provided by and reviewed with stablecoin issuers, when possible. The approach emphasizes global neutrality: stablecoins are evaluated according to underlying risks rather than solely the jurisdiction of issuance. StableCheck also notes when issuers adopt practices that exceed minimum regulatory requirements, reflecting variation across the market. The focus remains on the asset itself—its structure and performance—so that each stablecoin is assessed on its own terms. Issuers are encouraged to participate in the process. When issuers do not participate, the process is conducted with publicly available data and the StableCheck mark will reflect the lack of access to verified information.

3. **Dynamic and Performance-Driven**: The StableCheck framework recognizes that design alone is not sufficient; performance in practice is essential. Therefore, StableCheck intends to incorporate observed outcomes over time, balancing structural characteristics with demonstrated performance in the market when appropriate. As a stablecoin establishes reliability, this can be reflected in its score, which adapts to both

design features and operational track record.

Section I: The StableCheck Process, Directory and Dashboard

This is the public-facing component of the analysis, designed to be clear, intuitive, and accessible. Findings presented on a Directory or Dashboard reflect a stablecoin's sufficiency review based on StableCheck's criteria only. The methodology is structured to be steady and thoughtful, avoiding abrupt headline rating changes driven by short-lived immaterial events.

The Stablecoin Standard is pleased to announce that the initial Dashboard will feature an On-chain Stablecoin Report. The tables and graphs present on-chain metrics selected for their relevance to the Pillars outlined in the StableCheck Dashboard. These indicators, which are already publicly available, are designed and intended to align with the criteria under each Pillar. It is important to emphasize that while these metrics provide a valuable on-chain perspective, they do not capture the full picture. They may complement the qualitative assessments reflected in the Dashboard. Accordingly, this data should be considered a supplement to the broader analysis. The set of metrics will be expanded over time as additional on-chain information becomes available to track the Pillars. The Stablecoin Standard also extends its thanks to Artemis Analytics for its contribution to the SCS Working Group and reporting.

Measurement & Review

The StableCheck process reflects a review across Six Pillars, each addressing core aspects of a fiat-backed payment stablecoin's reliability and the Stablecoin Standard framework. The review is conducted relying on information provided by issuers during a due diligence process or publicly available information when an issuer has not completed the due diligence process. All issuers are encouraged to participate by providing information to the Stablecoin Standard, which is reviewed and discussed to inform the StableCheck process. Information can be sent to stablecheck@stablecoinstandard.com.

Pillars are weighted to reflect their systemic importance. Liquidity and redemption carries the greatest weight, as timely redemption at par is the defining outcome for holders. Other pillars are weighted proportionally:

A. **Regulatory Oversight & Governance**
B. **Reserve Asset Quality & Legal Segregation**
C. **Liquidity & Redemption Performance**
D. **Transparency & Assurance**

E. On-Chain & Market Performance
F. Anti-Fraud, Privacy & Cyber Resilience

Each pillar comprises objective indicators, scored on a binary scale (Yes = 1, No = 0). Partial credit (0.5) may be applied where issuers demonstrate meaningful progress or where partial criteria has been met. Overall scores are adjusted only in response to sustained or material events. The final review reflects alignment with StableCheck's defined criteria, but does not represent an absolute ranking or overall value judgment of the stablecoin. Ultimately, all criteria tie back to the central question: *Can the stablecoin be redeemed at par, reliably and on demand?*

Below is an overview of the pillars and the due diligence focus for each pillar. A Stablecoin Standard review board will review issuers against the standard due diligence criteria below.

A. Regulatory Oversight & Governance

Assesses the stablecoin issuer for its level of regulatory supervision and strength of governance framework. Robust oversight signals sound risk management, while strong governance highlights where requirements differ by jurisdiction and where the issuer goes beyond minimum standards.

1. Issuer is subject to a primary regulatory authority.[2]
2. Issuer has demonstrated an operational track record in issuance, redemption, reserve management, and/or trading.[3]
3. Issuer maintains a professional governance and risk management framework (e.g., risk committee, independent directors, documented risk policies, and reasonable

[2] Evaluates the issuer's external accountability by assessing whether it is subject to a primary regulatory authority. It is important to evaluate: (i) the scope of regulatory oversight (e.g., prudential supervision, licensing, registration), and (ii) if the issuer operates in a jurisdiction with regulatory reciprocity or equivalence standards relevant to cross-border oversight. Strong oversight generally includes capital and liquidity requirements, regular examinations, and is most credible when conducted in jurisdictions with reciprocity or equivalence standards that support cross-border recognition. A score of 1 requires that the issuer is in good standing under comprehensive supervision and clearly identifies its primary regulator; otherwise 0 or incomplete. *Relevant data sources*: official registries of licensed entities (e.g., chartered trusts, bank registrations), company white papers or terms of service, and public disclosures such as press releases, FAQs, or regulatory filings.

