



IAASB

International Auditing and Assurance Standards Board
AN IFEA BOARD

Private Equity and Other External Investments (PE&OEI) in Accounting Firms

Agenda Item 6

September 2026 IAASB Meeting

New York City, United States



Project Teams and Project Board Members/Advisors



Willie Botha
IAASB Program and
Senior Director



Elaine Cahoon
IESBA Staff Fellow



Jon Reid
IESBA Director



Ken Siong
IESBA Program and
Senior Director



**Hankenson Jane
Talatala**
IAASB Principal



Jeanne Viljoen
IESBA Principal



Kristie Zhang
IAASB Principal



Saadiya Adam
IESBA Member and
Board Advisor



Mark Babington
IESBA Member and
Board Advisor

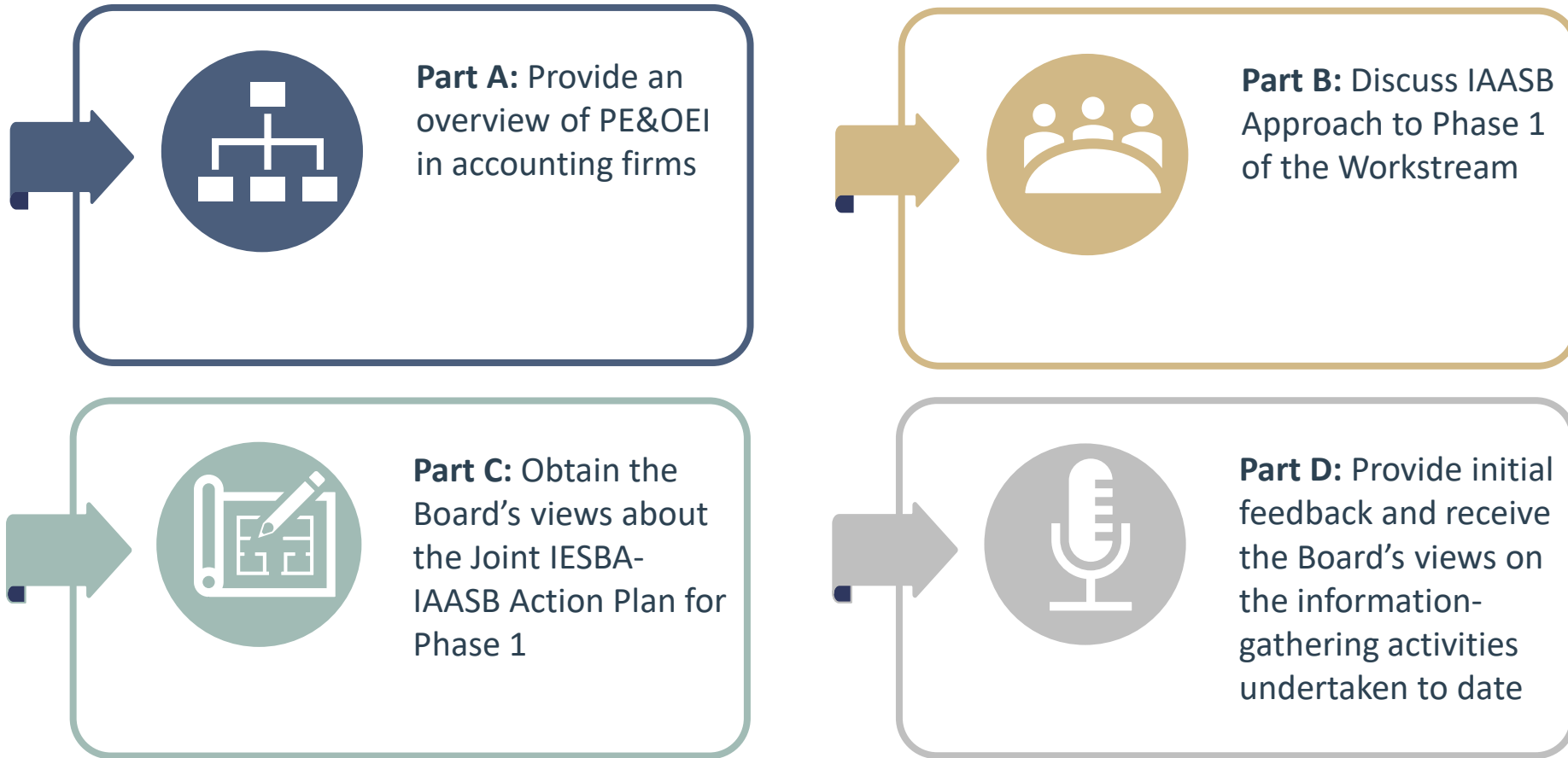


Luigi Nisoli
IESBA Member and
Board Advisor



Greg Schollum
IAASB Member and
Project Board
Member

Objectives of the Session



PIOB's Public Interest Issues

PRIVATE EQUITY INVESTMENTS

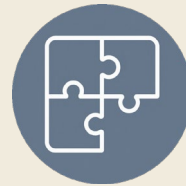
IESBA Ref.: [Agenda Item 1C](#)

