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Agenda Item 6-A

Joint IESBA-IAASB Paper on Private Equity and Other External Investments (PE&OEI) in Accounting Firms

This paper summarizes the IESBA and IAASB Project Teams' (SSB PTs) information-gathering activities to date that include:

- Desktop research on jurisdictional regulatory frameworks and oversight requirements for accounting firms; regulatory responses to PE&OEI in accounting firms; recent market developments in PE&OEI in accounting firms; and private equity investment in other industries (see **Part II** below); and
- Stakeholder outreach, including the development and dissemination of stakeholder questionnaires (see **Part III** below).

It is intended to support each Board's initial discussions of potential implications and to inform whether further action should be considered, including:

- For the IESBA, with respect to potential ethical, independence, and public interest implications; and
- For the IAASB, with respect to potential quality management implications, broader audit and other assurance quality considerations, and public interest implications.

I. Introduction

1. The IESBA, in collaboration with the IAASB, is undertaking information-gathering activities as part of its PE&OEI workstream to develop an evidence-based understanding of evolving ownership, governance, and financing arrangements in accounting firms,¹ and their potential ethics, independence, quality management, audit and other assurance quality, and public interest implications. This work is being undertaken in accordance with the IESBA workstream's [Terms of Reference](#) and builds on the IESBA's July 2025 [Staff Alert on Private Equity Investment in Accounting Firms](#). Additional background information is available on the IESBA [PE&OEI Project Page](#).

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. When the paper refers to a firm that provides only audit and/or other assurance engagements or a firm that provides only non-assurance services, the terms "audit firm" and "non-audit firm," are used respectively.

2. PE&OEI developments create opportunities for growth, innovation, technology, and access to capital for accounting firms. They also raise important questions about the impact on outcomes and behaviors within firms related to, for example, ethical conduct, independence, firm culture and governance, and strategic decisions and actions, including financial and operational priorities in the context of a firm's system of quality management, audit and other assurance quality, and the public interest.
3. The glossary in [Appendix 5](#) provides definitions or descriptions of key terms used throughout the agenda papers and should be read together with the accompanying tables. The tables use summarized descriptions and classifications for comparative purposes; however, the meaning and scope of key terms are governed by the glossary. Where a glossary term appears in a table or related discussion, the **Appendix 5** definitions or descriptions should be applied to ensure consistent interpretation across jurisdictions and topics.

II. Desktop Research

Approach and Rationale, Including Selection Criteria

4. In 2025, the International Federation of Accountants (IFAC) created an IFAC Private Equity Task Force (IFAC PETF) to analyze trends and engage with expert stakeholders in order to provide various considerations, insights, and resources on [Private Equity Investment in Accountancy](#). As part of this work, IFAC compiled publicly available information commencing from 2015 onwards to develop a comprehensive, global examination of the number and type of accounting firms impacted by PE investment. This included accounting firms directly affected through primary investment by a PE asset manager, as well as firms indirectly affected through secondary investments, such as subsequent roll-up into or add-on acquisitions by a PE-backed Firm.
5. The IESBA PT's analysis focuses on jurisdictions with the highest transaction volumes within the IFAC dataset (from 2015 through July 2026) to maximize coverage of observed market activity. The selected jurisdictions set out in Table 1 account for 87% of primary investment transactions (193 transactions) and 91% of secondary investment transactions (1,106 transactions) recorded by IFAC, providing a robust and representative basis for the analysis.

Table 1: Jurisdictional Selection Based on IFAC PE Data

Jurisdiction	Primary Investments	Secondary Investments		
		Total	Roll-up	Add-on
Belgium*	5	69	30	39
Brazil	5	4	3	1
Denmark*^	1	22	10	12
Finland*^	3	38	37	1
France*	23	24	22	2
Germany*	9	24	9	15
Iceland^	0	1	1	0
Italy*	6	7	6	1

Jurisdiction	Primary Investments	Secondary Investments		
		Total	Roll-up	Add-on
Luxembourg*	5	8	7	1
Netherlands*	16	60	37	23
Norway^	10	104	88	16
Singapore	2	-	-	-
Sweden^	8	117	38	79
United Kingdom	42	307	247	60
United States	58	321	226	95
Total	193	1,106	761	345
% of population transactions	87% ²	91% ³		

* Denotes countries in the European Union (EU); ^ denotes countries in the Nordic Region.

6. Based on the approach and selection criteria discussed in paragraphs 4–5 above, the IESBA PT conducted desktop research regarding:
 - (a) Jurisdictional regulatory frameworks and oversight requirements for accounting firms (see paragraphs 9–13);
 - (b) Jurisdictional regulatory responses to PE&OEI in accounting firms and their implications for governance and control (see paragraphs 14–15); and
 - (c) Recent developments in PE&OEI in accounting firms indicating evolving accounting firm structures and ownership or investment models (see paragraphs 16–18).
7. In addition, the IESBA PT's desktop research also covered private equity (PE) investment in other industries, including observed outcomes and potential implications (see paragraphs 19–23).
8. The IESBA PT's desktop research work⁴ is relevant to each of the SSBs in understanding the ethics, independence, quality management, audit and other assurance quality, and the public interest implications of PE&OEI in accounting firms.