[3] An issuer's demonstrated history in all or any of these activities signals the ability to operate consistently and reliably in the market. Ideally, the issuer has participated in all such activities; otherwise, additional monitoring may be required or supplemented through partners, which may need to bring specific expertise. *Relevant data sources include*: company history and founding documents, incorporation records, white papers, and publicly available "About" or disclosure sections that outline years of operation and key milestones.

insurance coverage).[4]

B. Reserve Asset Quality & Legal Segregation

Evaluates the composition and coverage of reserve assets, with emphasis on whether they are high-quality, liquid, and legally protected from issuer insolvency. Strong, bankruptcy-remote reserves are fundamental to redemption reliability. This pillar is of central importance to stablecoin safety.

4. Stablecoin reserves are fully collateralized (100%+ of outstanding stablecoins) with high-quality diversified liquid assets (e.g., cash, overnight deposits, short-term sovereign bonds).[5]
5. Reserve assets are valued regularly at market prices.[6]
6. Reserve assets held at appropriate financial institutions are reviewed for exposure amount, credit risk, and deposit insurance.[7]
7. Reserve assets are legally segregated and bankruptcy-remote (e.g., statutory trust or equivalent, terms of service state obligations).[8]
8. Restrict rehypothecation of reserve assets and manage reserves to provide ready liquidity without unreasonable encumbrances.[9]

[4] The issuer has a defined governance and risk management framework, with evidence of a risk committee or similar body, and ideally independent directors or advisors providing checks and balances. Team expertise and integrity are clear (professional backgrounds are public), and policies address key risks such as operational resilience and conflicts of interest. The absence of governance failures or scandals further supports sound management. As private companies may not be required to disclose much detail, credit may rely on voluntarily shared information or observed behavior. *Relevant data sources include*: company leadership pages, published governance frameworks or org charts, news articles or regulatory actions, and industry certifications or memberships that imply governance standards.

[5] Evaluates the quality and sufficiency of reserve backing, which in some jurisdictions may be legally mandated (e.g., GENIUS, MiCA). Score 1: Reserves are fully collateralized with only high-quality liquid assets (HQLA) such as cash, overnight bank deposits, and short-term (less than 93 days) sovereign bonds, with no material credit, market, or FX risk (reserves either match the stablecoin's currency or are perfectly hedged). Score 0.5: Reserves are fully collateralized but include some assets of moderate quality or longer duration (e.g., medium-term bonds or non-government instruments), or a small portion not in the pegged currency (with limited hedging). Score 0: Reserves are not consistently 100% covered or include significant risky, illiquid, or mismatched-currency assets without hedges. *Relevant data sources include*: reserve attestations (asset breakdowns and totals), audited financial statements, and regulatory filings specifying eligible assets.

[6] Full credit requires reserves to be marked-to-market daily (or continuously), with any shortfall addressed immediately (e.g., through automatic top-ups or stop-issuance mechanisms). Issuers should have processes—and preferably third-party oversight—ensuring that even intra-month market fluctuations (e.g., bond price changes) are monitored and covered. *Relevant data sources include*: disclosures or auditor reports on valuation practices, internal policy statements, and regulatory requirements in jurisdictions that mandate daily valuation.

[7] This criterion examines the financial institutions holding the reserves, recognizing that not all banks are treated equally across structures and jurisdictions. It reflects lessons from March 2023, when reserve concentration and bank liquidity contributed to de-pegging events, and highlights the importance of assessing the underlying institutions. *Relevant data sources include*: issuer disclosures on banking partners, credit ratings of reserve-holding institutions, and information on the ownership mix and portfolio distribution of reserves.

[8] Reserves should be held in a legally segregated structure for the exclusive benefit of stablecoin holders (e.g., a statutory trust or equivalent). Where bankruptcy remoteness is clearly established, full credit is given; where holders have statutory priority but not full bankruptcy protection, only partial credit applies. In all cases, an independent custodian or trustee should safeguard assets. Credit relies on formal legal documentation or regulatory structures (e.g., trust charters, client asset segregation laws) that ring-fence reserves. *Relevant data sources include*: offering memoranda, legal opinions, terms of service, trust agreements, and regulatory filings confirming how reserves are held and in whose name/benefit.

[9] Full credit is given where the issuer does not re-hypothecate or otherwise leverage reserve assets except as fully disclosed, permitted under regulation and aligned with user interests. Reserves must be held as cash or in high-quality securities backing the stablecoin. *Relevant data sources include*: auditor attestation letters (which often disclose encumbrances), regulatory filings, and issuer disclosures on reserve management policies or transparency reports.

9. Operational funds are fully segregated from reserves.[10]

C. Liquidity & Redemption Performance

Evaluates the issuer's ability and commitment to honor redemption requests promptly and in full, including during periods of stress. Timely redemption is essential for maintaining user confidence, since even high-quality reserves lose credibility if they cannot be accessed quickly. This pillar should be weighted heavily to reflect its critical role in sustaining stablecoin trust and market confidence for redemptions and convertibility.

