Meetings:	IESBA and IAASB Meetings
Meeting Locations:	IESBA: New York, United States IAASB: Madrid, Spain
Meeting Dates:	IESBA: December 7–10, 2026 IAASB: December 7–10, 2026

Agenda Item

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IESBA IAASB

Private Equity and Other External Investments (PE&OEI) in Accounting Firms – Joint IESBA-IAASB Action Plan for Phase 1

This Agenda Item sets out the Joint IESBA-IAASB Action Plan (Joint Action Plan). The tables below incorporate updates from the Standard Setting Boards' Project Teams (SSB PTs) to the Joint IESBA-IAASB Action Plan that was considered at the September 2026 IESBA and IAASB meetings. The tables include the status of proposed activities, updated information on existing activities, and also highlights any new activities added to the plan.

The Joint Action Plan considers PE&OEI in accounting firms[1] broadly. However, the relevance of specific matters identified through these activities will depend on the services performed by the firm. In particular, matters relating to auditor independence and the IAASB's quality management standards[2] apply only to firms that perform audit and assurance engagements. Accordingly, the SSB PTs' information-gathering and outreach activities will seek perspectives from both firms that perform audit and assurance engagements and those that do not, with any implications considered, as appropriate, in the context of the services performed by the respective firms.

The SSB PTs recognize the importance of moving at pace and expediting progress as much as possible, with a Joint IESBA-IAASB Phase 1 Final Report to be presented no later than March 2027.

[1] This paper uses the term "accounting firm" or "firm" to refer to a firm that provides professional services performed by professional accountants, for example, accounting, auditing, other assurance, tax advisory and compliance, consulting, etc.

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 market developments, benefits, risks, and safeguards or other responses.

Action	Details	Outcome and Next Steps	Status and Timing
Desktop research	Conduct a structured review of academic, regulatory, and industry sources to identify: • Accounting firm structures (AFS); • Investment models; • Jurisdictional responses with respect to various AFS and investment models; • Ethical and independence threats, and safeguards or other responses to such threats; and • Quality risks and responses to address such quality risks within the firm's system of quality management. Continue monitoring emerging research relating to PE&OEI developments in comparable service-driven sectors.	Findings will be included in the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**ONGOING**[4] Completion expected by Q1 2027

[4] Refer to **Agenda Item 8A** (IESBA) and **Agenda Item 6A** (IAASB) of September 2026 IESBA and IAASB meetings.

Action	Details	Outcome and Next Steps	Status and Timing
	Leverage IESBA Staff Alert[3] as baseline for PEI.		
Outreach to accounting firms (including PE-backed firms)	Engage with accounting firms across jurisdictions to gather insights on governance, controls, threats or risks, and safeguards or other responses.	Stakeholder input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**ONGOING** Throughout Phase 1 Refer to **Agenda Item 4A** (IESBA) / **7A** (IAASB)
Outreach to 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 Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**NOT YET STARTED**[5] Planned for Q1 of 2027 Identifying stakeholders for outreach
Outreach to regulators and oversight bodies	Engage with international and regional regulators / standard setters to determine regulator and standard-setter responses to PE&OEI in firms.	Stakeholder input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**ONGOING** Throughout Phase 1 Refer to **Agenda Item 4A** (IESBA) / **7A** (IAASB)

[3] Issued in July 2025.

[5] The level of engagement with PE investors remains dependent on the availability of appropriate contacts and the extent to which investors have information relevant to the SSBs' mandates, particularly where they rely on the accounting firms in which they invest to comply with applicable professional standards and regulatory requirements. The SSB PTs will consider any insights obtained from PE investors alongside information gathered from other stakeholders.

Action	Details	Outcome and Next Steps	Status and Timing
Outreach to 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 Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**ONGOING** Throughout Phase 1 Refer to **Agenda Item 4A** (IESBA) / **7A** (IAASB)
Outreach to the IESBA-Jurisdictional standard setters (JSS) Liaison Group	Consolidate insights from May 2026, and October 2026 discussions.[6]	Stakeholder input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**COMPLETED** Meeting held May 1, 2026 Feedback provided at the June 2026 IESBA meeting.
		Stakeholder input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**COMPLETED** Meeting held October 13, 2026 Feedback to be provided at the December 2026 IESBA meeting.
Engagement with the IAASB and IESBA Stakeholder Advisory Council (SAC)	Engage with the SAC on ethical, independence, and quality management implications of external investments in accounting firms.	Stakeholder input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**COMPLETED** Meeting held April 27-28, 2026 Feedback provided at the IESBA June 2026 meeting.