Jurisdictional Regulatory Frameworks and Oversight Requirements for Accounting Firms⁵

9. The IESBA PT undertook desktop research on the regulatory frameworks and oversight requirements for accounting firms across the selected 15 jurisdictions to obtain a preliminary understanding of:
 - (a) The types of accounting firms that are regulated;

² Total number of primary investments for all jurisdictions including those in Table 1 as per IFAC data (July 28, 2026): 222

³ Total number of secondary investments for all jurisdictions including those in Table 1 as per IFAC data (July 28, 2026): 1215

⁴ During the fourth quarter of 2026, the IAASB PT will consider the quality management, audit and other assurance quality, and the public interest implications of the IESBA desktop research work that started before July 1, 2026 and as reported in **Section II** of this joint paper.

⁵ See footnote 4.

- (b) Whether external investment is permitted in non-audit and audit firms;
 - (c) The principal restrictions relating to ownership, voting rights, governance, management and professional decision-making; and
 - (d) Whether non-audit and/or audit firms are required to be registered or approved by a regulator, professional accounting organization (PAO) or other competent authority.
10. Jurisdictions regulate accounting-related entities in different ways. Some regulate statutory audit firms, accounting firms, bookkeeping firms, tax practices, or other professional entities separately. Others regulate individual professionals or the use of protected professional titles but do not regulate firms providing similar services under general corporations laws. Entities that do not provide accounting-related services and do not form part of, provide resources to, or otherwise affect an accounting firm are outside the scope of the workstream.
11. The analysis is based on legislation, regulations, professional rules, and other publicly available information. It represents the IESBA PT's preliminary findings and is being validated through engagement with relevant jurisdictional bodies. Findings for some jurisdictions, or discrete aspects of those findings, have already been confirmed. The summary in Table 2 below will be updated as required while the confirmation process progresses and further outreach is conducted.
12. For non-audit firms, the position generally depends on whether the firm provides a regulated service or uses a protected professional title. In several jurisdictions, ordinary accounting, bookkeeping, or advisory entities are not subject to profession-specific ownership restrictions. In others, registered accounting, tax advisory, or professional firms must remain majority-owned, controlled, or governed by members of the relevant profession. Registration requirements similarly vary according to the services provided, the title used, and the legal form of the entity.
13. For audit firms, the research indicates a broadly common regulatory objective to preserve professional control of the statutory audit function; however, different jurisdictions use different mechanisms to achieve that objective. Jurisdictions generally use one or more of the following regulatory mechanisms, often in combination:
- (a) Eligibility restrictions on shareholders, partners, or other capital holders;
 - (b) Requirements that auditors or other qualified professionals hold a majority, or in some cases a supermajority, of voting rights;
 - (c) Requirements that auditors or other qualified professionals comprise a majority or supermajority of the board, management body, or persons determining the firm's day-to-day operations;
 - (d) Restrictions on veto, consent, approval, or other contractual rights that could allow a non-professional investor to block or influence decisions concerning the audit firm or the performance of audit engagements; and
 - (e) Registration, approval, disclosure, and ongoing notification requirements, including requirements triggered by changes in ownership, governance, or control.

Table 2: High-level Summary of External Investment Permitted in Accounting Firms

Jurisdiction	External Investment Permitted in Accounting Firms	
	Non-Audit Firms	Audit Firms
Belgium*	Limited	Limited
Brazil	Limited	No
Denmark*^	Yes	Limited
Finland*^	Yes	Limited
France*	Limited	Limited
Germany*	Limited	Limited
Iceland^	Yes	Limited
Italy*	Limited	Limited
Luxembourg*	Limited	Limited
Netherlands*	Yes	Limited
Norway^	Yes	Limited
Singapore	Yes	Limited
Sweden*	Yes	Limited
United Kingdom	Limited	Limited
United States	Limited	Limited

Jurisdictional Regulatory Responses to PE&OEI in Accounting Firms and Their Implications for Ownership, Governance and Control⁶

14. Regulators have increasingly focused on how existing ownership, governance, and control requirements apply to evolving accounting firm structures and external investment arrangements. The regulatory framework and oversight requirements examined illustrate that this is not solely a question of the percentage of an audit firm that may be externally owned. Rather, an important consideration is who retains effective control over the audit firm and its professional activities, and how that control is exercised in practice. This is particularly relevant where investment arrangements give external investors governance rights, representation, contractual protections, or other means of influencing strategic and operational decisions.
15. The approaches emerging in the Netherlands, Singapore, and the United Kingdom illustrate different ways in which regulators are addressing these considerations, including through legal and regulatory requirements concerning professional ownership or control, regulatory engagement, and scrutiny of the substance of governance arrangements. These developments reinforce the importance of considering whether, notwithstanding the legal form of an arrangement, governance and control remain appropriately aligned with the firm's professional obligations, independence, audit quality, and public interest responsibilities. This is consistent with the broader regulatory concern that formal

⁶ See footnote 4.

compliance with ownership requirements may not, by itself, resolve questions about influence and control. Further details on the relevant regulatory requirements and responses across these jurisdictions are set out in [Appendix 1](#).