10. Issuer legally guarantees redemption at par (net of fees) to stablecoin customers, and processed promptly (T+0 or T+1 settlement). Redemption is in cash (or equivalent fiat) without undue delay.[11]
11. Issuer could redeem more than 10% of TVL redeemed in 1 day.[12]
12. Issuer maintains a documented contingency plan and performs stress tests for extreme redemption scenarios.[13]

D. Transparency & Assurance

Examines the openness of the issuer in disclosing reserve information and the rigor of third-party verification. Transparency supports user trust and market discipline, enabling independent verification of reliability by users and regulators. This pillar is presented as a complement to reserves and redemption, reflecting its critical role in supporting issuer assurances.

13. Issuer publishes monthly (or more frequent) public reserve disclosures.[14]

[10] Measures whether the issuer's operational funds are kept separate from reserve assets, to help ensure resources used to run the business do not compromise the backing of the stablecoin. *Relevant data sources include*: issuer disclosures, terms of service, regulatory filings, or other public materials describing the business model.

[11] Requires identifying who the stablecoin customer is (e.g., in the primary, secondary market) and which entity—issuer, distributor, trustee, or other agent—is legally obligated to redeem or convert the stablecoin. Full credit requires both a clear legal commitment to redemption and demonstrated operational capacity to process requests quickly; otherwise, partial credit applies. *Relevant data sources include*: legal terms (user agreements, white papers on redemption), regulatory filings specifying redemption timelines, and evidence such as customer feedback or records of actual redemption times.

[12] Full credit indicates prudent liquidity management, comparable to bank liquidity coverage ratios, where even under stress the first wave of redemptions can be met from cash on hand. *Relevant data sources include*: reserve composition disclosures (often breaking out cash vs. investments), regulatory requirements in jurisdictions that mandate a minimum cash percentage, and issuer financial statements.

[13] Stress testing should consider extreme redemption or conversion scenarios (e.g., a run where a large share of coins are redeemed within 24–48 hours). Strong practices include contingency plans such as standby credit lines, interbank facilities, or committed capital from parent companies to cover outflows. Full credit requires evidence that the issuer can articulate and withstand such scenarios without defaulting or significantly breaking the peg. *Relevant data sources include*: risk management disclosures, regulatory filings in jurisdictions that mandate stress testing, and risk management policies from issuers.

[14] Each disclosure should be reasonably detailed (e.g., breakdown by asset type, maturities) and released with minimal lag after month-end. Monthly reporting is emerging as an industry best practice. Evaluation should also consider what is appropriately public versus confidential to supervisors. *Relevant data sources include*: issuer websites, transparency report archives, and announcements such as press releases or blog posts.

14. Issuer publishes reasonable public documentation (terms of service, white paper or equivalent) covering reserves, redemption policies, fees, and risks.[15]
15. Reserve disclosures are verified at least monthly by an independent accounting or audit firm.[16]
16. Reserve disclosures are subject to an annual audit of the stablecoin's financial statements, including reserves, by an independent auditor.[17]

E. On-Chain & Market Performance

Assesses how the stablecoin performs in practice, with emphasis on price stability, market liquidity, and operational track record. These metrics show how design and governance translate into real-world outcomes. This pillar will be viewed with less weight than design-focused categories to avoid penalizing newer issuers, but consistent performance under stress remains the ultimate test of reliability.

17. Stablecoin has not experienced a sustained de-peg (>2% deviation for >24 hours) or issues with convertibility.[18]
18. Stablecoin maintains deep and liquid markets on CEX and/or DEX, with tight spreads.[19]

F. Anti-Fraud, Privacy, & Cyber Resilience

Assesses the issuer's controls against misuse of the stablecoin, its protection of user privacy, and its resilience to cyber threats. While these factors may not directly affect daily

[15] Full credit requires a clear, accessible white paper or disclosure document that covers reserve management, redemption policies and fees, governance structure, and risk factors. Disclosures should use plain language, be easy to locate, and be updated promptly when terms or policies change. This indicator is assessed from a user's perspective: how the stablecoin operates and what rights they have. *Relevant data sources include*: official white papers, Terms of Service, help center documentation, and regulatory offering documents where applicable.

[16] Monthly attestations by a licensed accounting or audit firm confirm that reserves meet or exceed outstanding liabilities at specific reporting dates. Full credit requires verification at least once per month. *Relevant data sources include*: published attestation letters (often available on issuer websites or filed with regulators), issuer disclosures, and accounting firm credentials.

