

SEC Withdraws Crypto Accounting Bulletin

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With little fanfare, on January 23, 2025, the US Securities and Exchange Commission (SEC) withdrew controversial [Staff Accounting Bulletin 121](#) regarding custody of digital assets. In its place, new [Staff Accounting Bulletin 122](#) directs registrants to Accounting Standards Codification 450-20, Loss Contingencies and International Accounting Standard 37, Provisions, Contingent Liabilities and Contingent Assets.

SAB 121 proved highly controversial, and during the last Congress both the House and Senate voted to repeal it under the Congressional Review Act. President Biden vetoed that repeal.

SAB 122 instructs SEC registrants to “continue to consider existing requirements to provide disclosures that allow investors to understand an entity’s obligation to safeguard crypto-assets held for others,” and points to other accounting literature that may be instructive. The issuance of SAB 122 and withdrawal of SAB 121 comes just days after the SEC announced a new “[Crypto 2.0](#)” initiative on its approach to digital assets.

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