Recent Developments in PE&OEI in Accounting Firms Indicating Evolving Accounting Firm Structures and Ownership or Investment Models⁷

16. The IESBA PT conducted desktop research on recent market developments, which indicate that external investments and ownership arrangements in accounting firms are growing rapidly and becoming increasingly diverse and complex (see [Appendix 2](#) for some recent PE&OEI transactions in 2025 and 2026).
17. These developments demonstrate that the nature, extent and exercise of external investor influence may vary significantly across arrangements, including through formal ownership rights, governance and voting arrangements, contractual rights, economic incentives, financing structures, and strategic relationships.
18. Accordingly, understanding their potential implications for ethics, independence, quality management, audit and other assurance quality, and public interest may need consideration not only of who ultimately owns or controls the accounting firm, but also how:
 - (a) Capital is provided;
 - (b) Economic and governance interests are structured;
 - (c) Influence is exercised in practice; and
 - (d) These arrangements evolve over the investment lifecycle.

Private Equity Investment in Other Industries, Including Observed Outcomes and Potential Implications⁸

19. As part of the information-gathering work, the IESBA PT reviewed a selection of publicly reported PE investments and ownership transitions in other industries, including legal services, healthcare, wealth management, insurance brokerage, and architecture, engineering, and consulting. The cases are illustrative rather than a systematic or representative cross-industry sample. In particular, seven of the eleven examples relate to the United States healthcare sector, and several of the healthcare findings are drawn from descriptive analyses published by the Private Equity Stakeholder Project (PESP).⁹ The cases are used to identify potential risk mechanisms and areas for further inquiry, rather than to establish a causal relationship between PE investment and particular outcomes. The review also includes both financially distressed businesses and successful ownership transitions. A secondary PE sale, take-private transaction, or proposed public listing is not, in itself, evidence of business failure.
20. The most significant adverse outcomes in the cases reviewed arose in the healthcare sector. PESP reported that at least 17 of the 80 healthcare companies that filed for bankruptcy in 2023 were PE-

⁷ See footnote 4.

⁸ See footnote 4.

⁹ [Private Equity Healthcare Bankruptcies are on the Rise](#)

backed.¹⁰ This finding is a descriptive association and does not, by itself, establish that PE ownership caused the bankruptcies. For example, Envision Healthcare, Air Methods, and American Physician Partners entered bankruptcy proceedings in 2023. The literature identifies several interacting contributors to these outcomes, including substantial debt burdens, aggressive growth or consolidation strategies, increased interest and labor costs, and changes in reimbursement rules, and regulation.¹¹ In particular, all three businesses cited the implementation of the [No Surprises Act](#) as a factor affecting their financial condition.

21. The examples from legal services, wealth management, insurance brokerage, and engineering present a different picture. Stowe Family Law was sold by Livingbridge to Investcorp following substantial growth in revenue, staff numbers, and geographical reach and Livingbridge characterized the transaction as a successful exit.¹² Focus Financial Partners, which had previously become a publicly listed wealth-management consolidator, became private in 2023 with a transaction valued at more than US\$7 billion.¹³ The consideration represented a premium to the company's recent trading price at the time of the transaction, and does not characterize the transaction as a failed initial public offering. HUB International has moved between public and private ownership and through different external investors and in June 2026, it confidentially filed for a further United States public offering.¹⁴ Electric Power Engineers similarly moved from one PE investor to another following a three-year investment period, with the outgoing investor reported to have fully realized its investment.¹⁵ These cases illustrate PE-to-PE sales, public-to-private transactions, prospective re-listings, and successful investment realizations.
22. Taken together, the cases suggest that the most relevant considerations are not the presence of PE investment alone, but the economic, governance, and operational factors accompanying the investment. These include the level and location of debt; demands on cash flows arising from debt service, distributions, and investor returns; the pace of acquisitions and the ability to integrate acquired businesses; reliance on business models that may be vulnerable to regulatory or market change; refinancing and exit timetables; and the arrangements in place to protect service quality, employees, clients, consumers, creditors and other stakeholders. For sectors focused on essential or public-interest services, the financial distress of entities providing such services may have consequences extending beyond investors and owners, including disruption of services and reduced recoveries for affected stakeholders.
23. For the accountancy and audit sectors, the findings support further examination of whether financing arrangements, investor expectations, acquisition strategies, and exit or refinancing plans could create pressures on the allocation of resources, quality management objectives, professional judgment, ethical culture, and the performance of public-interest responsibilities. They also indicate the importance of considering developments throughout the investment lifecycle, including changes in

¹⁰ [Private Equity Healthcare Bankruptcies are on the Rise](#)

¹¹ [Bankruptcies Jump At Private Equity-Owned Healthcare Companies, April 2024](#)

¹² [Stowe Family Law sold to Investcorp following a five-year surge in revenue and expansion, September 2024](#) and [Livingbridge sells Stowe Family Law to Investcorp, September 2024](#)

¹³ [Focus Financial Partners to be Acquired by Clayton, Dubilier & Rice, February 2023](#)

¹⁴ [PE-Backed Insurance Broker Hub International Files Confidentially for US IPO, June 2026](#)

¹⁵ [Electric Power Engineers Receives Strategic Growth Investment From Berkshire Partners, January 2025](#)

investors, restructurings, and exits. However, the cases reviewed to date do not support a general conclusion that PE investment necessarily causes business failure, reduces service quality, or produces adverse outcomes. Rather, from an accounting firm perspective, they support a fact-specific and substance-over-form assessment of the interactions between ownership, financing, governance, incentives, operational resilience, and the obligations owed to clients and the public.