[17] Annual audits provide assurance that reserve figures are accurate and that financial statements are prepared in accordance with recognized standards. Full credit requires an audit by an independent auditor covering the reserves specifically. If a full year has not yet elapsed since issuance, the requirement may be marked as satisfied provided there is a stated audit policy, accompanied by an asterisk noting the expected publication date. *Relevant data sources include*: published annual reports, audit opinions, regulatory filings, and auditor credentials.

[18] Full credit requires that the stablecoin has not experienced a sustained de-peg of more than 2% from its target value for longer than 24 hours, nor disorderly spikes above the peg. Minor deviations that self-correct quickly through arbitrage or issuer action are acceptable. The CoinMetrics 4 p.m. ET daily close is the reference point. This criterion is binary for simplicity, though evaluators may still consider the magnitude and context of past deviations. *Relevant data sources include*: historical price data from major exchanges (CEX and DEX), market aggregators, and analyses of stress episodes reported in the media.

[19] Credit requires meaningful liquidity on centralized or decentralized exchanges, recognizing that stablecoins may emphasize enterprise distribution or DeFi deployment. Ideally, markets show thick order books and tight bid-ask spreads (fractions of a cent) even for larger trades. Listings on major venues and integration into DeFi protocols strengthen liquidity but are not determinative venues for this requirement, as utility and distribution strategies may differ. Nevertheless, liquidity remains essential, since even well-collateralized reserves cannot prevent price drift without active trading depth. *Relevant data sources include*: exchange trading volumes, order book data, DeFi pool statistics (e.g., TVL and depth on Curve or Uniswap), and observed price spreads across exchanges.

redemption, they are essential for long-term viability, institutional acceptance, and holder confidence. Stablecoins may meet baseline compliance and security standards, but weaknesses here can erode market trust and permissioned adoption.

19. Issuer and any relevant custodians maintain anti-fraud policies to prevent, detect, and respond to fraud.[20]
20. Issuer maintains AML/CFT and sanctions compliance policies.[21]
21. Issuer has documented policies aligned with protecting personal financial privacy to safeguard user data and comply with applicable privacy regulations and responding to user complaints. (e.g., terms of service, privacy policies etc.) [22]
22. Issuer maintains a code of conduct or other mechanisms to identify, disclose, and mitigate material conflicts of interest with holders.[23]
23. Issuer has undergone security audits and maintains cybersecurity and operational resilience plans (e.g., incident response, business continuity).[24]

A positive response to the standard due diligence criteria earns a StableCheck mark in accordance with the following bands. The standard due diligence criteria may be augmented with the criteria in Section II when available and appropriate and adjusted for percentage of not-applicable criteria for certain issuers. e.g., newly launched stablecoins. As mentioned above, marks will be displayed as verified or unverified/pending depending on whether the issuer has provided due diligence information to the Stablecoin Standard.

At least 75% of the applicable due diligence criteria - 1 check

At least 85% of the applicable due diligence criteria - 2 checks

Over 90% of the applicable due diligence criteria - 3 checks

[20] Full credit requires documented anti-fraud policies supported by monitoring systems and procedures for detection and response. *Relevant data sources include*: compliance manuals, RegTech system descriptions, and third-party audit reports.
[21] Full credit requires AML/CFT policies and procedures, and transaction monitoring, with sanctions compliance aligned to the FATF Travel Rule where applicable. *Relevant data sources include*: regulatory registrations, compliance policies, enforcement records, and audit attestations.
[22] Full credit requires written privacy policies aligned with applicable laws and clear procedures to safeguard user data. *Relevant data sources include*: published privacy policies, terms of service, regulatory filings, and third-party compliance certifications.
[23] Full credit requires a code of conduct—whether public or internal—or an equivalent framework that addresses conflicts of interest with clear procedures for disclosure and mitigation. *Relevant data sources include*: governance documents, compliance manuals, and publicly available codes of conduct.
[24] This criterion assesses whether the issuer's technology and operations are secure against hacks, key compromises, and outages. A score of 1 reflects completed independent security audits with findings addressed, strong controls (multi-sig or HSMs, penetration testing), no major breaches, and continuity plans with transparent handling of any past incidents. A score of 0 indicates critical vulnerabilities, prior hacks or outages, lack of independent audits or certifications, and no evidence of contingency planning. The measure distinguishes issuers with financial-grade security from those with weaker safeguards, recognizing that failures can undermine redemption even if reserves remain intact. *Relevant data sources include*: audit reports, security incident disclosures, certifications (ISO 27001, SOC 2), and issuer-provided uptime or reliability statements.

Section II: StableCheck Plus

The StableCheck process is an important mark of transparency of a stablecoin issuer's operations and business strategy. The StableCheck process is limited to publicly available information and/or issuer collaboration with the Stablecoin Standard.

For those wishing to complete their own additional due diligence, the Stablecoin Standard is providing additional qualitative due diligence questions. These sample questions are based on the Stablecoin Standard framework and evolving supervisory requirements. When appropriate and practical these criteria may help inform an issuer's StableCheck mark. This can be used when evaluating issuers and stablecoin quality.

