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Keeping You Informed

Q3 Accounting and Financial Reporting Developments

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Message from Mark Shannon

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Dear readers,

Fall officially began in September, and with it comes the reminder that year-end reporting season is right around the corner. As you begin turning your attention to closing out 2026, we hope information about this quarter's developments helps you prepare.

The Financial accounting Standards Board kept things relatively quiet this quarter, issuing just one final standard: Accounting Standards Update (ASU) 2026-03, "Fair Value Measurement (Topic 820): Investment Companies With Equity Securities Subject to Contractual Sale Restrictions." The ASU creates a limited exception for investment companies within the scope of Topic 946, requiring them to consider the effect of a contractual sale restriction when measuring the fair value of an equity security and to disclose the amount of the related discount. The amendments are effective for annual reporting periods beginning after Dec. 15, 2027, with early adoption permitted.

The Securities and Exchange Commission, on the other hand, continued moving briskly through its 2026 regulatory agenda, advancing a wide range of proposals aimed at modernizing the reporting framework and reducing compliance burdens for issuers of all sizes. Among the highlights is Regulation Crypto Assets, a tailored securities offering framework proposed on Aug. 18 that would create a startup exemption for crypto asset offerings of up to \$5 million, along with a two-tier exemption permitting up to \$20 million or \$75 million within a 12-month period. Comments on that proposal are due Oct. 20, 2026.

Finally, the Public Company Accounting Oversight Board (PCAOB) formed its Inspections Modernization Council this quarter, naming 12 outside members to the group on July 9. The council is a resource group of external stakeholders that gives the PCAOB outside perspectives as it modernizes its inspections program – including how to produce more meaningful inspection-report information, incorporate automation and artificial intelligence, and place greater focus on firms' systems of quality control.

I am grateful to my Crowe colleagues Julia Bell and Jason Eaves for their significant contributions to this publication. We hope you find this report useful, and we welcome any feedback.

Third quarter highlights

During the third quarter of the 2026 calendar year, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2026-03, which provides a limited fair value measurement exception for investment companies holding equity securities subject to contractual sale restrictions. The FASB also issued three proposals: one addressing the evaluation and disclosure of certain digital assets as cash equivalents, one proposing 21 targeted improvements to the Accounting Standards Codification (ASC), and one proposing the inclusion of the value attributable to recapture when measuring residential mortgage servicing rights.

The Securities and Exchange Commission (SEC) announced leadership changes, outlined its 2026 regulatory agenda, and established a Financial Reporting and Accounting Unit within the Division of Enforcement. The SEC proposed frameworks for electronic delivery and certain crypto asset offerings, modernization of transfer agent rules, and rescission of the investment adviser pay-to-play rule. Other actions included discontinuing all Division of Corporation Finance (CorpFin) no-action responses under Rule 14a-8, extending the Form PF amendments' compliance date to July 1, 2027, updating Treasury clearing implementation guidance, beginning work on restructuring the Consolidated Audit Trail, and expanding nonpublic draft registration statement review accommodations for asset-backed securities issuers.

The Public Company Accounting Oversight Board (PCAOB) announced leadership developments involving its chief auditor and board and adopted targeted amendments to QC 1000, subject to SEC approval, while retaining the Dec. 15, 2026, effective date. The PCAOB also issued implementation questions and answers for QC 1000, sought feedback on its draft 2026-2030 strategic plan and standard-setting and research priorities, advanced inspections modernization, and revised Division of Enforcement staff settlement practices.

The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standards (SAS) No. 150 on external confirmations and approved SAS No. 151 on auditors' responsibilities relating to fraud, both effective for audits of periods ending on or after Dec. 15, 2028. The AICPA also updated its digital assets practice aid and issued guidance addressing artificial intelligence in System and Organization Controls (SOC) examinations.

The Center for Audit Quality (CAQ) submitted comment letters addressing SEC reporting proposals, QC 1000, and PCAOB priorities. The CAQ also published research on audit partners' perspectives, institutional investors' use of AI, and the interpretation of PCAOB inspection reports.

Checklists for the effective dates of FASB ASUs are provided in the appendix.



From the FASB

Final standards

FASB standard on investment company fair value reporting

On Sept. 9, 2026, the FASB issued ASU 2026-03, “Fair Value Measurement (Topic 820): Investment Companies With Equity Securities Subject to Contractual Sale Restrictions.” The ASU creates a limited exception to existing Topic 820 guidance for investment companies within the scope of Topic 946, “Financial Services – Investment Companies.” Under the new guidance, an investment company is required to consider the effect of a contractual sale restriction when measuring the fair value of an equity security and disclose the amount of the discount attributable to the restriction. The amendments are intended to better reflect how market participants would value restricted securities and could affect reported net asset values, performance reporting, and related management fees.

Effective date

The amendments are effective for all entities for annual reporting periods beginning after Dec. 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The amendments will be applied prospectively to in-scope equity securities as of the adoption date.

Proposals

Enhanced cash equivalent disclosures for digital assets

On Aug. 18, 2026, the FASB issued a proposed ASU, “Statement of Cash Flows (Topic 230): Cash Equivalents – Disclosure Enhancement and Evaluation of Certain Digital Assets,” to clarify whether certain digital assets such as stablecoins meet the definition of cash equivalents and to increase transparency about the significant components of cash equivalents.

The proposed amendments would add illustrative examples showing how the existing cash equivalents definition applies to certain digital assets designed to maintain a stable value relative to a reference asset, such as a fiat currency. Those examples focus on attributes such as an on-demand contractual cash redemption right, a direct redemption right with the issuer for known amounts of cash, and segregated reserve assets maintained on at least a one-to-one basis in short-term, highly liquid assets. The proposal would not change the Master Glossary definition of cash equivalents.

The proposed amendments also would require entities that present assets as cash equivalents to disclose, in annual reporting periods, the significant components of cash equivalents and the related amounts, such as U.S. Treasury bills, commercial paper, stablecoins, and money market funds. The proposal is intended to reduce diversity in practice, promote more comparable presentation, and provide investors with more decision-useful information.

Comments are due Nov. 19, 2026.

Codification improvements

On Sept. 2, 2026, the FASB issued a proposed ASU, “Codification Improvements,” to make targeted technical corrections, clarifications, and other minor improvements to the FASB Accounting Standards Codification. The proposal is part of the FASB’s standing project to address stakeholder suggestions and other incremental improvements to GAAP that are not expected to significantly affect current accounting practices or result in significant costs for most entities.

The proposed amendments would affect a wide variety of codification topics and would apply to all entities within the scope of the affected guidance. The proposal addresses 21 issues intended to clarify existing guidance, correct errors, or make minor improvements. The FASB has highlighted issues including clarifications related to the scope of the practical expedient and accounting policy election for estimating expected credit losses, consolidation requirements for rabbi trusts, modified share-based payment awards, the normal purchases and normal sales scope exception, derivatives scope guidance, and application of the spot method for net investment hedges.

For most amendments, entities would be permitted to apply the proposed guidance either prospectively or retrospectively to the beginning of the earliest comparative period presented, with the transition method elected on an issue-by-issue basis. The proposed amendments related to the spot method for certain net investment hedges would be applied using a modified retrospective approach. The FASB will determine the effective date and whether early adoption should be permitted after considering stakeholder feedback.

Comments are due Nov. 19, 2026.

