



BDO BULLETIN

SEC STAFF RESCINDS GUIDANCE ON SAFEGUARDING CRYPTO ASSETS

JANUARY 2025

SUMMARY

The SEC staff issued Staff Accounting Bulletin (SAB) No. 122 (“SAB 122”), which rescinds the interpretive guidance that addressed the accounting for obligations to safeguard crypto assets included in SAB No. 121 (Topic 5.FF of the Staff Accounting Bulletin Series). With this rescission, an entity must assess whether to recognize a liability for the risk of loss associated with safeguarding crypto assets using the recognition and measurement requirements under U.S. GAAP (ASC 450-20, *Loss Contingencies*) or IFRS (if applicable). The rescission must be applied retrospectively for annual periods beginning after December 15, 2024; but can be adopted earlier. Entities must clearly disclose the effects of this change in accounting principle.

Entities also must continue providing disclosures that help investors understand their obligations to safeguard crypto assets, in accordance with existing requirements such as Items 101, 105, and 303 of Regulation S-K, ASC 450-20, and ASC 275, *Risks and Uncertainties*.



SAB 122 DOES NOT CHANGE THE ACCOUNTING FOR CRYPTO ASSETS IN THE SCOPE OF ASC 350-60

SAB 122 does not affect ASC 350-60, *Intangibles – Goodwill and Other – Crypto Assets*. Entities holding crypto assets that meet the criteria in ASC 350-60-15-1 must continue to apply the accounting and disclosure requirements in ASC 350-60. See BDO’s [publication](#) for more information on ASC 350-60.

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[Staff Accounting Bulletin No. 122](#)

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