III. Stakeholder Outreach

Stakeholder Questionnaires and Follow-up 1-on-1 Meetings

24. To supplement the desktop research and outreach already undertaken, the SSB PTs developed the following two stakeholder questionnaires, which have been, or will be, followed-up with 1-on-1 meetings with each respondent organization:
 - (a) Questionnaire I for PAOs, Regulators or Oversight Bodies, and Jurisdictional Standard Setters (JSS) (see **Agenda Item 6–C**); and
 - (b) Questionnaire II for Accounting Firms (see **Agenda Item 6–D**).
25. Questionnaire I was distributed at the end of July 2026 to relevant PAOs, regulators or oversight bodies, and JSS, while Questionnaire II was distributed to accounting firms in August 2026, in the jurisdictions selected using the criteria in paragraphs 4–5 above, as well as the [Forum of Firms](#) with respect to firms that have undertaken PE&OEI.
26. To date, the SSB PTs have received 12 responses to Questionnaire I and held 4 follow-up meetings with respondent organizations (see [Appendix 4](#)).
27. Feedback from the questionnaires and the follow-up meetings are intended to deepen both Boards' understanding of the global evolution of accounting firm structures and ownership models; regulatory and professional body responses; and the practices used to identify, evaluate, and address potential ethics, independence, quality management and broader audit and assurance quality implications.

IV. Next Steps

28. The findings in this paper are preliminary and drawn principally from publicly available information, selected jurisdictional engagement, and illustrative examples. They do not establish causality or support a general conclusion about the effects of PE&OEI. They also do not provide a sufficient basis for determining whether further action is required by the SSBs at this stage. Further evidence is needed about how different arrangements operate in practice, how firms and other stakeholders identify, evaluate, and address potential risks, and how the implications may change as ownership, governance, and financing arrangements evolve.
29. In Q4 2026, the SSB PTs will analyze the questionnaire responses together with the other information gathered through desktop research and stakeholder engagement. Given the potentially sensitive nature of the information, the results will be summarized on an aggregate basis and will not be attributed to individual respondents or organizations. The SSB PTs will continue to coordinate their

work so that the combined evidence provides a robust basis for each Board to evaluate whether, and in what form, further action may be warranted.

30. During the December 2026 SSB meetings, the SSB PTs will provide each Board with an update on the themes, topics, and practices emerging from the responses to the questionnaires and feedback from the related 1-on-1 meetings, and additional outreach activities. The SSB PTs will continue executing the Joint Action Plan in Q1 2027.

APPENDIX 1

Jurisdictional Regulatory Responses to PE&OEI in Accounting Firms and Their Implications for Ownership, Governance and Control

1. Recent developments in the Netherlands, Singapore, and the United Kingdom illustrate how regulators are considering the application of existing ownership governance and control mechanisms to evolving firm structures involving PE&OEI. This Appendix provides further detail on these jurisdictional developments, including how the respective regulatory frameworks address control, the rights and influence of external investors, and the substance of governance and decision-making arrangements. The examples are intended to provide additional context to the observations in the main body of the paper and illustrate different regulatory approaches; they are not intended to suggest that the requirements or regulatory frameworks across the three jurisdictions are directly comparable.

The Netherlands

2. The Dutch Authority for the Financial Markets (AFM) issued an interpretation of Sections 16 and 16b of the Dutch Audit Firms Supervision Act (Wta) to clarify how ownership and governance requirements apply where audit firms attract external investment.¹⁶ The interpretation reinforces that auditors must retain decisive influence over the audit firm in order to fulfil their public interest responsibilities and provide counterpressure against the financial incentives of external investors. This applies to the firm's day-to-day policy and to voting rights, which must be addressed by examining the formal structure and how influence is exercised in practice. Accordingly, contractual arrangements, indirect ownership, voting agreements, or informal pressure cannot be used to undermine the decisive influence that auditors are required to retain over the audit firm.
3. The interpretation provides specific guidance on investor approval rights, qualified majority requirements, and other governance mechanisms. In general, non-auditor investors must not be given rights that allow them to block decisions concerning the audit firm, although the AFM permits a limited number of exceptions¹⁷ to the principles enshrined in laws to the extent that they relate to the continuity or identity of the audit firm. The AFM also makes it clear that third parties with sufficiently extensive approval or instruction rights may become de facto policy makers, and that even informal investor pressure can result in non-compliance where auditors no longer feel able to exercise their professional judgment independently. The approach is therefore notable for its strong substance-over-form focus, requiring audit firms to demonstrate that auditors retain genuine and effective control over strategy, policy, and decision-making notwithstanding external investment.

Singapore

4. The Singapore's Accounting and Corporate Regulatory Authority (ACRA) issued a Practice Direction, setting out expectations for accounting entities considering or operating under external private capital arrangements.¹⁸ While recognizing the benefits from external capital, ACRA emphasizes that public

¹⁶ [Interpretation of Wta Sections 16 and 16b](#)

¹⁷ Such as decisions of dissolution, bankruptcy, merger or demerger, etc.