Mortgage servicing rights recapture

On Sept. 23, 2026, the FASB issued a proposed ASU, “Transfers and Servicing – Servicing Assets and Liabilities (Subtopic 860-50): Mortgage Servicing Rights – Recapture,” to clarify whether the value attributable to recapture should be included when measuring a residential mortgage servicing right (MSR). Recapture refers to a mortgage servicer’s ability to solicit a borrower to refinance an existing mortgage loan and retain the servicing rights on the new loan. Current GAAP does not specifically address recapture, which has resulted in diversity in practice and reduced comparability.

The proposed amendments would apply to all entities that recognize residential MSRs under Subtopic 860-50 but would not affect other servicing assets or liabilities. The amendments would require an entity to include the effects of recapture when measuring a residential MSR by valuing all rights and obligations associated with the mortgage servicing contract in accordance with Topic 820, “Fair Value Measurement,” unless those rights and obligations are required to be accounted for separately under GAAP. The proposal is intended to align the measurement of residential MSRs with marketplace pricing and improve consistency and comparability across entities. Existing amortization guidance would remain unchanged, and no additional ongoing disclosures are proposed.

An entity would apply the proposed amendments using a modified prospective approach to all residential MSRs outstanding as of the beginning of the adoption period. MSRs subsequently measured using the fair value method would be remeasured, while MSRs subsequently measured using the amortization method would be evaluated and measured for impairment. Any resulting cumulative-effect adjustment would be recognized in opening retained earnings or another appropriate component of equity or net assets. Early adoption would be permitted. The FASB will determine the effective date after considering stakeholder feedback.

Comments are due Nov. 9, 2026.



From the SEC

Leadership changes

Chief operating officer

On July 6, 2026, the SEC named Paul Knight as chief operating officer (COO), replacing acting COO Charlene Arietti Gold. Knight previously served at the SEC from 2008 to 2012 in a variety of roles, including as the interim managing executive for the Division of Economic and Risk Analysis.



Principal deputy director of Division of Enforcement

On July 22, 2026, the SEC announced that Sam Waldon would depart the agency on July 31, 2026, after more than 14 years of service and that Osman Nawaz would succeed him as principal deputy director of the Division of Enforcement. Nawaz previously served with the SEC from 2010 to 2024, holding various roles in the Division of Enforcement.

Public statements and announcements

Capital markets and transatlantic cooperation

On June 13, 2026, Commissioner Mark Uyeda delivered remarks in Kraków, Poland, about the historical ties between the United States and Poland and the role of free enterprise and capital markets in supporting economic growth. Uyeda also highlighted the SEC's current priorities of refocusing disclosure requirements on financial materiality, modernizing the registered offering process, and expanding accommodations for smaller and newer companies.

U.S. market history and regulatory approach

On June 30, 2026, Chair Paul Atkins delivered remarks at the Economic Club of New York. In recognition of the United States' 250th anniversary, Atkins traced the nation's free-enterprise and capital markets tradition through ideas of Thomas Jefferson, Adam Smith, and other historical figures. Atkins connected these themes to the SEC's "ACT strategy" of advancing regulatory frameworks, clarifying jurisdictional lines, and transforming the rulebook by returning to first principles including clear and restrained rules, materiality-based disclosure, and enforcement focused on meaningful investor protection.

Updated capital markets statistics

On July 1, 2026, the Division of Economic and Risk Analysis published updated statistics and visualizations covering key segments of the U.S. capital markets. In the first quarter of 2026, 99 IPOs raised more than \$22 billion, representing an approximately 86% increase in proceeds from the first quarter of 2025. During the same period, 264 follow-on registered offerings raised more than \$44.2 billion, compared with 250 offerings raising more than \$40.4 billion in Q1 of 2025.

2026 regulatory agenda

On July 7, 2026, Atkins issued a statement outlining the commission's 2026 regulatory agenda, describing continued efforts to advance the agency's core mission of protecting investors, facilitating capital formation, and maintaining fair, orderly, and efficient markets. The agenda highlights initiatives related to modernizing the regulatory framework, establishing rules and regulations for crypto assets, and enacting reforms to the public company disclosure regime intended to reduce compliance burdens while maintaining investor protections.

Disclosure and shareholder proposal reforms

On July 9, 2026, Atkins addressed the Society for Corporate Governance Conference about the public company disclosure regime and the shareholder proposal process. Atkins identified reforming Regulation S-K as a priority and discussed a potential "materiality overlay" that would permit companies to omit information otherwise required by a line item when the information is not material. He also noted the SEC is evaluating the role of CorpFin in the Rule 14a-8 no-action process and the rule more broadly, including the federal role in regulating shareholder proposals and the rule's relationship with state corporate law.

CorpFin subsequently discontinued all Rule 14a-8 no-action responses.

Roundtable on 24-hour trading

On Sept. 17, 2026, the SEC held a public roundtable on preparations for expanded trading hours in U.S. equity markets. The program included a staff data presentation and three panels addressing market and broker-dealer readiness, overnight surveillance, closing-price processes, clearing and settlement, operational resiliency, systems and market data continuity, cybersecurity, staffing, investor protection, liquidity, capital formation, potential effects on issuers, and possible future expansion toward 24-7 trading.

In opening remarks, Atkins invited feedback on how expanded trading hours could affect public companies' execution of corporate actions, dissemination of material information, and SEC filings during EDGAR filing hours. Uyeda and Commissioner Hester Peirce also raised considerations related to overnight liquidity, spreads, volatility, best execution, execution quality, resiliency, and regulatory readiness. The SEC has posted recordings of the roundtable, and members of the public may continue to submit comments.



Financial Reporting and Accounting Unit

On Aug. 5, 2026, the SEC announced the creation of a new Financial Reporting and Accounting Unit within its Division of Enforcement. The specialized unit will focus on investigating and pursuing financial reporting fraud, accounting misconduct, and auditing-related violations.

CAT restructuring

On Aug. 10, 2026, Atkins directed SEC staff to recommend changes to the Consolidated Audit Trail (CAT) following the close of the SEC's concept-release comment period. The requested work includes exploring alternative funding, drafting a possible rulemaking to rescind Rule 613 while preserving current CAT infrastructure and reporting specifications, and assessing the resources needed for the SEC to assume responsibility for CAT governance. Atkins said a transition likely would not be complete until late 2027.

PCAOB seat appointment process

On Aug. 18, 2026, Atkins announced that the SEC was soliciting candidates for a Public Company Accounting Oversight Board seat with a term ending Oct. 24, 2031. The position is limited to individuals who have never been certified public accountants. Applications were due Sept. 8, 2026. Atkins emphasized the role of PCAOB members in protecting the integrity of the public markets through efficient stewardship of the board's resources while minimizing unnecessary costs for companies.

SEC and FDA information-sharing framework

On Aug. 31, 2026, the SEC and Food and Drug Administration (FDA) entered into a three-year memorandum of understanding to enhance cooperation and information sharing in support of market integrity, regulatory compliance, and public health. The SEC said FDA-related disclosures by public companies can have a significant market impact.

AI disclosure and Regulation NMS

On Sept. 10, 2026, the SEC's Investor Advisory Committee met to discuss artificial intelligence in public company disclosure and Regulation NMS. In remarks to the committee, Atkins emphasized that AI does not displace materiality as the basis for disclosure requirements and should complement, rather than replace, human judgment. The committee also considered the SEC's June proposal to rescind Rules 611 and 610(e).