A. Regulatory Oversight & Governance

- **Regulatory Framework**: Under which regulatory regimes does the issuer operate? List specific licenses or charters held (e.g., New York Limited Purpose Trust Charter, OCC Charter, Singapore Major Payment Institution license, EU Electronic Money Institution authorization, bank charter, etc.) and the corresponding regulator. Does it include substantive prudential supervision (federal/national), or is it limited to licensing (e.g., Money Transmitter License, BitLicense)?

- **Compliance Obligations**: What regulatory requirements is the issuer subject to as a result of its licenses? For example, capital requirements, reserve requirements, customer protection rules, data privacy, reporting obligations. Does the issuer voluntarily comply with any standards even if not required by law?

- **Jurisdiction**: In which legal jurisdiction(s) is the stablecoin issuance entity based, and how does that choice affect holders? Is the legal entity in a reputable financial center or a smaller jurisdiction? If no direct regulation applies, what legal rationale allows the stablecoin to operate (e.g., "not a security," "falls under fintech sandbox," etc.)?

- **Multi-Jurisdictional Strategy**: If the stablecoin is available globally, how does the issuer navigate differing regulations across countries? Do they geofence certain regions? Have multiple entities for different regions? How are compliance and licensing handled if, say, users in both the U.S. and E.U. hold the stablecoin?

- **Cross-Border Issuance**: Are there limits on multi-jurisdictional issuance, or requirements to operate only in a single jurisdiction?

- **Governance Framework**: What is the issuer's governance structure? Who are the key executives and board members overseeing the stablecoin? Is there an independent board or advisory committee? How are major decisions (e.g. reserve management changes or contract upgrades) made and who has to approve them?

- **Transparency in Governance**: Does the issuer publish information about its governance, such as the names and credentials of team members, or any governance reports? This overlaps with the Transparency category, but here the focus is on the existence of robust governance itself rather than disclosure frequency.

- **Risk Management Governance**: Does the issuer have dedicated risk management and compliance functions? Is there a Chief Risk Officer or equivalent? Are there formal committees for audit, risk, compliance that involve leadership or external advisors? How often do they meet and report?

- **Regulatory Track Record**: Has the issuer faced any regulatory sanctions or major compliance issues in the past? If yes, how and when were they resolved? If not, are there any third-party assessments or certifications of their compliance strength?

- **Sustainability**: Does the issuer commit to sustainability (e.g., commitment to UN Sustainable Development Goals, the Principles of Responsible Investing and/or a written commitment to energy efficiency use of the blockchain)?

B. Reserve Asset Quality & Legal Segregation

- **Reserve Composition**: What categories of instruments qualify as eligible reserves, and what credit/liquidity criteria apply (tiers, haircuts, ratios)? Are reserves held mostly in cash and short-term government securities, or do they include riskier instruments?

- **Full Collateralization**: Are reserves maintained at or above a 1:1 ratio with outstanding stablecoin liabilities at all times? How does the issuer handle any scenario where reserve value could fall below the peg coverage?

- **Currency Match**: Do reserves match the stablecoin's denomination currency, or are FX hedges required?

- **Infinite Minting Risk & Proof of Reserves**: How does the issuer control token issuance? Is minting strictly gated by on-chain mechanisms tied to reserves? Real-time proof of reserves is essential to ensure tokens cannot be created beyond the assets backing them. Effective controls in this area are critical to preventing one of the most

catastrophic failure modes.

- **Valuation Practices**: How are reserve assets valued (e.g., mark-to-market), and how often? How are unrealized gains/losses on assets treated in the reporting?
- **Legal Holding Structure**: In what legal form are reserves held (e.g., trust, segregated accounts for the benefit of stablecoin holders)? What evidence or legal documentation supports this structure? What protections ensure they cannot be claimed by general creditors?
- **Insolvency Protection**: Are holders protected by an issuer bankruptcy-remote structure? Do they have a first-priority claim on reserves in insolvency? Has this been confirmed by enforceable legal opinions and governing documents?
- **Re-Hypothecation**: Does the issuer lend out or pledge reserve assets in any way? If yes, under what conditions and how is liquidity ensured? If not, is this prohibition codified in policy or attestation?
- **Custody Model**: Who are the custodians, and what controls are in place (multi-party authorization, diversification, concentration limits)? What formal agreements govern the issuer–custodian relationship, and what type of custody solution is used? Is it a qualified custodian?
- **Excess Capital & Buffers**: Beyond the 100% reserve requirement, does the issuer hold any additional capital or insurance to cover potential shortfalls or unforeseen losses? If so, how is the amount determined and where are these funds held?
- **Wind-Down Planning**: Is there a formal wind-down or resolution plan, with prefunded reserves and clear rules for asset liquidation?