IAASB Ref.: [Agenda Item 1D](#)



Robust, Phased Analysis

Supports an evidence-based, phased approach with proactive engagement of various stakeholder groups, including regulators, oversight bodies, JSS, PAOs, accounting firms and PE organizations



Early Gap Identification

Encourages early identification of gaps in the Code [or quality management principles] and areas needing clarity, recognizing confidentiality constraints and accounting firms' limited experience with PE exits



Coordinated Workstreams

Emphasizes coordination with the Firm Culture and Governance workstream and the IAASB, particularly on the implications for quality management, audit and other assurance quality

Timeline and Deliverables

Q3 2026 – Q1 2027

Evidence-based understanding of PE&OEI in accounting firms by conducting desktop research, stakeholder outreach, and other information-gathering activities



PE&OEI in Accounting Firms



Investment and firm structure

- Organizational structures
- Ownership models
- Financing or capital models



Factors influencing firms to adopt non-traditional accounting firm structures (AFS) and investment models, including potential risks



Quality management perspective of regulatory responses

- Reinforce principles underpinning a firm's system of quality management
- Highlight matters firms may consider when identifying and assessing quality risks and designing responses to such risks

IAASB Approach to Phase 1 of the Workstream



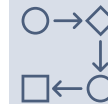
A **Collaborative Workstream Approach** between the IAASB and the IESBA, through closely coordinated information-gathering activities, seeks to develop an evidence-based understanding of:

- The evolving models of accounting firm ownership and external investment in accounting firms
- Their implications for ethics, independence, quality management, audit and other assurance quality, and the public interest

Focus on Quality Management Considerations



Definitions: firm, network, network firm



Quality management processes



Other components of a firm's system of quality management



Certain specified responses under ISQM 1



Engagement level considerations



Matters for the IAASB Consideration:

1. Does the Board agree with the collaborative workstream approach as set out in **Part B** (see paragraphs 17–23) of **Agenda Item 6**?
2. The Board is asked for their views about whether the focus on quality management considerations as set out in **Part B** (see paragraphs 24–30) of **Agenda Item 6** is appropriate, including whether there are any other matters to be considered in undertaking the information-gathering activities.

Joint IESBA–IAASB Action Plan

COLLABORATION AND COORDINATION THROUGH A STRUCTURED PLAN

IESBA Ref.: [Agenda Item 8B](#)

IAASB Ref.: [Agenda Item 6B](#)



Operating principle: Share information and coordinate analyses while maintaining the respective mandates of each SSB



Matter for the IAASB Consideration:

3. The Board is asked for their views on the proposed Joint Action Plan set out in **Agenda Item 6–B**, including any additional matters that the Project Team should consider in undertaking the information-gathering activities and developing a final report for Phase 1.

Desktop Research

APPROACH AND RATIONALE, INCLUDING SELECTION CRITERIA

IESBA Ref.: [Agenda Item 8A](#)

IAASB Ref.: [Agenda Item 6A](#)

Jurisdictions Selected Based on IFAC PE Data

1. Belgium*	6. Germany*	11. Norway^
2. Brazil	7. Iceland^	12. Singapore
3. Denmark*^	8. Italy*	13. Sweden^
4. Finland*^	9. Luxembourg*	14. United Kingdom
5. France*	10. Netherlands*	15. United States

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

87%

Selected jurisdictions represent 87% of the total number of primary investments for all jurisdictions included in the IFAC PE data

91%

Selected jurisdictions represent 91% of the total number of secondary investments for all jurisdictions included in the IFAC PE data

Desktop Research

JURISDICTIONAL REGULATORY FRAMEWORKS AND OVERSIGHT REQUIREMENTS FOR ACCOUNTING FIRMS

Desktop research on the regulatory frameworks and oversight requirements to obtain a preliminary understanding of:



- The types of accounting firms that are regulated



- Whether external investment is permitted in non-audit and audit firms



- The principal restrictions relating to ownership, voting rights, governance, management and professional decision-making



- Whether accounting firms are required to be registered or approved by a regulator, PAO or other competent authority

High-level summary of external investment permitted in accounting firms:

External Investment Permitted in Accounting Firms?	Total Number of Jurisdictions	
	Non-Audit Firms	Audit Firms
Yes	7	0
Limited	8	14
No	0	1