Rules and guidance

SEC and CFTC derivatives framework harmonization comment requests

On June 18, 2026, the SEC and the Commodity Futures Trading Commission (CFTC) issued two joint requests for public comment. The agencies requested input on modernizing and streamlining data-reporting frameworks for security-based swap and swap markets. They also requested comment on further clarifying and harmonizing derivatives product definitions.

Comments on both requests were due Aug. 24, 2026.

FASB proposed taxonomy guide for Regulation S-X schedules

On July 15, 2026, the SEC announced that the FASB published a proposed Taxonomy Implementation Guide for investment companies, including Regulation S-X schedules for business development companies. The guide illustrates the use of key-value pairs to tag nonnumeric, investment-specific information in schedules of investments. Comments were due to the FASB by Aug. 10, 2026.

Proposed new electronic delivery framework

On July 16, 2026, the SEC proposed Regulation E-Delivery, which would permit issuers, broker-dealers, investment advisers, investment companies, and other market participants to electronically deliver required disclosures without first obtaining affirmative investor consent, while preserving investors' ability to request paper delivery. Comments on the proposal were due Sept. 21, 2026. Atkins, Uyeda, and Peirce each issued statements supporting the proposal. They characterized it as a modernization of the SEC's disclosure framework that would enhance investors' access to information while maintaining investor choice through an ongoing paper delivery option.

Crypto vaults and lending strategies

On July 22, 2026, Peirce issued a statement addressing how federal securities laws may apply to crypto vaults and onchain lending strategies. Peirce said that moving activities onchain does not, by itself, place them outside the securities laws and that the analysis will depend on the specific structure, activities, facts, and circumstances, including potential securities, investment company, and investment adviser considerations.

Treasury clearing implementation updates

On Aug. 7, 2026, Uyeda reported that the SEC was evaluating combined relief addressing certain non-U.S. transactions and the outward-facing condition of the inter-affiliate exclusion under the Treasury Clearing Rule. He also summarized completed work, including conditional relief for certain private fund clearing subsidiaries and a staff FAQ permitting bilateral settlement during a Treasury clearing agency outage. On Sept. 2, SEC staff added FAQs addressing transactions that fail to clear for operational reasons outside a direct participant's control and methods for identifying government securities brokers and dealers. The mandatory clearing compliance dates remain Dec. 31, 2026, for eligible cash transactions and June 30, 2027, for eligible repo transactions.

Discontinuation of Rule 14a-8 no-action responses

On Aug. 14, 2026, CorpFin issued a statement further updating its approach to Rule 14a-8 shareholder proposal matters. The division previously announced that it will not respond to no-action requests to exclude shareholder proposals under Rule 14a-8, except for those relying on Rule 14a-8(i)(1). The Aug. 14 statement expands that approach as the division will discontinue all Rule 14a-8 no-action responses, including those under Rule 14a-8(i)(1), and will no longer issue non-objection letters for Rule 14a-8(j) notices. Under Rule 14a-8(j), companies must continue submitting required notices through the Shareholder Proposal form.

EDGAR Release 26.3 implementation

On Sept. 14, 2026, the SEC implemented EDGAR Release 26.3. The release added the FND-2026q3 taxonomy and disallowed specified 2024 taxonomies and interim taxonomy versions. It also corrected a labeling error in the EDGAR submission templates for Forms 13F and 13F-CTR. The updated EDGAR Filer Manual moved technical information about submitting extensible business reporting language (XBRL) documents from Chapter 6 to the EDGAR XBRL Guide. Other changes included new electronic filing interfaces for Form 1 and ANE Exception Notices.

Proposed tailored framework for crypto asset offerings

On Aug. 18, 2026, the SEC proposed Regulation Crypto Assets, a tailored securities offering framework for certain investment contracts involving crypto assets. The proposal would establish a startup exemption for offerings of up to \$5 million over a period of no more than four years. A second exemption would offer a two-tier fundraising exemption which would permit offerings during a 12-month period of up to \$20 million under Tier 1 or \$75 million under Tier 2. Comments on the proposal are due on Oct. 20, 2026.

In accompanying statements, Atkins emphasized the proposal's intended role in supporting domestic capital formation and innovation while preserving investor protections and stated that federal market-structure legislation remains necessary to establish durable rules for crypto markets. Uyeda described the proposal as a shift from an enforcement-led approach toward fixed thresholds, defined disclosure obligations, and conditions issuers can assess before conducting an offering. Peirce characterized the proposal as a step toward clear, sensible, and enforceable rules and requested comment on whether the exemptions and safe harbor are sufficiently flexible to accommodate different crypto models and evolving market developments.

For more information, please see the Crowe article "SEC Proposes Tailored Crypto Asset Offering Framework."

Business development company XBRL tagging

On Aug. 27, 2026, SEC staff identified inappropriate XBRL elements used by business development companies to tag interest and dividend investment income, net investment income, and total expenses in fiscal 2025 Forms 10-K. Staff encouraged filers to review their tagging and make corrections as appropriate.

Proposed treatment of European Union debt obligations

On Aug. 28, 2026, the SEC proposed adding debt obligations issued by the European Union to the foreign government obligations designated as "exempted securities" under Exchange Act Rule 3a12-8, solely for purposes of marketing and trading futures contracts. The proposal would place futures on EU debt obligations under the CFTC's exclusive jurisdiction while preserving the SEC's jurisdiction over the underlying debt securities. Comments are due Nov. 2, 2026.



Form PF compliance date extension

On Aug. 31, 2026, the SEC and CFTC adopted a final rule further extending the compliance date for the Form PF amendments adopted in February 2024 from Oct. 1, 2026, to July 1, 2027. The extension became effective Sept. 3, 2026, and changes the implementation date rather than the substance of the amendments.



Proposed modernization of registered transfer agent rules

On Sept. 1, 2026, the SEC proposed amendments to modernize the rules and forms applicable to registered transfer agents, which have not been substantively updated since the original rules were adopted in the late 1970s and early 1980s. The proposal reflects the widespread use of electronic recordkeeping and communications, blockchain technology, and the current services provided by transfer agents by amending existing rules and forms.

Comments on the proposal are due Nov. 3, 2026.

Proposed rescission of investment adviser political contribution rule

On Sept. 3, 2026, the SEC proposed rescinding Advisers Act Rule 206(4)-5, known as the “pay-to-play” rule, and related recordkeeping requirements. The SEC cited implementation challenges and unintended consequences, including that certain small political contributions or technical “foot faults” by an adviser or covered associate can potentially trigger a two-year prohibition on compensated advisory services to a government client. Other Advisers Act obligations would remain in effect.

Comments on the rescission are due Nov. 9, 2026.

CorpFin interpretations updates

On June 23, 2026, CorpFin issued a new Securities Act interpretation addressing registration and disclosure considerations for exchange-listed rights issued in connection with a business combination.

On July 9, 2026, CorpFin updated its Corporation Finance interpretations addressing beneficial ownership reporting under Exchange Act Sections 13(d) and 13(g), Schedule 13D, proxy rules and Schedules 14A/14C, Regulation Crowdfunding ongoing reporting requirements, and tender offer rules and schedules.

