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

H.J.Res. 109, which would overturn SAB 121, was **vetoed** by President Biden on May 31, 2024, on the grounds that it would limit the SEC's authority to set guardrails in the future

PREVIOUS ACTIONS

May 8: The U.S. House of Representatives 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 JUST HAPPENED?

Bill went to White House for signature or veto

May 31: POTUS vetoed **H.J. Res. 109**, an attempt to overturn **SAB 121**, on the grounds that it would **"inappropriately constrain the SEC's ability to set forth appropriate guardrails and address future issues."** Doing so would undercut SEC authority on accounting practices and ultimately undermine consumer and investor well-being*

POTUS recognizes the importance of guardrails to protect consumers and investors. The White House supports a **"comprehensive and balanced regulatory framework for digital assets"** that can ensure responsible innovation and sustain the leadership status of the U.S. in the global financial system

The bill will now be **sent** to the U.S. House of Representatives for a two-thirds majority vote. If passed in the House, it would require another two-thirds majority vote at the Senate in order to become law

*According to the Congressional Review Act (CRA), if H.J. Res 109 (SAB 121 revocation) had been signed into law, the rule would have been knocked out, and the agency that issued the rule (SEC) would be prohibited from issuing another rule of "substantially the same form" in the future