¹⁸ [Practice Direction No.1 of 2026 on External Private Capital Arrangements in Accounting Entities](#)

accountants must retain effective control and management of public accountancy services and that applicable ownership and governance requirements must be met in substance as well as in form. Firms are expected to assess how investor rights, governance arrangements, financial incentives, KPIs, and commercial pressures could affect professional judgment, ethical culture, independence, and audit quality.

5. The Practice Direction highlights the need for clear boundaries around investor involvement in audit matters; assessment of independence implications arising from financial interests, business relationships, non-assurance services, and potentially expanded firm or network relationships; appropriate due diligence and safeguards; and ongoing documentation and reassessment as arrangements evolve. ACRA also encourages firms to engage with it at an early stage when contemplating external private capital arrangements and refers firms to the IESBA's July 2025 Staff Alert. The approach is notable for focusing on the substance of investor influence and control, rather than formal ownership alone, and for linking ownership and governance arrangements directly to ethics, independence, and audit quality considerations.

United Kingdom

6. The United Kingdom Financial Reporting Council (FRC) issued a letter¹⁹ stating that any firm seeking to introduce external private capital through a change in ownership must continue to demonstrate its ability to support the public interest, maintain audit independence, and meet all applicable regulatory expectations. The firm must also show that legal requirements, including those relating to control, are met in both substance and form.
7. This expectation is reinforced, for public interest entity (PIE) Registered Audit Firms, by the FRC's revised *PIE Auditor Registration Regulations*.²⁰ The Regulations require a PIE Registered Audit Firm to maintain governance arrangements, principals, management, and ownership interests that are suitable to operate and/or control a business carrying out statutory audit work for PIEs; to deal with the FRC in an open, cooperative and timely manner; and to notify the FRC in writing of a "Relevant Change." Planned or anticipated changes²¹ must be notified as far in advance as reasonably possible and supported by relevant documentation. Following its assessment, the FRC may consider whether conditions or undertakings are required or whether the firm's registration should be suspended or removed.
8. These requirements give the issue of "deal velocity" a concrete regulatory dimension: transaction timetables need to accommodate the firm's ability to identify, evaluate and address threats to compliance with the fundamental principles and independence requirements, the preparation of supporting documentation for the FRC's registration assessment, rather than leaving regulatory engagement until a transaction is close to completion.

¹⁹ [FRC Letter: external private capital and audit firms, September 2024](#)

²⁰ [Public Interest Entity \(PIE\) Auditor Registration Regulations, April 2026](#)

²¹ Including the acquisition of another audit firm; the sale or transfer of an interest in the firm or the introduction of a holding company; the transfer of the audit business to another legal entity; a reorganization involving external investors; steps towards a public listing; changes to voting, shareholder-meeting or appointment rights; or the appointment of a principal who is also a partner of a private equity or private capital firm.

APPENDIX 2

Recent Developments in PE&OEI in Accounting Firms Indicating Evolving Accounting Firm Structures and Ownership or Investment Models

1. The following developments observed during 2025 and 2026 indicate that external investment and ownership arrangements in accounting firms are expanding rapidly and becoming increasingly diverse and complex.

Continued Entry of Institutional Capital

2. First-time institutional investment in larger firms continued. For example, KKR completed its investment in Crowe in August 2026,²² becoming the firm's first institutional capital partner, while Reverence Capital Partners made a significant investment in Eide Bailly in June 2026.²³ Other transactions combined external capital with broader employee participation. For example, Unity Partners' investment in Meaden & Moore Advisors includes an employee equity ownership model allowing employees to participate in the firm's future growth.²⁴ Meaden & Moore also adopted an alternative practice structure, with the licensed CPA entity remaining legally distinct and responsible for attest engagements. These developments illustrate that external investment does not result in a single uniform ownership model: sponsor capital may coexist with partner rollover equity, employee ownership, and a separately owned or controlled attest or audit practice.

Secondary Transactions and Alternative Liquidity Arrangements

3. A significant change during 2026 was the increasing visibility of the next stage of the PE investment lifecycle. The 2025 sale of Citrin Cooperman Advisors LLC from New Mountain Capital LLC to Blackstone was an early example of a major accounting firm changing PE sponsors.²⁵ In 2026, Broad Sky Partners completed the sale of Smith + Howard to TPG, representing a relatively clear sponsor-to-sponsor transaction.²⁶ Goldman Sachs Alternatives made an investment in 2026 in Schellman, with the incumbent investor, Lightyear Capital, retaining a minority interest.²⁷ This is more appropriately characterized as a recapitalization or partial sponsor transition than as a complete PE exit.
4. Other arrangements were designed to provide investor liquidity without changing the principal sponsor. TowerBrook completed a continuation vehicle transaction for its investment in EisnerAmper, allowing existing investors to obtain liquidity or continue their exposure while TowerBrook retained

²² [PR Newswire article: Crowe closes strategic investment in KKR, August 2026](#)

²³ [Eide Bailly Advances Growth Strategy and Client Service Commitment Through Investment from Reverence Capital Partners, June 2026](#)

²⁴ [Meaden & Moore Announces Partnership with Unity Partners, July 2026](#)