On July 21, 2026, CorpFin issued a new interpretation addressing the use of digital attestations for investor representations regarding accredited investor status in Rule 506(c) offerings of tokenized securities.

On Sept. 2, 2026, CorpFin added three beneficial ownership interpretations addressing issuer-initiated engagement, discussions with a proxy solicitor about voting views, and requests to clarify issuer disclosure.

On Sept. 4, CorpFin added a Rule 457 filing-fee interpretation and four Form S-1 interpretations addressing historical and forward incorporation by reference.

Expansion of nonpublic draft review of asset-backed securities

On Sept. 8, 2026, CorpFin expanded its nonpublic draft registration statement review accommodations to asset-backed securities issuers using Forms SF-1 and SF-3. For specified initial registrations, issuers must publicly file the registration statement and prior draft submissions at least 15 days before a road show or requested effective date. For other eligible registrations, the public filing generally must occur at least two business days before the requested effective time and date.

Relief from certain Inline XBRL requirements

On Sept. 14, 2026, the SEC issued an order granting exemptive relief from certain Inline XBRL requirements adopted on Dec. 16, 2024. The relief applies to Form CA-1, except Exhibit H; Form 1, except Exhibit I; Form X-17A-5 Part III; Form 17-H; and annual compliance reports of security-based swap dealers and major security-based swap participants. The underlying forms and reports remain required but do not need to be filed or submitted in Inline XBRL. The SEC said the relief is expected to reduce unnecessary compliance costs without meaningful losses in transparency or data accessibility for investors.

Shareholder proposal and proxy solicitation rules

On Sept. 16, 2026, the SEC issued a proposal rescinding Exchange Act Rule 14a-8, which governs the inclusion of shareholder proposals in company proxy materials, and amending Rule 14a-4(c). Under the rescission, state corporate law and each company's governance arrangements would determine how shareholder proposals are handled. Proposed amendments to Rule 14a-4(c) would broaden companies' ability to exercise discretionary proxy voting authority while allowing individual shareholders to opt out of granting that authority.

Separately, the SEC proposed modernizing four proxy solicitation requirements. The proposal would eliminate the annual report delivery requirement, the 20-business-day delivery period for certain documents incorporating information by reference, and the notice requirement for exempt solicitations. It also would reduce the minimum broker search period from 20 business days to five.

Comments on both proposals are due Nov. 20, 2026.

Observations on adviser annual compliance reviews

On Sept. 14, 2026, the Division of Examinations published a risk alert addressing investment advisers' required annual reviews of their compliance policies and procedures. Staff observations included reviews that were untimely or incomplete, did not align with written procedures or business practices, lacked supporting documentation, or did not result in appropriate corrective action. The division encouraged advisers to assess their current practices and make appropriate improvements to their annual review processes.

Fair value and disclosure considerations for private assets

On Sept. 28, 2026, SEC Chief Accountant Kurt Hohl and Division of Investment Management Director Brian Daly issued a staff statement reminding registrants and auditors of existing fair value measurement and disclosure considerations for private assets, particularly private credit. The staff noted that private credit investments in registered fund portfolios grew nearly 60%, from \$170 billion in December 2020 to \$270 billion in December 2025.

The staff emphasized that limited or untimely borrower information does not relieve management of its responsibility to estimate fair value under Topic 820, “Fair Value Measurement.” Measurements should reflect reasonably available market-participant information and appropriate calibration. Material Level 3 disclosures should be tailored to the registrant and explain the valuation techniques, significant unobservable inputs, measurement uncertainty, and relevant portfolio risk characteristics, including nonaccrual investments and payment-in-kind interest.

The statement also addresses the conditions and supporting evidence for using net asset value as a practical expedient and reminds auditors to exercise professional skepticism and obtain persuasive evidence regarding management’s valuation methods, assumptions, and data. The statement reflects the authors’ official staff views; is not a rule, regulation, or statement of the commission; and creates no new obligations.



From the PCAOB

Leadership

Director of enforcement and investigations

On June 15, 2026, the PCAOB [announced](#) that George G. Demos was named director of its Division of Enforcement and Investigations. In this role, Demos will oversee the PCAOB's investigations of rules violations and enforcement of professional standards and applicable securities regulations. Demos previously was a litigation partner and served as senior counsel in the SEC's Division of Enforcement, where he led investigations and prosecutions involving accounting fraud, insider trading, and market manipulation. William Ryan, who had served as acting director since December 2025, will return to his role as the division's chief counsel.

Chief auditor

On June 26, 2026, the PCAOB [announced](#) that Chief Auditor Barbara Vanich would depart the organization on July 15, 2026, after more than 17 years of service. Vanich departed on that date, and the PCAOB currently lists Dominika Taraszkiewicz as acting chief auditor. Vanich, who has served as chief auditor since October 2022, helped lead several significant standard-setting and implementation initiatives including the adoption of QC 1000, "A Firm's System of Quality Control"; the development of implementation resources for new standards; the PCAOB's first request for input on potential future standard-setting and research priorities; and the launch of a firm consultation process. The PCAOB said it has begun a search for her successor.

PCAOB board member

On Aug. 10, 2026, the PCAOB [announced](#) that Kyle S. Hauptman was sworn in as a board member. The SEC appointed Hauptman on Jan. 30, 2026, and his current term expires Oct. 24, 2029. Before joining the PCAOB, Hauptman served as chair of the National Credit Union Administration, a role he had held since January 2025.

Standard-setting and rulemaking

Standard-setting and research agendas

On June 23, 2026, the PCAOB [announced](#) a public comment period seeking stakeholder input on potential future areas of focus for its standard-setting and research agendas and on its overall standard-setting process. This is the first time the PCAOB has issued a request for comment specifically on those agendas and processes. The request also seeks input on how the SEC's proposed optional semiannual reporting framework could affect PCAOB standards. The comment period closed Aug. 7, 2026.

QC 1000 amendments

On Sept. 9, 2026, the PCAOB adopted amendments to certain provisions of QC 1000, “A Firm’s System of Quality Control,” and related amendments to PCAOB forms and the quality control reporting rule. The amendments are intended to improve alignment, where appropriate, with other quality management standards and reduce compliance costs without compromising the PCAOB’s investor-protection mission. Among other changes, the amendments rescind the design-only requirement and the external quality control function requirement; provide more flexibility in assigning certain quality control roles; narrow communication requirements related to firm metrics; revise the evaluation of engagement and quality control deficiencies and annual evaluation conclusions; permit firms to select their annual evaluation date; and reduce the documentation retention period from seven years to five years. The amendments do not change QC 1000’s Dec. 15, 2026, effective date and are subject to SEC approval. If approved, the amendments will become effective on that date.

Guidance and publications

Firm consultation process

On June 25, 2026, the PCAOB announced a new firm consultation process, led by its Office of the Chief Auditor, to provide registered public accounting firms with more timely and consistent guidance. Under the process, firms may submit questions directly to PCAOB staff and receive informal staff views regarding the implementation of new standards and the application of existing auditing, attestation, quality control, ethics, and independence standards and rules. The PCAOB does not plan to make individual consultation requests public but might publish broader guidance on frequently asked questions or matters with wider applicability.

