GBBC Global Blockchain Business Council

JUST THE FACTS

GBBC is a non profit focusing on education, partnerships and standards for the blockchain and digital assets community. GBBC does not lobby

WHAT IS SAB 121?

The **Securities and Exchange Commission (SEC)** published **Staff Accounting Bulletin No. 121**, effective April 11, 2022, which requires reporting entities that perform custodial activities related to crypto assets to include a crypto asset safeguarding liability and a corresponding asset on balance sheets at fair value. It is an obligation to safeguard customers' crypto assets. The guidance is applicable to certain reporting entities that apply US GAAP or IFRS.

WHAT JUST HAPPENED?

May 8: The U.S. House of Representative passed H.J. Res. 109, a bipartisan resolution aimed at overturning the SEC's SAB 121, introduced by Rep. Mike Flood (R-NE) and co-sponsored by Rep. Wylie Nickel (D-NC) **The House vote was 228-182 (290 out of 435 votes prevents POTUS veto)**

May 16: At the U.S. Senate, the resolution was led by Senator Cynthia Lummis (R-WY) where it passed

The Senate vote was 60-38, with all Republicans and 11 Democrats voting in favor (67 out of 100 votes prevents POTUS veto)

Democrats:

- **Cory Booker (D-NJ)**
- **Bob Casey (D-PA)**
- **Kirsten Gillibrand (D-NY)**
- **John Hickenlooper (D-CO)**
- **Mark Kelly (D-AZ)**
- **Ray Luján (D-NM)**
- **Gary Peters (D-MI)**
- **Jacky Rosen (D-NV)**
- **Chuck Schumer (D-NY)**
- **Jon Tester (D-MT)**
- **Ron Wyden (D-OR)**

WHAT IS NEXT?

Bill heads to White House for signature or veto

There are 10 days to sign or veto*, excluding Sundays. Clock starts once a bill / resolution reaches POTUS' desk

Potential Outcomes**

- If Congress is in session, and POTUS does nothing, it passes into law
- If Congress is NOT in session, and POTUS does nothing, then **'pocket veto'** occurs, which means it does NOT pass into law

However, even if Congress is scheduled to be in recess, it can be in **'pro forma session'** for the House to receive POTUS' either signed or vetoed bill, thereby preventing a **'pocket veto'**

***Congress is out May 27th – June 3rd, increasing the chances of falling into the 10-day window**

****If a Congressional Review Act (CRA) disapproval is signed into law, the rule is knocked out and the agency that issued the rule is prohibited from issuing another rule "substantially the same form" in the future**