C. Liquidity & Redemption Performance

- **Redemption Mechanism**: What is the process for redeeming or converting the stablecoin for fiat (direct portal, intermediaries, authorized participants)? Can end-users redeem directly with the issuer, or must they convert through authorized participants?
- **Eligibility**: Who is eligible to redeem the stablecoin directly with the issuer? Retail holders, institutional clients, only whitelisted participants? Are there geographic restrictions due to regulations?

- **Redemption Timeline**: What is the guaranteed timeframe for redemption at par once a request is made? Does the issuer commit to same-day (T+0) redemption? Next business day (T+1)? Up to five days? How does this compare with any regulatory requirements or industry norms?

- **Minimums & Fees**: Are there minimum redemption amounts or fees, and are these disclosed transparently? How does the issuer justify these conditions, and are they communicated clearly to users?

- **Redemption Limits or Gates**: Under what circumstances can the issuer impose limits on redemptions or conversions? For example, does the issuer reserve rights to delay or gate redemptions in extreme market conditions? If yes, what triggers and rules govern such an action?

- **Cross-Border Redemption**: If the stablecoin is used internationally, how does the redemption and conversion process work for users in other jurisdictions? For example, if reserves are held in one country, can a user in another country redeem or convert smoothly? Are there any frictions like currency conversion or local capital controls to consider?

- **Liquidity Management**: What internal measures are in place to manage liquidity for redemptions? Does the issuer keep a certain percentage of reserves in cash for immediate needs? Have they arranged credit lines or intraday facilities with banks to cover large outflows? How do they handle weekends or bank holidays?

- **Stress Testing**: Has the issuer conducted stress tests or simulations of a “run” on the stablecoin? What were the assumptions (e.g., X% of coins redeemed in Y days)? Did the results suggest the issuer could meet all redemption requests? Were any contingency strategies developed from these exercises?

D. Transparency & Assurance

- **Public Reporting Frequency**: How often does the issuer publish reports on the reserve assets and liabilities? Monthly, weekly, real-time dashboard? Are historical reports available to track changes over time?

- **Attestation Details**: Who provides third-party attestations of the reserves, and what exactly do they attest to? Do they verify the existence of assets and match to liabilities 1:1? Are these attestations conducted by a reputable accounting firm? Do they follow a regularly accepted standard?

- **Audit Practices**: Is there an annual audit of the stablecoin's financial statements or reserves? If yes, is it a full-scope audit? Which independent firm conducts it? Have audit opinions been unqualified?

- **Internal Controls**: What internal processes does the issuer have to reconcile and verify reserves against the stablecoin supply? Is there daily reconciliation of bank account balances to tokens minted? How are discrepancies handled and reported?

- **Information Accessibility**: How easily can a typical user find and understand the issuer's disclosures? Is reserve information prominently displayed on the website or in-app?

- **Disclosure Scope**: Beyond reserves, what other information does the issuer disclose regularly? For instance, do they publish data on the number of active wallets, geographic distribution, transaction volumes, or any other metrics to give insight into the stablecoin's usage and ecosystem?

- **Product & Risk Disclosure**: Does the issuer provide a clear "white paper" or equivalent that explains how the stablecoin works and what the risks are? Topics to look for: redemption policy, fees, governance, how reserves are managed and invested, rights of holders, and risk factors like possible scenarios of de-pegging or regulatory changes.

- **Changes and Updates**: How are users informed of changes to the product or policies? If the issuer decides to change the reserve investment policy, or if a new regulation affects redemption or conversion in the secondary market, what communication channels and lead times are used to notify the public?

- **Consumer Protection Standards**: Are disclosures required to meet clarity, fairness, and accuracy standards? Does the issuer commit to financial privacy for users?

E. On-Chain & Market Performance

- **Peg History**: Has the stablecoin ever deviated significantly from its peg value? If so, when and why? What was the largest deviation and how long did it last? How was it restored? If not, what mechanisms or market dynamics have helped it stay stable?

- **Market Perception**: How do markets perceive the stablecoin's stability and risk? (For instance, do major trading platforms or OTC desks apply any discount to it during times of stress? Are there derivatives like futures or options on the stablecoin that indicate

market odds of de-pegging?)

- **Trading Liquidity**: What is the typical daily trading volume of the stablecoin on major exchanges? High volume can indicate good liquidity. Also, how large are the largest trading pools on decentralized exchanges?

- **Exchange Presence**: On which major exchanges (CEX and DEX) is the stablecoin listed? Is it integrated into popular trading pairs and DeFi platforms as a base currency?

- **Holder Distribution**: How decentralized or concentrated is the stablecoin's ownership? What percentage of the supply is held by the top 10 addresses? A more distributed ownership might reduce single-point failure risk, whereas high concentration might pose risk if a large holder redeems or sells quickly.