QC 1000 implementation questions and answers

On Aug. 17, 2026, the PCAOB released “QC 1000 Questions and Answers,” a staff resource intended to help firms implement QC 1000, “A Firm’s System of Quality Control,” before the standard’s Dec. 15, 2026, effective date. The resource addresses selected implementation matters involving the scope and application of the standard, firm risk assessments, ethics and independence, technological resources, monitoring and remediation, and evaluation and reporting. The questions and answers do not address provisions covered by the amendments proposed by the PCAOB on June 9, 2026 and adopted on Sept. 9, 2026. The amendments remain subject to SEC approval. The resource could help audit firms prepare for implementation and provide audit committees with additional context when discussing their auditors’ quality control readiness.



Strategic planning

Draft 2026-2030 strategic goals and objectives

On July 20, 2026, the PCAOB [issued](#) a request for public comment on draft goals and objectives for its 2026-2030 strategic plan. The draft is organized around three priorities: advancing audit quality and investor protection, clarifying expectations and the bases for PCAOB decisions, and transforming how oversight is delivered.

The draft plan includes six goals addressing modernization of standard setting and implementation, inspections and registration, enforcement, stakeholder engagement, the use of technology and data, and organizational effectiveness. The final plan could shape the PCAOB's standard-setting, inspections, and enforcement priorities over the next five years. The comment period closed Sept. 4, 2026.

Inspections

Inspections Modernization Council

On July 9, 2026, the PCAOB [announced](#) the 12 members of its Inspections Modernization Council. The council is a resource group of outside parties formed to provide perspectives as the PCAOB modernizes its inspections program. Areas for consideration include producing more meaningful inspection-report information, using automation and artificial intelligence, and increasing the focus on firms' systems of quality control.

On Aug. 24, the PCAOB [posted](#) discussion materials from the council's July and August meetings. The materials address development of a quality-control-informed inspection approach, technology, inspection reporting, and remediation. PCAOB staff prepared the materials for discussion, and the board has not approved or adopted them.



Enforcement

Staff statements on settlement practices

On July 10, 2026, PCAOB Enforcement staff revised a statement describing when staff generally will recommend identifying an issuer or broker-dealer in a settled disciplinary order. In matters not involving alleged audit-performance deficiencies, staff generally recommend that an order not identify related issuers or broker-dealers. In matters involving alleged audit deficiencies, staff generally recommend identification when the entity previously disclosed or admitted relevant financial statement or internal control concerns, another regulator has taken or plans related public action, or a public proceeding found relevant misconduct.

On July 31, PCAOB Enforcement staff issued a separate statement that staff will no longer routinely condition a recommendation that the board accept a settlement on the respondent's agreement not to deny findings publicly. Staff also stated that they will not recommend enforcing existing no-deny provisions. The statement does not change staff's practice regarding admissions in settlements.

Both statements describe staff practices and do not establish board rules or policy. The board retains discretion over settlement recommendations.

From the AICPA

Auditing standards

External confirmations

On July 13, 2026, the Auditing Standards Board issued Statement on Auditing Standards No. 150, “External Confirmations.” The standard requires auditors to perform external confirmation procedures for cash and cash equivalents held by third parties unless specified conditions exist. It also updates the guidance to address the widespread use of intermediaries, provides guidance on directly accessing information maintained by a knowledgeable external source, and establishes revised conditions for using negative confirmation requests.

The standard is effective for audits of financial statements for periods ending on or after Dec. 15, 2028, with early adoption permitted. The changes will directly affect audits of nonissuer financial institutions and other entities conducted under AICPA auditing standards. It also could affect the confirmation process at financial institutions that respond to auditors’ requests, serve as intermediaries, or facilitate auditor access to information maintained by third parties.

Auditor’s responsibilities relating to fraud

On Aug. 19, 2026, the AICPA’s Auditing Standards Board (ASB) approved Statement on Auditing Standards (SAS) No. 151, “The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements.” The standard clarifies and enhances auditor responsibilities involving professional skepticism, fraud-risk identification and assessment, documentation, communication, and responses when fraud or suspected fraud is identified. Among other changes, it requires the auditor to understand an entity’s whistleblower or other fraud-reporting program, if one exists, and retains the presumption of a fraud risk involving revenue recognition while requiring the auditor to determine which transactions or assertions give rise to that risk. The standard does not change the definition of fraud or the auditor’s overall objective of obtaining reasonable assurance that financial statements are free of material misstatement due to fraud or error.

The standard is effective for audits of financial statements for periods ending on or after Dec. 15, 2028, with early adoption permitted. The standard will directly affect audits of nonissuer financial institutions conducted under AICPA auditing standards and could assist audit committees with discussions about fraud risk assessments, whistleblower programs, and communications with auditors.

Other activities

Sustainability assurance

On June 29, 2026, the AICPA and Chartered Institute of Management Accountants (CIMA) and the International Federation of Accountants released the sixth annual edition of their global study on sustainability disclosure and assurance practices. The study found that 75% of the large global companies reviewed obtained assurance over at least some sustainability disclosures in 2024 and that audit firms performed 59% of sustainability assurance engagements globally. The study also found increasing use or planned use of International Sustainability Standards Board standards and European Sustainability Reporting Standards, indicating continued movement toward greater standardization and integration of sustainability information with financial reporting. The findings provide additional context for financial institutions with international operations, voluntary sustainability reporting, or audit committee oversight of sustainability information.

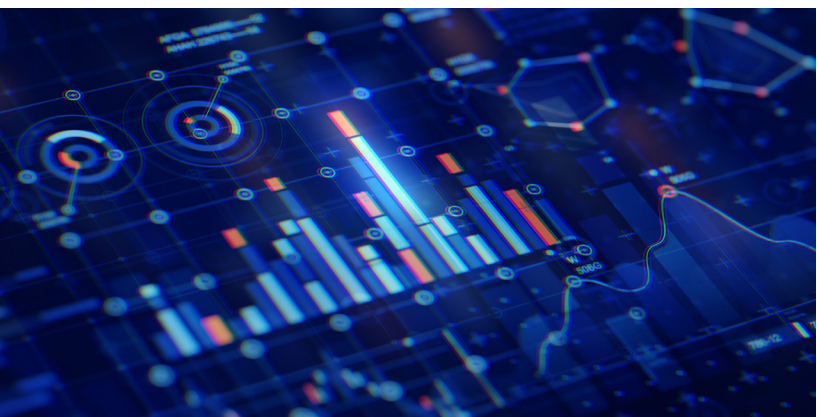
Updated digital assets practice aid

On Aug. 25, 2026, the AICPA released an updated version of its practice aid, “Accounting for and Auditing of Digital Assets.” The update adds a chapter addressing accounting considerations for stablecoin issuers, including recognition of obligations associated with issued tokens and considerations related to stablecoin reserve assets. It also adds auditing guidance for mining revenue arrangements and updates the practice aid to reflect auditing standards through SAS No. 148 and the engagement-level quality management requirements in SAS No. 146.

The practice aid does not establish new accounting or auditing requirements but is intended to assist practitioners in applying existing standards to evolving digital asset arrangements. The stablecoin guidance could be particularly relevant to financial institutions considering permitted payment stablecoin activities and to auditors evaluating the associated token obligations and reserve assets.

AI use in SOC examinations

On Sept. 11, 2026, the AICPA issued nonauthoritative technical questions and answers (TQAs) addressing how a service organization’s use of artificial intelligence affects SOC 1 examinations performed under AT-C section 320 and SOC 2 examinations performed under AT-C section 205. The guidance could be relevant as financial institutions evaluate service-provider controls and AI-related third-party risks.



