

Private Equity and Other External Investments in Firms Action Plan – June 2026

The tables below set out the Project Team's (PT) action plan for its information gathering in accordance with its [draft] Terms of Reference.

A. Information Gathering

Gather information on the nature, extent, and evolution of private equity investment (PEI) and other emerging ownership and financing models affecting accounting firms globally. Engage with stakeholders to obtain insights on risks, benefits safeguards and market developments.

Action	Details	Outcome and Next Steps	Status and Timing
Desktop research	<p>Conduct structured review of academic, regulatory, and industry sources to identify:</p> <ul style="list-style-type: none"> Accounting firm structures (AFS); Investment models; Jurisdictional responses with respect to various AFS and investment models; and Ethical and independence threats identified, including responses to such threats. <p>Leverage Staff Alert as baseline for PEI.</p>	Findings to be included in PT's report and inform recommendations to be presented in December 2026.	<p>ONGOING</p> <p>Update to be provided on periodic basis</p>
Outreach to Accounting firms	Engage with accounting firms across jurisdictions to gather insights on	Stakeholder input will be incorporated into the PT's report and inform	<p>ONGOING</p> <p>Stakeholders engaged incl.:</p>

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Action	Details	Outcome and Next Steps	Status and Timing
(including PE-backed firms)	governance, control, risks and safeguards	recommendations to be presented in December 2026.	<ul style="list-style-type: none"> - Teneo¹ - Accru Partners - Sweden²
PE organizations and other investors	Engage with private equity firms / investors to understand influence, incentives and governance structures.	Stakeholder input will be incorporated into the PT's report and inform recommendations to be presented in December 2026.	<p>NOT YET STARTED</p> <p>Identifying stakeholders for outreach</p>
Outreach to Regulators and Oversight Bodies	Engage with international and regional regulators / standard setters to determine regulator and standard-setter response to PEI and other external investments in firms.	Stakeholder input will be incorporated into the PT's report and inform recommendations to be presented in December 2026.	<p>ONGOING</p> <p>Stakeholders engaged incl.</p> <ul style="list-style-type: none"> - <i>International Forum of Independent Audit Regulators (IFIAR)</i> - <i>International Organization of Securities Commissions (IOSCO)</i> - <i>Accounting and Corporate Regulatory Authority (ACRA) Singapore</i>³

¹ Stakeholder engaged in 2024 with respect to PEI in accounting firms.

² Stakeholder engaged in 2025 with respect to PEI in accounting firms.

³ Stakeholder engaged in 2025 with respect to PEI in accounting firms.

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Action	Details	Outcome and Next Steps	Status and Timing
			<ul style="list-style-type: none"> - <i>National Association of State Boards of Accountancy (NASBA)</i> ⁴ - <i>Netherlands Authority for Financial Markets (AFM)</i> ⁵ - <i>American Institute of Certified Public Accountants (AICPA)</i> ⁶
Professional accountancy organizations (PAOs)	Engage with PAOs to identify challenges and support mechanisms provided with respect to alternative practice structures.	Stakeholder input will be incorporated into the PT's report and inform recommendations to be presented in December 2026.	NOT YET STARTED
IESBA-Jurisdictional standard setters (JSS) Liaison Group	Consolidate insights from May 2025 and May 2026 discussions.	Stakeholders input will be incorporated into the PT's report and will inform recommendations to be presented in December 2026.	COMPLETED Feedback to be provided at June 2026 IESBA meeting.
		Consideration will be given whether additional outreach is necessary after May 2026 meeting.	TO BE CONFIRMED

⁴ Stakeholder engaged in 2025 with respect to PEI in accounting firms.

⁵ Stakeholder engaged in 2025 with respect to PEI in accounting firms.

⁶ Stakeholder engaged in 2025 with respect to PEI in accounting firms.

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Action	Details	Outcome and Next Steps	Status and Timing
IAASB and IESBA Stakeholder Advisory Council (SAC)	Engage with SAC on ethical implications of external investments in accounting firms.	Stakeholders input will be incorporated into the PT's report and will inform recommendations to be presented in December 2026.	IN PROGRESS Feedback to be provided at IESBA June 2026 meeting Further consideration will be given to discuss specific topics at October 2026 meeting
International Auditing and Assurance Standards Board (IAASB)	Liaise and coordinate with IAASB on matters of mutual interest.	Ongoing coordination on matters of mutual interest.	ONGOING
Academic and ethics research	Review academic research on impacts of PE and other types of external investments in firms.	Input will be incorporated into the PT's report and inform recommendations to be presented in December 2026.	ONGOING
International Federation for Accountants (IFAC)	Engage with IFAC, including its private equity task force and available datasets / research, to obtain current information on market developments and jurisdictional activity. Review information as contained on the IFAC Private Equity Investment in Accountancy webpage.	Relevant information to form part of information gathering and inform PT's recommendations as part of the final report.	ONGOING Initial meeting held in April 2026
Liaise with the IESBA Firm Culture and	Liaise and coordinate with the FCG PT and Board Advisors on common issues.	Ongoing coordination on common issues.	ONGOING

Action	Details	Outcome and Next Steps	Status and Timing
Governance Working Group (FCG WG)	Coordination to take place through the liaison member of the PT.		
Others – Accounting Today	Incorporate insights from prior stakeholder outreach and market intelligence activities, including observations from the Accounting Today Private Equity Summit and other discussions already undertaken by staff.	Relevant information to form part of information gathering and inform PT's recommendations as part of the final report.	COMPLETED Feedback from 2024 and 2025 PE Summit was provided to IESBA Board ⁷
			TO BE CONFIRMED Additional outreach to be considered.