Desktop Research

JURISDICTIONAL REGULATORY RESPONSES TO PE&OEI IN ACCOUNTING FIRMS



Regulatory responses to PE&OEI in accounting firms (e.g., regulatory interpretations, practice directions or letters):

Netherlands – AFM

- Auditors must retain decisive influence over the audit firm, including effective control over strategy, policy and decision-making
- Auditors must act at all times in accordance with the public interest
- Formal or de facto control structure of the audit firm must not impede the proper supervision of compliance by the audit firm

Singapore – ACRA

- Public accountants must retain effective control and management over the provision of public accountancy services
- Accounting entities must demonstrate continued compliance with all applicable legal and regulatory requirements and ensure audit quality, professional ethics and independence are not compromised, in both substance and form

United Kingdom – FRC

- Firms must demonstrate that the legal requirements, including those pertaining to control, are met in both substance and form



Across these jurisdictions, the focus extends beyond the **legal form** of an investment arrangement to whether, in **substance**, governance and control remain appropriately aligned with the firm's professional obligation, independence, audit quality, and public interest responsibilities

Desktop Research

PE&OEI DEVELOPMENTS: EVOLVING STRUCTURES AND LESSONS FROM OTHER SECTORS

Market developments in accounting firms



Continued entry of institutional capital



Secondary transactions and alternative liquidity arrangements



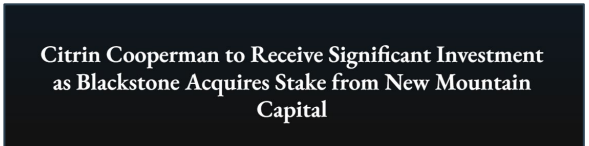
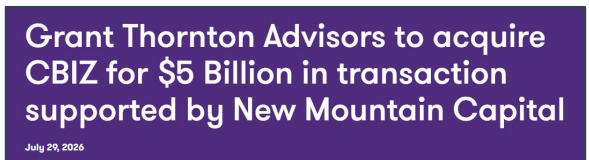
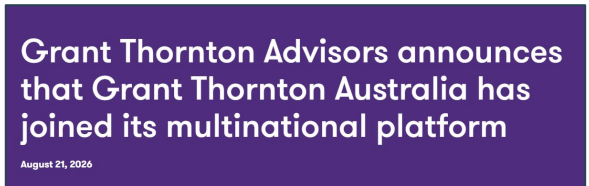
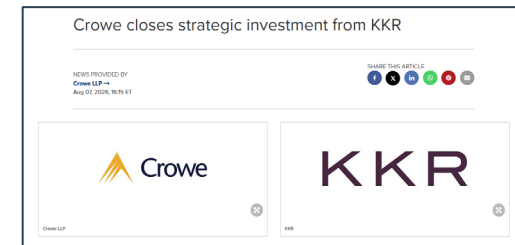
Interaction between private and public capital



Cross-border platform development



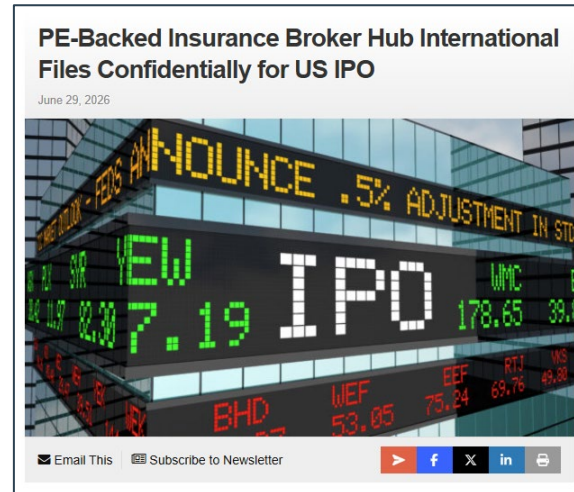
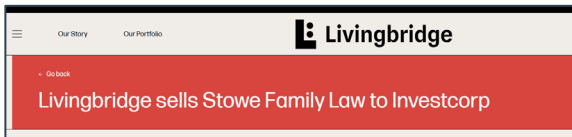
Venture capital and technology linked investment models



Capital is entering accounting firms through an increasingly complex and diverse mix of structures, investors and liquidity routes

Desktop Research

PE&OEI DEVELOPMENTS: EVOLVING STRUCTURES AND LESSONS FROM OTHER SECTORS



What does experience in other sectors tell us?