²⁵ [Citrin Cooperman to Receive Significant Investment as Blackstone Acquires Stake from New Mountain Capital, January 2025](#)

²⁶ [Broad Sky Partners Completes Sale of Smith + Howard to TPG, August 2026](#)

²⁷ [Schellman Announces Strategic Partnership with Goldman Sachs Alternatives](#)

ownership.²⁸ In Europe, reported sale processes involving Xeinadin²⁹ and Sumer³⁰ were delayed or reconsidered when expected valuation or transaction objectives were not achieved. In Sumer's case, its sponsor reportedly explored a continuation vehicle as an alternative to an outright sale. These developments suggest that exits may take the form of a complete secondary sale, a partial transfer with rollover ownership, a continuation vehicle, refinancing, or an extended holding period. They also demonstrate that an exit at a targeted valuation is not assured, even where the underlying platform continues to make acquisitions.

Interaction Between Private and Public Capital

5. The announced acquisition of CBIZ by New Mountain Capital-backed Grant Thornton Advisors represents the most prominent movement across the public-private boundary.³¹ Under the transaction announced in July 2026, Grant Thornton Advisors will acquire the publicly listed CBIZ accounting and professional services group for an enterprise value of approximately US\$5 billion in cash, after which CBIZ is expected to become a wholly owned company and cease to be publicly listed. The proposed transaction also contemplates separating CBIZ's benefits and insurance operations from the accounting and advisory platform. As of August 21, 2026, the transaction had been announced but had not yet completed.
6. The CBIZ transaction should be distinguished from a PE-backed accounting firm undertaking an IPO and subsequently returning to private ownership. Staff's review to date of publicly available information has not identified a material accounting-firm example of that complete cycle. CBIZ was a long-standing public company being acquired by a PE-backed accounting platform. Conversely, MHA's April 2025 listing provides evidence of the public-market model operating as an alternative source of capital.³² In 2026, MHA used a combination of cash and newly issued listed shares to acquire Moore Stephens UAE, demonstrating how public equity can provide acquisition currency for international expansion.³³ Public listings therefore remain a possible, but comparatively uncommon, ownership route; the more significant public-market development during 2026 was the proposed privatization of CBIZ rather than a new accounting-firm IPO.

Cross-border Platform Development

7. External investment also continued to reshape relationships within international networks. Grant Thornton Australia completed its transaction to join the New Mountain Capital-backed Grant Thornton Advisors LLC multinational platform, which now comprises nearly 20 aligned firms.³⁴ The transaction followed other combinations involving Grant Thornton firms in Europe, the Middle East, the Americas, and the Asia-Pacific region.

²⁸ [EisnerAmper Announces Continuation Vehicle Transaction with TowerBrook, March 2026](#)

²⁹ [Xeinadin auction pulled after buyers reject £1bn valuation, February 2026](#)

³⁰ [Penta pauses Sumer sale plans as accounting sector valuations come under pressure, May 2026](#)

³¹ [Grant Thornton Advisors to acquire CBIZ, July 2026](#)

³² [MHA list on AIM for £271m, April 2025](#)

³³ [London South East - Completion of Acquisition, April 2026](#)

³⁴ [Grant Thornton Australia joins global platform, August 2026](#)

8. Accountancy Europe's analysis³⁵ is particularly relevant in this regard. It identifies two PE-backed strategies developing within the Grant Thornton network: a Cinven-backed strategy involving the UK and Germany, and a separate New Mountain Capital-backed platform involving the United States and a growing number of firms in other jurisdictions. This is one of the clearest examples of different external investors operating across separate parts of the same international network through different legal and commercial structures. It illustrates how external investment may reshape network relationships, shared resources, governance arrangements, brand use and technology infrastructure without creating a single, legally unified global firm.

Venture Capital and Technology-linked Investment Models

9. External investment also expanded beyond conventional buyouts of established firms. Oath, a new venture-backed accounting firm, received its CPA license after raising US\$6.6 million in seed capital.³⁶ It operates through an alternative practice structure under which venture funding is directed to the non-attest business, while the audit entity is owned by CPAs.
10. Modus raised US\$85 million in seed and Series A funding in April 2026 as an audit-technology platform and holding company that intends to invest in, or partner with, audit-focused accounting firms.³⁷ A different model is illustrated by Citrin Cooperman's investment in Tellen and their multi-year strategic relationship to develop and deploy AI-enabled audit and quality management solutions.³⁸ These arrangements demonstrate that external capital may be linked not only to the ownership of an accounting firm, but also to the technologies, intellectual property, data infrastructure, and strategic suppliers on which the firm's audit methodology and operating model increasingly depend.

³⁵ [Private Equity in European accountancy and audit firms: an update on market analysis from January 2025 to April 2026](#)

³⁶ [Former Audit Regulator Helps Set Up Accounting Firm Targeting 80% Automation, The Wall Street Journal, May 2026](#)

³⁷ [Modus Raises \\$85 Million Led by Lightspeed to Build AI-Native Accounting Firm, April 2026](#)

³⁸ [Citrin Cooperman Invests in Tellen to Advance the AI-Enabled Future of Audit, May 2026](#)

APPENDIX 3

List of Publicly Available Resources Relating to PE&OEI in Accounting Examined as Part of the Desktop Research

In undertaking the desktop research, the SSB PTs have gathered below a list of publicly available resources examined relating to PE&OEI in accounting firms. These resources have been published by various stakeholder groups, including a Monitoring Group member, regulators and oversight bodies, JSS, PAOs, and others.