- **Adoption Metrics**: What are the usage and adoption indicators of the stablecoin? For example, number of active addresses, number of transactions per day, growth of supply over the last year, and use cases (e.g., being used in remittances, DeFi collateral, etc.). This contextualizes performance–a rapidly growing stablecoin might face different challenges than a static one.

- **Multi-Chain Operations & Interoperability**: Is the stablecoin issued natively on multiple blockchains? If so, how are the different chains' versions managed? Are there risks of fragmentation or inconsistencies across chains? If a bridge is used for multi-chain representation, has that bridge been reliable?

- **Bridge & Multi-Chain Risk**: For stablecoins issued across multiple chains, what safeguards exist against key compromise, validator collusion, and replay attacks in bridge mechanisms? Does the issuer employ real-time verification to ensure bridged supply consistently matches locked collateral?

- **Technical Standards**: Does the framework require APIs, multi-chain support, or interoperability?

- **Crisis Response**: How did the stablecoin perform during major market stress events (e.g., crypto market crash, exchange insolvencies, sudden regulatory announcements)? Was it able to handle surges in redemption, conversions or volume? Did the price remain stable? Any noteworthy interventions by the issuer during these times?

F. Anti-Fraud, Privacy & Cyber Resilience

- **AML & User Monitoring**: What measures are in place for users interacting directly with the issuer (e.g., for issuance/redemption/conversions)? Does the issuer require verification of identity for wallet addresses that redeem large amounts? Do they screen for politically exposed persons or sanctioned individuals? Do they commit to adherence with privacy by design perspective to protect user information from overbroad collection and processing?

- **Transaction Monitoring**: Does the issuer or associated entities monitor on-chain transactions for suspicious patterns? Do they utilize blockchain analytics tools to flag potential illicit activity involving the stablecoin?

- **Sanctions Controls**: How does the issuer ensure compliance with international sanctions? Have they ever blacklisted an address to comply with a sanctions order? Do they publicly disclose their policy on freezing assets under certain conditions? Does the issuer maintain the technical ability to freeze and seize coins held by illicit actors?

- **Cybersecurity Framework**: What cybersecurity standards or frameworks does the issuer adhere to? For example, ISO 27001 certification, NIST, SOC 2 compliance, regular third-party penetration tests. Is there a dedicated or experienced security team?

- **Smart Contract Security**: Has the stablecoin's smart contract (and any associated smart contracts, such as upgradeable proxy or custodian contracts) been audited? By which firms and when? Were the audit reports made public? What major issues, if any, were found and were they fixed?

- **Key Management**: How are the private keys that control minting/burning of the stablecoin secured? Multi-signature arrangements? Hardware security modules? Who holds the keys (e.g., a small internal team, a third-party custodian, a DAO governance mechanism?)

- **Incident History**: Has the issuer experienced any significant security incidents (hacks, system outages, data breaches)? If yes, provide details: when, what happened, how much (if any) funds were affected, how it was resolved, and what steps were taken to prevent recurrence. If not, what practices likely contribute to their strong security record?

- **Operational Resilience**: Does the issuer have a business continuity and disaster recovery plan? For example, if a key service provider (e.g., bank, cloud service) goes down, can they still process redemptions? If the primary team is incapacitated, is there a backup site or plan? How quickly can operations resume after a disruptive event? Have

the smart contracts or redemption system ever shut down?

- **Oracle Risk & Data Integrity**: How does the issuer review and ingest critical external data (e.g., prices, FX rates, reserve attestations)? Are such data obtained from multiple independent providers, aggregated securely, and verifiable on-chain to mitigate manipulation and single-source risk?

- **Code of Conduct & Complaint Handling**: Does the issuer have formal policies for user complaints, avoidance of conflicts of interest with users, ethical standards, and due diligence on service providers? Is there a process for prompt transparency and resolution for errors?

Section III: Open Questions

The following table outlines open policy questions and unresolved issues that, while outside StableCheck's immediate Six Pillars, remain critical for the stablecoin sector.

These key issues are intended as living considerations: as markets and regulations evolve, priorities may shift. StableCheck's governance will revisit them periodically for due diligence consideration as well as Stablecoin Standard's advocacy and educational efforts. Notably, SCS participates in regulatory consultations and industry roundtables to drive solutions that strengthen stablecoin reliability, resilience, and anti-fraud and data privacy protection.

Key Issue	Industry Focus
Stablecoin Classification & Scope	Define clear criteria distinguishing payment stablecoins (fiat-backed) from other types (algorithmic, crypto-collateralized) in regulations and standards, preferably globally.
Global Regulatory Harmonization	Enhance cross-border cooperation to harmonize regulations and supervisory expectations; share best practices (e.g., U.S., Singapore, UK) and identify core baseline standards.

