

WHAT IS SAB 122?



The **Securities and Exchange Commission (SEC)** published **Staff Accounting Bulletin No.122 (SAB 122)** effective January 30, 2025, which rescinds **Staff Accounting Bulletin No. 121**

- **SAB 122** rescinds the previous guidance in SAB 121 and its accompanying accounting requirements for crypto custody
- **SAB 122** aligns crypto asset accounting with the treatment of other contingent liabilities by allowing entities to use existing accounting standards of contingency-based accounting principles, namely ASC 450-20 under U.S. GAAP and IAS 37 under IFRS

BACKGROUND



Under **SAB 121**, the SEC required reporting entities that perform custodial duties for crypto assets to recognize a corresponding asset and liability for their obligation to safeguard those assets



Under these guidelines entities were required to record the fair value of safeguarded crypto assets as a liability with a corresponding asset on their balance sheet, even when an entity does not control the assets



Beyond balance sheet recognition, **SAB 121** required entities to disclose details on safeguarded crypto assets, including their nature, amount, and related risks

WHAT IS NEXT?

Since the SEC had passed bulletin there is no need for congressional interventions anymore such as the attempt of **H.J. Res 109** of the 118th congress