[6] Considering the significant overlap between the membership of the IESBA and the IAASB JSS Liaison Groups, the timing of the information-gathering activities and the Joint IESBA-IAASB Phase 1 Final Report, and the nature and breath of the other activities set out in this Action Plan, the SSB PTs do not presently contemplate additional discussions with the JSS Liaison Groups before March 2027.

Action	Details	Outcome and Next Steps	Status and Timing
		Engagement with the SAC on the interrelationship between PE&OEI and Firm Culture and Governance (FCG) as well as with audit quality and ISQM 1.	**COMPLETED** Meeting held October 20- 21, 2026 Refer to **Agenda Item 4A** (IESBA) / **7A** (IAASB)
Outreach to the IAASB-IESBA User Advisory Group (UAG)	Engage with the UAG on ethical and quality management implications of external investments in accounting firms.	Stakeholder input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**COMPLETED** Meeting held October 6th, 2026 Refer to **Agenda Item 4A** (IESBA) / **7A** (IAASB)
Academic research	Review academic research on impacts of PE and other types of external investments in firms.	Input will be incorporated into the Joint IESBA-IAASB Phase 1 Final Report to inform each PT's recommendations.	**ONGOING** Throughout Phase 1
Engagement with the International Federation of 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 with respect to PEI in firms. Review information as contained on the IFAC Private Equity Investment in Accountancy webpage.	Relevant information to form part of information gathering and inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Throughout Phase 1

Action	Details	Outcome and Next Steps	Status and Timing
Liaise with the IESBA FCG Working Group (FCG WG)	Liaise and coordinate with the FCG PT and Board Advisors on common issues. Coordination to take place through the liaison member of the PT.	Ongoing coordination on common issues.	**ONGOING** Throughout Phase 1
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 SSB Staff.	Relevant information to form part of information gathering and inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**COMPLETED** IESBA Staff attended Accounting Today PE Summit held in 2024 and 2025[7] IESBA Staff attended 2026 Accounting Today PE Summit, July 16, 2026[8]
			COMPLETED IESBA Staff attended 2026 Accounting Today PE Summit, November 17-19, 2026 and will provide an update at the December 2026 IESBA meeting

[7] Feedback provided at March 2025 and December 2025 IESBA meetings.

[8] Feedback provided at September 2026 IESBA meeting.

B. Obtain an Understanding of Common Accounting Firm Structures[9] (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 on all AFS that exist globally, the focus will be 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.	Inventory of most common firm structures and investment models observed in various jurisdictions.	**ONGOING** Completion expected by Q1 2027
Ownership analysis	Analyze the most common ownership rights (incl. minority and majority interests, control mechanisms, and governance).	Baseline of governance frameworks.	**ONGOING** Completion expected by Q1 2027
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.	**ONGOING** Completion expected by Q1 2027
Operational arrangements for AFS	Analyze most common AFS, service level agreements, and operational separation.	Baseline of structural typologies and patterns.	**ONGOING** Completion expected by Q1 2027
Lifecycle and exit scenarios	Analyze evolution of ownership (IPO, secondary PE, etc.)	Scenario analysis.	**ONGOING** Completion expected by Q1 2027

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

C. Ethical, Independence, Quality Management, Audit and Other Assurance Quality, and Public Interest Implications

Identify and analyze potential ethical, independence, quality management, audit and other assurance quality, and public interest implications, including those relating to governance and leadership, investor control or influence, financial incentives and firm culture, and conflicts of interest. Further analyze issues identified through prior IESBA or IAASB activities and deepen the understanding of the ethical and independence as well as quality management implications.