Observed cases include financial distress and bankruptcies, but also successful exits, PE-to-PE sales, take-private transactions and prospective re-listings



US healthcare cases highlight potential risks associated with **high leverage, acquisition strategies, cash-flow pressures and exposure to regulatory change**



Cases in legal services, wealth management, insurance and engineering demonstrate that **PE ownership or an ownership transition is not, by itself, evidence of adverse outcomes**

Outcomes across sectors vary widely; ownership structure alone does not determine whether risks crystallize

Stakeholder Outreach

PURPOSE, AUDIENCES AND REPORTING

IESBA Ref.: [Agenda Item 8A](#)

IAASB Ref.: [Agenda Item 6A](#)

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

8C/6C

Questionnaire for PAOs,
Regulators or Oversight
Bodies, and JSS

8D/6D

Questionnaire for
Accounting Firms

Q4

Targeted outreach to PE
and other external
investors

Shared Objectives

- Gather information on the nature, extent and global evolution of PE&OEI, ownership and financing models
- Engage with stakeholders for insights on market developments, benefits, risks, and safeguards, as well as related regulatory and professional body responses

IESBA Focus

Potential ethics, independence, and
public interest implications

IAASB Focus

Potential quality management,
audit and other assurance quality,
and public interest implications

Reporting Approach

Responses treated confidentially;
themes reported in aggregate and
not attributed to respondents/firms

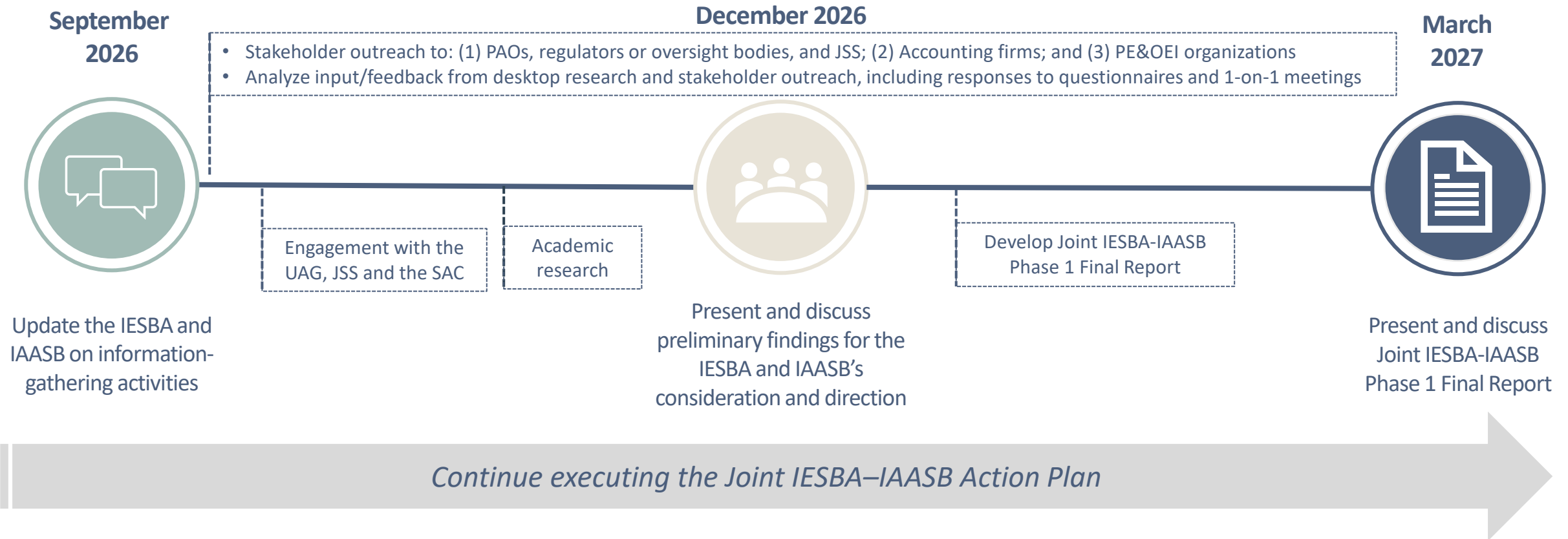


Matter for the IAASB Consideration:

4. The Board is asked to share their reflections and initial views on the feedback from the information-gathering activities undertaken to date set out in **Agenda Item 6–A**.

Next Steps

WHAT DO WE STILL NEED TO DO



TO LEARN MORE

Follow IAASB:



@IAASB News



@ International Auditing and
Assurance Standards Board



@ International Auditing &
Assurance Standards Board



Register and subscribe
for updates @
www.IAASB.org

*For permission to reproduce or translate the international standards or
for information about intellectual property matters, please
visit [Permissions](#) or email Permissions@IFAC.org.*