Proportional Regulation by Stablecoin Size	Develop a tiered regulatory approach that scales requirements with size and reach; use sandboxes or phased licensing; set thresholds for when stricter rules (capital, reporting) apply.
Issuer Business Model Restrictions	Consider whether stablecoin issuers should be restricted to certain business activities to protect reserves and focus on redemption obligations. For example, policy could mandate that issuers cannot engage in unrelated risky ventures (proprietary trading, lending beyond reserves) or must segregate any such activities into affiliates. This echoes the concept of a narrow bank or trust: the issuer's primary role should be issuing and redeeming the stablecoin.
Stablecoin Reserve Insurance or Guarantees	Explore mechanisms to protect stablecoin holders in the event of reserve failure or issuer insolvency–analogous to deposit insurance in banking. This could involve: (a) government-provided or independent insurance funded by issuer fees or otherwise, or (b) industry mutual insurance funds or credit lines that issuers collectively maintain to backstop each other in a crisis.
Real-Time Reserve Transparency	Develop technology for continuous reserve verification (e.g., on-chain oracles, custodian DLT reporting); move beyond monthly attestations toward near real-time assurance.
Stablecoin Concentration Risks	Expand analysis and disclosure of holder concentration and ecosystem dependencies; evaluate whether disclosures should be mandated given privacy and market-sensitivity concerns.

Anti-fraud and Data Privacy Protection	Require trust chain and privacy by design frameworks to minimize over collection of personal data from users. Use verified wallet and user frameworks instead of legacy KYC framework.
Bridge Risk Frameworks and Reserve Proofs	Standardization of bridge risk frameworks and proof of reserve for multi-chain stablecoins.

Appendix

StableCheck Scoring Methodology

StableCheck uses a scoring system designed to evaluate each stablecoin's alignment with evolving best practices as described herein and expected to be revised as appropriate. The StableCheck process consists of reviewing 23 yes-or-no indicators across "Six Pillars", each designed to cover a key aspect of reliability. These Six Pillars include Regulatory Oversight & Governance, Reserve Asset Quality & Legal Segregation, Liquidity & Redemption Performance, Transparency & Assurance, On-Chain & Market Performance, and Anti-Fraud, Privacy & Cyber Resilience. Each pillar contains a set number of objective criteria (for example, reserve quality has six indicators, transparency has four, etc.), striving for a contribution to the 23 indicators.

Scoring is mostly binary: an issuer either meets a criterion (score = 1) or does not (score = 0). For a few indicators, partial credit (0.5) may be awarded if the issuer has made meaningful progress toward the full criteria or partially meets the requirement. Score decisions are evidence-based when possible; to the extent practical, we rely on verifiable data such as public disclosures, audits, legal documents, and information provided by the issuer.

Each criterion has a stated threshold (e.g. *"publishes monthly reserve reports"* means at least monthly, not quarterly) so that scoring is designed to be consistent and transparent. We attempt to engage directly with issuers and invite their feedback to review their materials and clarify details, ensuring we apply the same standards for every stablecoin. This consistency enables fair comparability: every project is assessed against StableCheck's published benchmarks rather than against each other. In other words, the scores indicate how each

stablecoin measures up to the standard, not a direct ranking of issuers.

Updates and evidence of change: Scores are intended to be updated on a periodic review cycle (quarterly) and adjusted only for sustained improvements or material events, not for temporary news. This means a headline or brief immaterial incident will not change a score.

Level-Up Pathways for Issuers

StableCheck is intended to offer the guardrails of a roadmap more than a scorecard. A score of 0.5 or 0 on any indicator highlights an opportunity for issuers to improve by meeting the criteria more fully. Because each indicator correlates with a concrete practice or safeguard, improving the score is straightforward once changes are implemented. For instance, an issuer might formalize a policy or committee to strengthen governance, increase the frequency of reserve reporting or audits to boost transparency, or enhance legal structures so that reserves are legally segregated and bankruptcy-remote. Similarly, improving market performance metrics, such as deepening liquidity pools or maintaining a consistent peg over time, can help move a score from partial to full credit. These improvements often involve internal upgrades (e.g., adopting a new risk management policy or obtaining a stronger license) and external validation (e.g., third-party attestations, greater market utilization).

Pathway to full points: In practical terms, moving from a 0.5 to 1 means the issuer has closed the gap and now meets the criterion in full. For example, if only quarterly disclosures earned a partial score, switching to monthly public disclosures would satisfy the full requirement. Moving from 0 to 1 typically involves establishing something entirely new; for instance, introducing an independent annual audit if none existed, or instituting a redemption guarantee where previously absent. StableCheck recognizes these upgrades once they are proven durable. The objective is for StableCheck to independently offer standards for issuers, as a guide for enhancement. Importantly, score changes will be made only after the improvement is in place and sustained, ensuring that any improvement reflects lasting progress. This approach is designed to provide an incentive for continuous improvement while maintaining the integrity of the score over time.