B. Obtain an Understanding of Common Accounting Firm Structure⁸ (AFS) and Investment Models

AFS and investment models vary across different jurisdictions and often have unique economic, governance and control characteristics. As it is impracticable to gather data all the AFS that might exist globally, the PT will focus on understanding the most common and prevalent structures.

Action	Details	Outcome	Status and Timing
Firm structures and investment models	Develop an understanding of the most common firm structures and investment models.	Most common firm structures and investment models inventory observed in various jurisdictions.	NOT YET STARTED Planned Q3 2026
Ownership analysis	Analyze the most common ownership rights (incl. minority and majority interests, control mechanisms and governance).	Baseline of governance frameworks.	NOT YET STARTED Planned Q3 2026

⁷ Feedback provided at [March 2025](#) and [December 2025](#) IESBA Board meetings.

⁸ Such as but not limited to PEI, alternative practice structures, multidisciplinary structures, corporate structures, listed firms and employee ownership models.

Action	Details	Outcome	Status and Timing
Economic model and incentives	Map the economic characteristics of the most common investment models, including capital injection, leverage, distribution arrangements, growth expectations, roll-up strategies, and exit horizons.	Input to risk and public interest analysis.	NOT YET STARTED Planned Q3 2026
Operational arrangements for AFS	Analyze most common AFS, service level agreements and operational separation.	Baseline of structural typologies and patterns	NOT YET STARTED Planned Q3 2026
Lifecycle and exit scenarios	Analyze evolution of ownership (IPO, secondary PE, etc.)	Scenario analysis for the draft report.	NOT YET STARTED

C. Ethical, Independence, and Public Interest Issues

Identify and analyze potential ethical, independence, and public interest issues, including those relating to governance and control, investor influence, financial incentives and firm culture, and conflicts of interest. Further analyze issues identified through prior IESBA activities and deepen understanding of the ethical and independence implications.

Action	Details	Outcome and Next Steps	Status and Timing
Consider prior IESBA outputs	Analyze Staff Alert ⁹ and board discussion as baseline.	Gap identification against the Staff Alert in order to determine issues to be raised in the final report. Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 2026

⁹ Issued in July 2025.

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Action	Details	Outcome and Next Steps	Status and Timing
Emerging scenarios	Identify most common scenarios for deeper substance-over-form review and analysis (particularly those involving complex investor structures, multiple-firm relationships, or evolving ownership over time).	Scenario deep-dive analysis. Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 and Q4 2026
Governance and control	Assess impact on professional judgment, accountability, and compliance with the Code.	Governance impact analysis. Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 and Q4 2026
Investor influence	Assess direct and indirect influence on accounting firms.	Influence pathways analysis. Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 and Q4 2026
Financial incentives and firm culture impact	Examine pressures relating to profitability, growth, leverage, and exit strategies, and consider implications for firm culture, incentives, and ethical behavior.	Integrated with Firm Culture and Governance project through the FCG liaison.	ONGOING
Conflicts of interest and pressure analysis	Identify and analyze potential conflicts of interest and pressures that exist.	Conflict of interest and pressure analysis. Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 and Q4 2026
Independence considerations	Taking a substance-over-form approach, consider implications for independence, including firm boundaries, network-firm assessments, financial interests, investors,	Independence implications analysis. Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 and Q4 2026

Action	Details	Outcome and Next Steps	Status and Timing
	and any potential effects on audit quality and public trust.		
Potential safeguards	Identify safeguards, governance responses, or structural features that may mitigate identified threats while maintaining a principles-based, substance-over-form perspective.	Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned for Q3 and Q4 2026

D. Review of Relevant Provisions of the Code

Review relevant provisions of the Code (including independence standards) to assess whether they adequately address risks associated with evolving AFS and investment models.

Action	Details	Outcome and Next Steps	Status and Timing
Characterization of entities and relationships	Assess application of the Code ¹⁰ (substance over form) to AFS.	Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned Q4 2026
Definitions	Evaluate whether definitions ¹¹ remain fit for purpose.	Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned Q4 2026
Independence standards	Review relevant independence provisions, including those relating to financial interests, business relationships, and the identification of	Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned Q4 2026

¹⁰ This includes applying the conceptual framework

¹¹ Such as “firm”, “network”, “network firm” and “related entity”

Action	Details	Outcome and Next Steps	Status and Timing
	relevant entities and relationships with respect to complex AFS.		
Gap identification and options	Identify areas where the Code may not appear to address the risks adequately or where clarification might be needed.	Findings to inform PT's recommendations as part of the final report.	NOT YET STARTED Planned Q4 2026

E. Report with Findings and Recommendations

Develop a report with findings and recommendations to inform IESBA's decision-making.

Action	Details	Status & Timing
December 2026 status update and preliminary findings	Present an update on the PT's activities and preliminary findings for the IESBA's consideration.	NOT YET STARTED Planned Q4 2026
March 2027 final report	Prepare the Phase 1 final report setting out findings, recommendations, and a proposed way forward, including whether further standard-setting, non-authoritative material, outreach, or awareness-raising should be pursued.	NOT YET STARTED Planned Q1 2027