From the CAQ

Comment letters

Semiannual reporting proposal

On June 26 and July 6, 2026, respectively, the CAQ's Audit Committee Council (ACC) and the CAQ submitted comment letters to the SEC on its proposed optional semiannual reporting framework. The ACC supported allowing companies to elect semiannual reporting, emphasizing that management and the audit committee, informed by stakeholder outreach, should determine the appropriate reporting frequency and that financial information must remain reliable regardless of the cadence. The CAQ supported efforts to reduce unnecessary public company reporting burdens but recommended that the SEC further study whether those burdens primarily result from reporting frequency, the volume of required interim disclosures, or other factors. The CAQ also highlighted potential implications for auditor involvement, the timing of annual audit work, internal control over financial reporting, and the timely detection and remediation of misstatements and control deficiencies.



Targeted amendments to QC 1000

On July 9, 2026, the CAQ submitted a comment letter supporting the PCAOB's targeted proposed amendments to QC 1000, "A Firm's System of Quality Control." On Sept. 9, 2026, the PCAOB adopted the amendments, which improve alignment with other quality management standards and seek to reduce implementation complexity while maintaining accountability for achieving the reasonable assurance objective of firms' quality control systems. Among other changes, the PCAOB rescinded the design-only requirement for registered firms that do not perform PCAOB engagements and the external quality control function requirement; provided greater flexibility in assigning quality control roles; narrowed and simplified certain metrics communication requirements; refined the evaluation of engagement and quality control deficiencies; permitted firms to select their annual evaluation date; revised the evaluation conclusions; and reduced the documentation retention period from seven years to five years. The amendments do not change QC 1000's Dec. 15, 2026, effective date and are subject to SEC approval. If approved, the amendments to QC 1000 and the related PCAOB rule and forms will become effective on that date.



SEC filer status proposal

On July 20, 2026, the CAQ and its ACC submitted comment letters to the SEC on its proposal “Enhancement of Emerging Growth Company Accommodations and Simplification of Filer Status for Reporting Companies.” The letters support the SEC’s objective of simplifying filer status requirements and reducing unnecessary regulatory costs while expressing concern that portions of the proposal could extend accommodations too broadly.

The CAQ [letter](#) emphasizes that auditor attestation under Section 404(b) of the Sarbanes-Oxley Act provides meaningful investor protection and notes that the CAQ does not support a five-year exemption from the requirement for newly public companies regardless of size.

The ACC [letter](#) similarly expresses concern about the proposed increase in the large accelerated filer threshold and emphasizes the importance of effective internal control over financial reporting and independent auditor attestation. The letters encourage the SEC to consider more targeted alternatives that reduce burden while preserving the reliability, comparability, and transparency of financial information.

PCAOB standard-setting and research agendas

During the PCAOB comment period that closed Aug. 7, 2026, the CAQ [submitted](#) a comment letter addressing the board’s standard-setting and research agendas and its overall standard-setting process. The CAQ encouraged the PCAOB to develop a transparent conceptual framework for establishing standard-setting priorities and supported adding data and technology, including digital assets, to the research agenda. It also supported projects addressing fraud, noncompliance with laws and regulations, auditor independence, and going concern. The CAQ recommended against initiating new projects on critical audit matters or audit quality indicators, citing evidence that critical audit matters are meeting their intended objectives and concerns that firm and engagement metrics might have limited value without the context provided through audit committee discussions. The letter also provided observations regarding the potential effect of the SEC’s proposed optional semiannual reporting framework on PCAOB auditing standards.

PCAOB draft 2026-2030 strategic plan

On Sept. 4, 2026, the CAQ submitted a comment letter supporting the PCAOB's draft 2026-2030 strategic plan. The CAQ recommended that the board focus on organizational culture, professional development, and expertise; execution, prioritization, and coordination with the SEC; continued development of inspections and inspection reporting; and a stronger role for the Office of the Chief Auditor in standard setting, implementation support, and interpretation.

Research and publications

Spring 2026 Audit Partner Pulse

On July 15, 2026, the CAQ released its Spring 2026 Audit Partner Pulse Survey. Audit partners reported that public companies are moving forward with targeted technology investments and strategic decisions despite continued economic and geopolitical uncertainty. Technology disruption and AI-related competitive pressures ranked among the leading risks, alongside cybersecurity and geopolitical instability, and 39% of respondents said their clients were actively seeking perspectives on expected regulatory changes. Nearly 90% characterized the maturity of AI governance at their largest client as developing or early stage.



Institutional investors' use of AI

On July 29, 2026, the CAQ highlighted findings from its latest Institutional Investor Survey on the use of artificial intelligence in investment research and decision-making. The survey found that 68% of institutional investors report extensive or moderate use of AI and that 83% expect their use of the technology to increase during the next two years. Common applications include analyzing earnings calls, summarizing management's discussion and analysis and risk disclosures, extracting financial and operational metrics, and evaluating other qualitative disclosures.

At the same time, only 33% of respondents said they mostly or completely trust the output produced by their AI tools, with concerns including inaccurate results, data quality, and limited transparency into how conclusions are reached. The findings underscore the continued importance of human judgment and reliable, consistent, and decision-useful corporate reporting as AI becomes more integrated into investment analysis.

PCAOB inspection reports context

On Aug. 20, 2026, the CAQ published observations on the purpose and interpretation of PCAOB inspection reports following the release of 2025 inspection results for the six U.S. global network firms. The CAQ noted that inspection reports are based on selected audits and risk areas and are not intended to provide a comprehensive assessment or ranking of an audit firm. It also emphasized that an inspection deficiency does not necessarily mean that a company's financial statements were misstated or that a material weakness in internal control over financial reporting existed.

The CAQ reported that only one of the 312 audits reviewed by the PCAOB in 2025 resulted in a restatement. It encouraged stakeholders to consider inspection findings together with other information when evaluating audit performance and supported continued improvements in inspection consistency, transparency, quality control focus, and reporting usefulness. The observations could be relevant to audit committees of public financial institutions when evaluating and discussing their external auditor's inspection results.