- (a) Accountancy Europe (July 2026), [Private Equity in European Accountancy and Audit Firms: An update on market activity, January 2025 - April 2026](#)
- (b) Accountancy Europe (November 2025), [Beyond private equity: third party ownership in the accountancy and audit sector](#)
- (c) Accountancy Europe (June 2025), [Private equity investments in accountancy firms](#)
- (d) Accounting and Corporate Regulatory Authority (ACRA) (April 2026), [Practice Direction No.1 of 2026 on External Private Capital Arrangements in Accounting Entities](#)
- (e) Autorite des marches financiers (the Netherlands) (AFM) (April 2025), [Private Equity in the Auditing Industry: Public Interest Under Pressure](#)
- (f) Financial Reporting Council (FRC) (September 2024), [External Private Capital and UK Audit Firms](#)
- (g) International Federation of Accountants (IFAC) (March 2026), [Private Equity Investment in Accountancy](#)
- (h) Institute of Chartered Accountants England and Wales (ICAEW) (May 2026), [Evolution of Mid-Tier Accountancy Firms](#)
- (i) Institute of Chartered Accountants England and Wales (ICAEW) (2025), [Evolution of mid-tier accountancy firms](#)
- (j) Institute of Chartered Accountants Scotland (ICAS) (May 2025), [Private Equity and Audit: A threat or an opportunity?](#)
- (k) International Forum of Independent Audit Regulators (IFIAR) (December 2024), [IFIAR Statement on Private Equity Investment in Audit Firms](#)
- (l) SSRN (February 2025), [The Consequences of Private Equity Investment in Accounting Firms by Tuan Doan, Steven Utke, Ying Zhou, Youli Zou](#)
- (m) Supervision Interpretation of the Autorite des marches financiers (the Netherlands) (AFM) (June 2026), [Interpretation of Wta Sections 16 and 16b](#)
- (n) United States Securities Exchange Commission (US SEC) (August 2022), [Auditor Independence and Ethical Responsibilities: Critical Points to Consider When Contemplating an Audit Firm Restructuring](#)

APPENDIX 4

List of Respondents to the Stakeholder Questionnaire I

Below is a list, to date, of stakeholder organizations from which responses to Questionnaire I were received or where follow up meetings were already held in Q3, with the latter group marked with an asterisk (*).

#	Abbrev.	Respondent	Region	Response Received	Meeting Held
Regulators and Oversight Authorities					
1.	ACRA*	Accounting and Corporate Regulatory Authority	Asia	Yes	Yes
2.	AFM	The Dutch Authority for the Financial Markets (AFM)	Europe	Yes	–
3.	BAOB	Belgian Audit Oversight Board	Europe	Yes	–
4.	MEF	Ministry of Economy and Finance of Italy (Ministero dell'economia e delle finanze)	Europe	Yes	–
5.	UK FRC*	United Kingdom Financial Reporting Council	Europe	Yes	Yes
Jurisdictional Standard Setters³⁹					
6.	AICPA*	American Institute of Certified Public Accountants	North America	Yes	Yes
7.	CFC	Conselho Federal de Contabilidade – Brasil	South America	Yes	–
8.	NBA*	Royal Netherlands Institute of Chartered Accountants (known in Dutch as Koninklijke Nederlandse Beroepsorganisatie van Accountants)	Europe	Yes	Yes
9.	WPK	Wirtschaftsprüferkammer	Europe	Yes	–

³⁹ JSS that have a mandate to set jurisdictional ethics standards, including independence requirements, in their jurisdictions and which do not belong to PAOs are categorized as "Independent Jurisdictional Standard Setters."

The IESBA has a liaison relationship with a group of JSS (both independent JSS and organizations that hold dual JSS-PAO roles) that share the common goal of promulgating high-quality ethics standards, including independence requirements, and seeking convergence for those standards. Participating jurisdictions include Australia, Canada, China, France, Germany, Hong Kong SAR, India, Japan, the Netherlands, New Zealand, South Africa, Saudi Arabia, the United Kingdom, and the United States of America.

The IAASB similarly has a JSS liaison group and all the jurisdictions mentioned above for IESBA also have representation on the IAASB's group. For more information, see the IAASB-JSS link on the About IAASB webpage.

#	Abbrev.	Respondent	Region	Response Received	Meeting Held
Professional Accounting Organizations					
10.	IDW	Institut der Wirtschaftsprüfer in Deutschland e.V.	Europe	Yes	–
11.	ICAEW	Institute for Chartered Accountants England and Wales	Europe	Yes	–
12.	ICAS	The Institute of Chartered Accountants of Scotland	Europe	Yes	–
Total responses received and meetings held				12	4

