

Meeting: IESBA
Meeting Location: New York
Meeting Date: June 9-12, 2025

Agenda Item

7

Private Equity Investment in Accounting Firms

Objectives

1. To consider:
 - (a) An update on the discussion held at the May 2025 IESBA-Jurisdictional Standard-Setters (JSS) meeting on the topic of Private Equity Investment in Accounting Firms (PEI); and
 - (b) The draft IESBA Staff Alert on PEI.

Activities Since March 2025

2. During the March 2025 IESBA meeting, IESBA members commented on the issues to be addressed in the proposed Staff Alert. The Project Team¹ considered these comments and worked with the Board Advisor² in Q2 to develop the draft Staff Alert for the Board's consideration and feedback at the June 2025 meeting.
3. In May 2025, Staff provided an update to the JSS on the IESBA's activities with respect to PEI. Participants were invited to provide feedback on the following questions:
 - (a) Have you also noticed a growing PEI trend in your jurisdiction? If so, what size and type of firm is typically targeted by the private equity firms?
 - (b) Have you observed an increase in platform and bolt-on/tuck-in acquisitions driven by PEI?
 - (c) Has your jurisdiction provided support materials to assist firms considering private equity investment? If so, please share highlights.
 - (d) Have there been challenges in your jurisdiction with respect to PEI?
 - (e) Various regulators have commented on the growth of PEI and its potential impact on auditor independence. Are you aware of any regulatory actions in your jurisdiction to monitor PEI?

The IESBA will be briefed on the discussion at the June 2025 meeting.

Action Requested

4. IESBA members are asked to:
 - (a) Consider the update on the discussion on PEI at the IESBA-JSS meeting and share any comments or questions; and

¹ Linda Biek, IESBA Director, and Jeanne Viljoen, IESBA Principal

² IESBA Board member Rich Huesken

- (b) Provide feedback on the proposed Staff Alert, focusing on the following questions:
- (i) Does the document focus on the main ethics and independence risks that may be elevated when accounting firms receive funding from private equity firms?
 - (ii) Has the document identified the threats that should be considered in these types of transactions? Are there others that should be included?
 - (iii) Does the document address the relevant concepts in the Code when dealing with these risks or threats? Are there other concepts that should be included?

Next Steps

5. Subject the Board's feedback, the Project Team plans to finalize the IESBA Staff Alert for issuance by the end of June 2025.

Material Presented

Agenda Item 7-A Private Equity Investment in Accounting Firms – Draft Staff Alert