Accounting Standards Updates (ASU) effective dates

Checklist A – ASU effective dates for public business entities (PBEs) A-1

Checklist B – ASU effective dates for nonpublic business entities (non-PBEs) B-1

Checklist A

ASU effective dates for public business entities (PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Induced Conversions of Convertible Debt Instruments (ASU 2024-04) Clarifies whether certain settlements of convertible debt instruments should be accounted for as an induced conversion if certain conditions are met and provides certain clarifications.	March 31, 2026	Permitted
Measurement of Credit Losses (ASU 2025-05) Simplifies CECL for short-term receivables by creating a practical expedient. Under the expedient, entities estimate expected credit losses assuming conditions at the balance sheet date continue over the asset's remaining life, while still adjusting historical loss data for known, current customer or company factors.	March 31, 2026	Permitted, including in an interim period
Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (ASU 2025-03) Enhances the guidance in Topic 805, "Business Combinations," for determining the accounting acquirer. When an acquisition is primarily executed through an exchange of equity interests and the legal acquiree is a VIE that qualifies as a business, the amendments require entities to apply the factors outlined in ASC 805-10-55-12 through 55-15 to identify the accounting acquirer.	March 31, 2027	Permitted, including in an interim period
Clarifications to Share-Based Consideration Payable to a Customer (ASU 2025-04) Clarifies guidance in Topic 606 and Topic 718 related to share-based payments made as consideration payable to a customer. The update revises the Master Glossary definition of a "performance condition" to include conditions tied to a customer's purchases or those of other parties within the distribution chain. This revised definition applies only to share-based consideration payable to customers and cannot be analogized to awards granted to employees or nonemployees. Additionally, the ASU clarifies that grantors must evaluate the likelihood of vesting using Topic 718 alone and should not apply the variable consideration constraints from Topic 606.	March 31, 2027	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Derivative Accounting and Customer Share-Based Noncash Consideration (ASU 2025-07) Refines Topic 815 by excluding from derivative accounting any non-exchange-traded contracts whose underlyings are based on operations or activities specific to one of the parties with certain scoping exceptions. Clarifies that share-based noncash consideration received from a customer in a revenue contract is accounted for under Topic 606 until the right to receive or retain that consideration is unconditional, at which point other topics apply.	March 31, 2027	Permitted, including in an interim period
Credit Losses – Purchased Loans (ASU 2025-08) Simplifies accounting for acquired loans under CECL by expanding use of the gross-up method to a new category of purchased seasoned loans (PSLs). PSLs are acquired loans purchased more than 90 days after origination (or acquired in a business combination) when the acquirer was not involved in origination. For PSLs, an ACL is recorded at acquisition with an equal increase to amortized cost, eliminating Day 1 credit loss expense. Excludes credit cards, Topic 606 trade receivables, and debt securities.	March 31, 2027	Permitted, including in an interim period
Hedge Accounting Improvements (ASU 2025-09) Provides targeted updates including a new “similar risk exposure” criterion for grouping forecasted transactions in cash flow hedges, an optional model for hedging forecasted interest payments on choose-your-rate debt, expanded eligibility to hedge price components and subcomponents of nonfinancial forecasted transactions using the clearly-and-closely-related principle, revised eligibility for certain compound derivatives containing written options, and corrected effectiveness assessment for dual hedges involving foreign-currency-denominated debt.	March 31, 2027	Permitted

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Codification Improvements (ASU 2025-12) Makes targeted technical corrections and clarifications across the codification to address unintended application, outdated references, and minor inconsistencies. The ASU affects 33 issues spanning multiple topics, including earnings per share, beneficial interests, receivables, transfers and servicing, and not-for-profit accounting, and generally is not expected to significantly change current practice.	March 31, 2027	Permitted, including in an interim period
Measuring PIK Dividends on Equity-Classified Preferred Stock (ASU 2026-01) Requires issuers to initially measure paid-in-kind (PIK) dividends based on the PIK dividend rate stated in the preferred stock agreement. The guidance applies to all entities that issue PIK dividends on equity-classified preferred stock, including temporary equity preferred stock, but does not change when PIK dividends are recognized.	March 31, 2027	Permitted, including in an interim period
Disaggregation of Income Statement Expenses (ASU 2024-03) Requires disclosure of information about certain costs and expenses for public business entities relating to purchases of inventory, employee compensation, depreciation, intangible asset amortization; and depreciation, depletion, and amortization recognized as part of oil and gas-producing activities included in each relevant expense caption. The amendments also require certain other disclosures. Clarifying standard: ASU 2025-01 – Clarifies the effective date.	Dec. 31, 2027	Permitted
Modernizing Internal-Use Software Accounting (ASU 2025-06) Eliminates prescriptive project stages and requires capitalization of internal-use software costs only after 1) management authorizes and commits to funding the project and 2) it is probable the software will be completed and used as intended. Entities also must evaluate and, if present, resolve significant development uncertainty, limited to 1) novel or unproven functionality not yet resolved through coding and testing and 2) situations in which significant performance requirements have not been identified or continue to be substantially revised.	March 31, 2028	Permitted, including in an interim period
Interim disclosures (ASU 2025-11) Provides narrow-scope improvements to Topic 270 by clarifying that GAAP interim reporting guidance applies to all entities issuing interim financial statements and by creating a comprehensive list of required interim disclosures. Reorganizes and refines interim disclosure requirements, adds a disclosure principle requiring entities to report events after year-end that materially affect interim results, and clarifies form-and-content expectations for both full and condensed interim financial statements.	March 31, 2028	Permitted, including in an interim period

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end PBEs	Early adoption
Environmental Credits and Credit Obligations (ASU 2026-02) Applies to all entities that generate, buy, receive, or use transferable environmental credits or that have regulatory compliance obligations settleable with those credits. Environmental credits are recognized as assets only when it is probable they will be used to settle an environmental credit obligation, sold or transferred, or used in a nonreciprocal transfer. Costs to obtain other environmental credits are recognized as an expense when incurred. Compliance credits are generally measured at cost and not impaired, while other recognized credits are measured at cost less impairment unless a fair value policy election applies. Environmental credit obligations are recognized when events through the reporting date create a regulatory obligation, measured using the carrying amount of credits held for the funded portion and fair value or specified settlement amounts for any unfunded portion.	March 31, 2028	Permitted
Investment Company Fair Value Reporting (ASU 2026-03) Requires investment companies within the scope of ASC 946 to consider the effect of a contractual sale restriction when measuring the fair value of an equity security and disclose the amount of the discount attributable to the restriction..	March 31, 2028	Permitted, including in an interim period
Accounting for Government Grants (ASU 2025-10) Establishes the authoritative guidance for business entities on accounting for government grants, including definitions, recognition criteria based on a probable threshold, and models for both asset-related and income-related grants. Permits either a deferred income approach or a cost-accumulation approach for asset-related grants and requires expanded annual disclosures.	March 31, 2029	Permitted, including in an interim period
Disclosure Improvements (ASU 2023-06) Amends disclosure or presentation requirements and provides clarifications or technical corrections to a variety of topics within the codification pursuant to matters identified by the SEC in its August 2018 Release No. 33-10532, "Disclosure Update and Simplification."	For SEC filers and certain entities required to file or furnish financial statements with the SEC, when removal of the related disclosures from Regulation S-X or Regulation S-K are proposed and become effective	Prohibited

Checklist B

ASU effective dates for nonpublic business entities (non-PBEs)

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Improvements to Income Tax Disclosures (ASU 2023-09) Enhances transparency into an entity's income tax disclosures. Requires annual disclosure of qualitative information about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory and effective tax rate. Requires annual disclosure of income taxes paid by jurisdiction, income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign, and income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. Eliminates certain requirements relating to unrecognized tax benefits and certain deferred tax disclosure relating to subsidiaries and corporate joint ventures.	Dec. 31, 2026	Permitted
Scope Application of Profits Interest Awards (ASU 2024-01) Provides an illustrative example comprised of four fact patterns to demonstrate how an entity should apply the guidance in paragraph 718-10-15-3 when determining whether a profits interest award should be accounted for in accordance with Topic 718. The four fact patterns illustrate how the guidance in paragraph 718-10-15-3 applies to common award features.	Dec. 31, 2026	Permitted, including in an interim period. If adopted in an interim period, an entity must adopt as of the beginning of the fiscal year that includes that interim period.
Amendments to Remove References to the Concepts Statements (ASU 2024-02) Removes references to concept statements, a nonauthoritative source of literature, in the guidance. The amendments simplify the codification and distinguish between authoritative and nonauthoritative literature by addressing 16 topical issues.	Dec. 31, 2026	Permitted, including in an interim period. If adopted in an interim period, an entity must adopt as of the beginning of the fiscal year that includes that interim period.
Induced Conversions of Convertible Debt Instruments (ASU 2024-04) Clarifies whether certain settlements of convertible debt instruments should be accounted for as an induced conversion if certain conditions are met and provides certain clarifications.	Dec. 31, 2026	Permitted