APPENDIX 5

Glossary of Key Terms Used in the Document⁴⁰

Key Term	Definition or Description
Accounting firm	A firm that provides professional services performed by professional accountants, for example, accounting, auditing, other assurance, tax advisory and compliance, consulting, etc.
Add on acquisition	An "Add on acquisition" in private equity refers to the purchase of a smaller-sized target by an existing portfolio company, where the acquired company is integrated into the existing portfolio company. The strategy of add-on acquisitions (i.e. "buy-and-build") has become common in the private equity industry in recent times. Under such a strategy, after the initial buyout of the core portfolio company – often referred to as the "platform" – the financial sponsor seeks to create value by acquiring smaller-sized targets and integrating them accordingly.
Audit firm	An Accounting Firm that provides only audit and / or other assurance services. The IAASB defines a firm / audit firm as: Sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.
Audit firm	(see Firm*)
Audit team [^]	(a) All members of the engagement team for the audit engagement; (b) All others within, or engaged by, the firm who can directly influence the outcome of the audit engagement, including: (i) Those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the engagement partner in connection with the performance of the audit engagement, including those at all successively senior levels above the engagement partner through to the individual who is the firm's Senior or Managing Partner (Chief Executive or equivalent); (ii) Those who provide consultation regarding technical or industry-specific issues, transactions or events for the engagement; and

⁴⁰ (^) Indicates terms as defined in the [International Code of Ethics for Professional Accountants \(including International Independence Standards\)](#). (*) Indicates terms as defined in the IAASB Standards.

Key Term	Definition or Description
	(iii) Those who perform an engagement quality review, or a review consistent with the objective of an engagement quality review, for the engagement; and (c) Any other individuals within a network firm who can directly influence the outcome of the audit engagement.
Bolt-on acquisitions	Add-on companies that are purchased by a platform company, but they still exist and operate under their own name.
Employee stock ownership plan (ESOP)	A retirement plan that's primarily invested in employer stock. Rather than employees deferring part of their pay into a retirement account and receiving a company match, as with a 401(k), ESOPs are funded entirely by the employer, typically through contributions of company stock. Over time, shares allocated to individual employee accounts can grow and become a major source of retirement wealth.
Engagement team [^]	All leaders or partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding external experts and internal auditors who provide direct assistance on the engagement.
Engagement team (in the context of ISQM 1)*	All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an external expert ⁴¹ and internal auditors who provide direct assistance on an engagement.
Engagement team (in the context of the ISAs, defined in ISA 220 (Revised))*	All partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor's external expert ⁴² and internal auditors who provide direct assistance on an engagement. ⁴³
Firm [^]	(a) A sole practitioner, partnership or corporation of professional accountants or sustainability assurance practitioners; (b) An entity that controls such parties, through ownership, management or other means; and (c) An entity controlled by such parties, through ownership, management or other means.

⁴¹ ISA 620, *Using the Work of an Auditor's Expert*, paragraph 6(a), defines the term "auditor's expert."

⁴² ISA 620, *Using the Work of an Auditor's Expert*, paragraph 6(a), defines the term "auditor's expert."

⁴³ ISA 610 (Revised 2013), *Using the Work of Internal Auditors*, establishes limits on the use of direct assistance. It also acknowledges that the external auditor may be prohibited by law or regulation from obtaining direct assistance from internal auditors. Therefore, the use of direct assistance is restricted to situations where it is permitted.

Key Term	Definition or Description
Firm*	A sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.
Investor	Any individual or entity with financial interest in an accounting firm, audit firm, firm, network firm, or non-audit firm.
Initial public offerings (IPO)	When a private company offers its shares to the public for the first time, transitioning into a publicly traded company.
Network [^]	A larger structure: (a) That is aimed at co-operation; and (b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality management policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.
Network*	A larger structure: 1. That is aimed at cooperation; and 2. That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality management policies or procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.
Network firm [^]	A firm or entity that belongs to a network.
Network firm*	A firm or entity that belongs to the firm's network.
Non-audit firm	An Accounting Firm that provides only non-assurance services.
Private equity	An investment approach where private equity firms use capital from investors and debt financing to buy entities, improve their performance, and sell them later for a profit. Private equity involves active ownership in private or delisted public companies and aims to generate higher returns through operational and financial improvements.
Public interest entity [^] (PIE)	For the purposes of Part 4A, an entity is a public interest entity when it falls within any of the following categories: (a) A publicly traded entity; (b) An entity one of whose main functions is to take deposits from the public;

Key Term	Definition or Description
	(c) An entity one of whose main functions is to provide insurance to the public; or (d) An entity specified as such by law, regulation or professional standards to meet the purpose described in paragraph 400.15.
Roll-up merger (or tuck-in)	In a roll-up merger, multiple small companies in the same market are bought and merged together to form a bigger entity that benefits from economies of scale. Private equity firms use roll-up mergers to rationalize competition in crowded and/or fragmented markets. Costs are reduced and markets can be expanded. They combine companies with complementary capabilities into a full-service business. An oil exploration company might be combined with a drilling company and a refiner. The practice doesn't come without challenges, however, including different company cultures and infrastructures.
Venture capital	A type of private equity used to support startups and early-stage companies with the potential for substantial and rapid growth. Venture firms raise funds from limited partners (LPs) to invest in these high-potential businesses, often providing not just financial backing but also technical support and managerial expertise. In return for their investment, VC firms gain ownership stakes in the companies they support. Venture capital is typically introduced at various stages of a company's development, such as seed and early funding rounds, and plays a critical role in driving innovation and expansion across industries.