Action	Details	Outcome and Next Steps	Status and Timing
Consider prior IESBA outputs	Analyze IESBA Staff Alert and board discussion as baseline.	Gap identification against the IESBA Staff Alert in order to determine issues to be raised in the Joint IESBA-IAASB Phase 1 Final Report. Findings to inform the IESBA PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027
Emerging scenarios	Identify the 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 each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Throughout Phase 1
Governance and leadership	Assess impact on professional judgment, professional skepticism, accountability, and compliance with the Code and the quality management standards.	Governance and leadership impact analysis. Findings to inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Throughout Phase 1
Investor control or influence	Assess direct and indirect control or influence on accounting firms.	Control and influence pathways analysis.	**ONGOING**

Action	Details	Outcome and Next Steps	Status and Timing
		Findings to inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	Throughout Phase 1
Financial incentives and firm culture impact	Examine pressures relating to profitability, growth, leverage, and exit strategies, and consider implications for firm culture and governance, incentives, ethical behavior, and quality management at the firm and engagement levels.	Any insights to be integrated with the Firm Culture and Governance project through the FCG IESBA member and IAASB member liaisons.	**ONGOING** Throughout Phase 1
Conflicts of interest and pressure analysis	Identify and analyze potential conflicts of interest and pressures that exist.	Conflicts of interest and pressure analysis. Findings to inform the IESBA PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027
Independence considerations, including those relating to acceptance and continuance of client relationships and specific engagements	Taking a substance-over-form approach, consider implications for independence (including firm boundaries, network-firm and network assessments, and financial interests), investors, and any potential effects on audit quality and public trust.	Independence implications analysis. See also Section D below. Findings to inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Throughout Phase 1
Potential safeguards and quality responses	Identify safeguards, governance responses, or structural features that may mitigate identified threats or quality risks while	Findings to inform each PT's recommendations as part of the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Throughout Phase 1

Action	Details	Outcome and Next Steps	Status and Timing
	maintaining a principles-based, substance-over-form perspective.		

D. Review of Relevant Provisions of the Code and the Principle-based Requirements in the Quality Management Standards

Review relevant provisions of the Code (including independence standards) and principle-based requirements in the quality management standards to evaluate whether they remain fit-for-purpose (i.e., provisions or principle-based requirements remain appropriate and are capable of addressing threats or risks associated with evolving AFS and investment models or whether any gaps exist).

Action	Details	Outcome and Next Steps	Status and Timing
Characterization of entities and relationships	Assess application of the Code[10] and the quality management standards (substance over form) to AFS.	Findings to inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027
Definitions	Evaluate whether definitions[11] in the Code and the quality management standards remain fit-for-purpose.	Findings to inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027
Independence standards	Review relevant independence provisions, including those relating to financial interests, business relationships, and the identification of relevant entities and relationships with respect to complex AFS.	Findings to inform the IESBA PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027

[10] This includes applying the conceptual framework

[11] Such as definitions of "firm", "network", "network firm" and "related entity"

Action	Details	Outcome and Next Steps	Status and Timing
Quality management standards	Review whether and, if so, how firms are addressing the events, conditions or circumstances associated with PE&OEI through their systems of quality management by applying the existing principle-based requirements in the quality management standards (both at the firm level and the engagement level).	Findings to inform IAASB PT's recommendations as part of the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027
Gap identification and options	Identify areas where the Code or the quality management standards may not appear to address the threats or risks (if any) adequately, or where clarification may be needed.	Findings to inform each PT's recommendations in the Joint IESBA-IAASB Phase 1 Final Report.	**ONGOING** Completion expected by Q1 2027

E. Non-Authoritative Material (NAM)

Consider whether to commission non-authoritative material (NAM) to raise awareness of, and emphasize key provisions in, the extant Code relevant to PE&OEI, and related ethical and independence issues and challenges.

Action	Details	Status & Timing
Non-Authoritative Materials	Consider and develop IESBA NAM as appropriate to raise awareness of, and emphasize key provisions in, the extant Code relevant to PE&OEI.	The IESBA PT does not recommend developing NAM during Phase 1.

F. Joint IESBA-IAASB Final Report with Findings and Recommendations

Develop a joint report with findings and recommendations to inform the IESBA's and the IAASB's decision-making, while respecting the distinct mandates of each Board.

Action	Details	Status & Timing
Final report no later than March 2027	The SSB PTs' Phase 1 Final Report will set out findings, recommendations, and a proposed way forward, including whether standard-setting, or further non-authoritative material, outreach, or awareness-raising should be pursued. Each Board will reflect on the findings and recommendations in the context of its remit, while recognizing the commonality of issues across their standards, to determine an appropriate way forward.	**NOT YET STARTED** Completion in Q1 2027