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Measurement of Credit Losses (ASU 2025-05) Simplifies CECL for short-term receivables (current accounts receivable and current contract assets) by creating a practical expedient and an optional accounting policy for non-PBEs. Under the expedient, entities estimate expected credit losses assuming conditions at the balance sheet date continue over the asset's remaining life, while still adjusting historical loss data for known, current customer or company factors. For non-PBEs that elect the optional accounting policy, subsequent cash collections through a selected date before issuance may be considered such that amounts collected by that date carry a zero allowance and any uncollected balances are evaluated using the expedient.	Dec. 31, 2026	Permitted, including in an interim period
Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity (ASU 2025-03) Enhances the guidance in Topic 805, "Business Combinations," for determining the accounting acquirer. When an acquisition is primarily executed through an exchange of equity interests and the legal acquiree is a variable interest entity (VIE) that qualifies as a business, the amendments require entities to apply the factors outlined in ASC 805-10-55-12 through 55-15 to identify the accounting acquirer.	Dec. 31, 2027	Permitted, including in an interim period
Clarifications to Share-Based Consideration Payable to a Customer (ASU 2025-04) Clarifies guidance in Topic 606 and Topic 718 related to share-based payments made as consideration payable to a customer. The update revises the Master Glossary definition of a performance condition to include conditions tied to a customer's purchases or those of other parties within the distribution chain. This revised definition applies only to share-based consideration payable to customers and cannot be analogized to awards granted to employees or nonemployees. Additionally, the ASU clarifies that grantors must evaluate the likelihood of vesting using Topic 718 alone and should not apply the variable consideration constraints from Topic 606.	Dec. 31, 2027	Permitted, including in an interim period
Derivative Accounting and Customer Share-Based Noncash Consideration (ASU 2025-07) Refines Topic 815 by excluding from derivative accounting any non-exchange-traded contracts whose underlyings are based on operations or activities specific to one of the parties with certain scoping exceptions. Clarifies that share-based noncash consideration received from a customer in a revenue contract is accounted for under Topic 606 until the right to receive or retain that consideration is unconditional, at which point other topics apply.	Dec. 31, 2027	Permitted

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Credit Losses – Purchased Loans (ASU 2025-08) Simplifies accounting for acquired loans under CECL by expanding use of the gross-up method to a new category of purchased seasoned loans (PSLs) – acquired loans purchased more than 90 days after origination (or acquired in a business combination) when the acquirer was not involved in origination. For PSLs, an ACL is recorded at acquisition with an equal increase to amortized cost, eliminating Day 1 credit loss expense. Excludes credit cards, Topic 606 trade receivables, and debt securities.	Dec. 31, 2027	Permitted, including in an interim period
Codification Improvements (ASU 2025-12) Makes targeted technical corrections and clarifications across the codification to address unintended application, outdated references, and minor inconsistencies. The ASU affects 33 issues spanning multiple topics, including earnings per share, beneficial interests, receivables, transfers and servicing, and not-for-profit accounting, and generally is not expected to significantly change current practice.	Dec. 31, 2027	Permitted, including in an interim period
Measuring PIK Dividends on Equity-Classified Preferred Stock (ASU 2026-01) Requires issuers to initially measure paid-in-kind (PIK) dividends based on the PIK dividend rate stated in the preferred stock agreement. The guidance applies to all entities that issue PIK dividends on equity-classified preferred stock, including temporary equity preferred stock, but does not change when PIK dividends are recognized.	Dec. 31, 2027	Permitted, including in an interim period
Modernizing Internal-Use Software Accounting (ASU 2025-06) Eliminates prescriptive project stages and requires capitalization of internal-use software costs only after 1) management authorizes and commits to funding the project and 2) it is probable the software will be completed and used as intended. Entities also must evaluate and, if present, resolve significant development uncertainty, limited to 1) novel or unproven functionality not yet resolved through coding and testing and 2) situations in which significant performance requirements have not been identified or continue to be substantially revised.	Dec. 31, 2028	Permitted, including in an interim period
Hedge Accounting Improvements (ASU 2025-09) Provides targeted updates including a new “similar risk exposure” criterion for grouping forecasted transactions in cash flow hedges, an optional model for hedging forecasted interest payments on choose-your-rate debt, expanded eligibility to hedge price components and subcomponents of nonfinancial forecasted transactions using the clearly-and-closely-related principle, revised eligibility for certain compound derivatives containing written options, and corrected effectiveness assessment for dual hedges involving foreign-currency-denominated debt.	Dec. 31, 2028	Permitted

Accounting Standards Update (ASU)	Effective dates for Dec. 31 year-end non-PBEs	Early adoption
Investment Company Fair Value Reporting (ASU 2026-03) Requires investment companies within the scope of ASC 946 to consider the effect of a contractual sale restriction when measuring the fair value of an equity security and disclose the amount of the discount attributable to the restriction.	Dec. 31, 2028	Permitted, including in an interim period
Interim Disclosures (ASU 2025-11) Provides narrow-scope improvements to Topic 270 by clarifying that GAAP interim reporting guidance applies to all entities issuing interim financial statements and by creating a comprehensive list of required interim disclosures. Reorganizes and refines interim disclosure requirements, adds a disclosure principle requiring entities to report events after year-end that materially affect interim results, and clarifies form-and-content expectations for both full and condensed interim financial statements.	March 31, 2029	Permitted, including in an interim period
Environmental Credits and Credit Obligations (ASU 2026-02) Applies to all entities that generate, buy, receive, or use transferable environmental credits or that have regulatory compliance obligations settleable with those credits. Environmental credits are recognized as assets only when it is probable they will be used to settle an environmental credit obligation, sold or transferred, or used in a nonreciprocal transfer. Costs to obtain other environmental credits are recognized as an expense when incurred. Compliance credits are generally measured at cost and not impaired, while other recognized credits are measured at cost less impairment unless a fair value policy election applies. Environmental credit obligations are recognized when events through the reporting date create a regulatory obligation, measured using the carrying amount of credits held for the funded portion and fair value or specified settlement amounts for any unfunded portion.	Dec. 31, 2029	Permitted
Accounting for Government Grants (ASU 2025-10) Establishes the authoritative guidance for business entities on accounting for government grants, including definitions, recognition criteria based on a probable threshold, and models for both asset-related and income-related grants. Permits either a deferred income approach or a cost-accumulation approach for asset-related grants and requires expanded annual disclosures.	Dec. 31, 2030	Permitted, including in an interim period
Disclosure Improvements (ASU 2023-06) Amends disclosure or presentation requirements and provides clarifications or technical corrections to a variety of topics within the codification pursuant to matters identified by the SEC in its August 2018 Release No. 33-10532, "Disclosure Update and Simplification."	Two years after removal of the related disclosure from Regulation S-X or Regulation S-K are proposed and become effective	Prohibited



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