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Stablecoin Evaluation Checklist

Evaluate the issuer, backing, redemption, network and legal structure before treating a token designed to be stable as equivalent to cash.

START WITH THE CLAIM What value is the token intended to track, what supports that value, who is obligated to redeem and can you personally use the redemption process?

1. Identify the instrument

[ ] I recorded the complete token name, ticker, blockchain and contract or mint address.

[ ] I identified the reference asset or unit - for example, one US dollar or one euro.

[ ] I determined whether the token is issuer-native, bridged, wrapped, crypto-collateralized or algorithmic.

[ ] I verified the token identifier through the issuer or another authoritative source.

[ ] I identified the issuer, governing entity and applicable jurisdiction.

2. Understand the backing

[ ] I reviewed the current reserve composition rather than relying on a general claim of full backing.

[ ] I understand the proportions held in cash, bank deposits, government securities or other assets.

[ ] I considered the credit quality, maturity, concentration and liquidity of the reserve assets.

[ ] I identified the banks, custodians or smart contracts holding or controlling the backing.

[ ] I checked whether reserves are segregated and how holders may be treated if the issuer fails.

3. Examine verification and transparency

[ ] I located the latest reserve report, attestation or audited financial statements.

[ ] I noted the reporting date, period, assurance provider, criteria, scope and exclusions.

[ ] I understand that a point-in-time attestation is not automatically a full financial-statement audit.

[ ] I compared reported reserves with tokens outstanding when that information is available.

[ ] I checked for material changes, delays, qualifications or gaps in reporting.

STABLE IS AN OBJECTIVE A target price is not a guarantee. A stablecoin can depeg, become illiquid, be frozen or fail.

Accounting reminder: The word stable does not determine accounting classification. Document the holder's legal rights, restrictions and applicable reporting framework.

REDEMPTION AND RISK

Can the Promise Work Under Stress?

Secondary-market liquidity is useful, but it is not the same as a direct, enforceable right to redeem with the issuer.

4. Test the redemption proposition

- [ ] I identified who is legally entitled to redeem directly with the issuer.
- [ ] I reviewed minimum amounts, fees, timing, identity requirements and geographic restrictions.
- [ ] I know whether I would rely on an exchange or market maker rather than direct redemption.
- [ ] I considered whether reserve assets could be converted to cash quickly during heavy redemptions.
- [ ] I understand what happens if banking, custody or redemption services are suspended.

5. Review technology and network risk

- [ ] I confirmed the exact supported blockchain and token contract or mint.
- [ ] I identified administrative powers to mint, burn, freeze, pause or upgrade the token.
- [ ] I reviewed smart-contract, oracle, bridge and custody dependencies.
- [ ] If the token is bridged, I identified the bridge and the asset actually backing that version.
- [ ] I retained the network's native fee asset and verified destination support before transferring.

6. Consider use and concentration

- [ ] The intended use justifies the issuer, reserve, liquidity, technology and regulatory risks.
- [ ] I considered whether another payment or custody method provides stronger protections.
- [ ] The exposure is not concentrated beyond an amount I or the organization can manage.
- [ ] There is a documented monitoring and exit plan for depegging, redemption disruption or issuer concerns.
- [ ] Accounting, tax, sanctions and regulatory requirements have been considered where applicable.

Evaluation record

Stablecoin / ticker	
Network / contract	
Issuer / jurisdiction	
Stabilization model	
Reserve report date	
Direct redemption available?	
Primary risks identified	
Review date / reviewer	