



In This Issue

- [Accounting — Newly Effective Standards for Public Business Entities](#)
- [Accounting — Newly Issued Standards](#)
- [Accounting — Exposure Drafts](#)
- [Accounting — Other Key Developments](#)
- [Auditing Developments](#)
- [Regulatory and Compliance Developments](#)
- [Appendix A: Significant Adoption Dates](#)
- [Appendix B: Current Status of FASB Projects](#)
- [Appendix C: New and Updated Deloitte U.S. Accounting Publications](#)

Quarterly Accounting Roundup

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To our clients, colleagues, and other friends:

Welcome to *Quarterly Accounting Roundup: Year in Review — 2024*. Over the past year, the FASB has issued Accounting Standards Updates (ASUs) on (1) disaggregation of disclosures about income statement expenses, (2) induced conversions of convertible debt instruments, (3) the determination of whether profits interest and similar awards are within the scope of ASC 718,¹ and (4) removing concepts statement references from the *FASB Accounting Standards Codification*. The Board has also recently exposed for public comment proposed ASUs on a range of topics, including:

- Accounting for environmental credits and environmental credit obligations.
- Accounting for government grants.
- Enhancements to the hedge accounting guidance.
- Clarifications to the interim reporting requirements.
- Improvements to the guidance on internal-use software.
- Amendments to the accounting for share-based consideration payable to a customer.
- Identifying the acquirer in a business combination.
- A credit-loss-related practical expedient for private companies and certain not-for-profit entities.

¹ For titles of *FASB Accounting Standards Codification* (ASC) references, see Deloitte's "[Titles of Topics and Subtopics in the FASB Accounting Standards Codification](#)."

Other important developments at the FASB in 2024 include the Board's release of (1) the final chapter (on measurement) of its *Conceptual Framework for Financial Reporting*, (2) invitations to comment (ITCs) requesting feedback on potential standard setting related to intangible assets and financial key performance indicators (KPIs), and (3) a postimplementation review (PIR) report on its revenue standard (ASC 606).

The SEC was also busy as usual this year. Members of the SEC staff — including Chief Accountant Paul Munter and Division of Corporation Finance Director Erik Gerding — continued to release key statements on various topics of interest to investors and other stakeholders. Topics of these statements have included cybersecurity, audit quality, the “tone at the top” at audit firms, application of the guidance in IFRS 19² to SEC filings, and crypto asset safeguarding obligations under SAB 121.

In terms of specific rulemaking, the big news earlier in the year was the Commission's final rule (released in March) that would have required registrants to provide comprehensive climate-related disclosures in their annual reports and registration statements. However, the rule has been stayed pending a judicial review of petitions challenging the rule. In addition to the legal challenges associated with this rule, the U.S. Court of Appeals for the Fifth Circuit has vacated the Commission's August 2023 final rule on private fund investments and May 2023 final rule on share buyback disclosures.

Other significant final rules released by the SEC in 2024 include those on enhancing the requirements for special-purpose acquisition companies (SPACs) and amending the reporting requirements for registered investment companies. The Commission also published a series of compliance and disclosure interpretations (C&DIs) on cybersecurity incidents involving ransomware attacks.

As for auditing, the PCAOB released amendments related to:

- Metric disclosures and audit firm reporting (subject to SEC approval).
- Reporting registration information (subject to SEC approval).
- Strengthening accountability standards for those who contribute to firm violations.
- Clarifying the requirements related to technology-assisted analysis.
- The auditor's general responsibilities.
- A firm's system of quality control.

Moreover, the AICPA released a new attestation standard in addition to updating its practice aid on digital assets.

On the international front, the IASB published new IFRS® Accounting Standards on (1) presentation and disclosure in financial statements and (2) reduced disclosure requirements for certain subsidiaries. The IASB also (1) amended its requirements related to nature-dependent energy contracts and the classification and measurement of financial instruments and (2) released an exposure draft (ED) related to the accounting for provisions.

In other international news, the Institute of Internal Auditors (IIA) released a new set of global internal audit standards in early 2024.

At the 2024 AICPA & CIMA Conference on Current SEC and PCAOB Developments, held in Washington, D.C., key stakeholders convened to discuss developments, emerging issues, and trends in accounting, financial reporting, and auditing, as well as other related matters. For more information about the conference, see Deloitte's December 15, 2024, [Heads Up](#).

² IFRS 19, *Subsidiaries Without Public Accountability: Disclosures*.

Quarterly Accounting Roundup: Year in Review — 2024 summarizes final guidance that affects reporting and disclosures for the coming reporting season. With the exception of fourth-quarter developments, proposed guidance is not included. For more information about earlier proposals, please see [issues](#) of *Quarterly Accounting Roundup* for the first three quarters of 2024.

In addition, in this year-end edition, an asterisk in the article title denotes events that occurred in the fourth quarter, including updates to previously reported topics, or that were not addressed in previous 2024 issues of *Quarterly Accounting Roundup*. Events without asterisks were covered in previous issues.

We value your feedback and would appreciate any comments you may have on *Quarterly Accounting Roundup*. Take a moment to tell us what you think by sending us an e-mail at usaccountingservices@deloitte.com.

For the latest news and publications, visit [Deloitte Accounting Research Tool \(DART\)](#), a comprehensive online library of accounting and financial disclosure literature, including Deloitte's own interpretive guidance and publications. For a digest of news, developments, and Deloitte publications related to predominantly U.S. accounting topics, [subscribe](#) to *Weekly Accounting Roundup*. Also see our [X](#) feed (formerly Twitter) for up-to-date information on the latest news, research, events, and more.

Publications

Key newsletters released by Deloitte in the fourth quarter of 2024 include:

- A [Heads Up](#) on the FASB's final ASU on disclosures related to disaggregation of income taxes.
- A [Heads Up](#) giving an update on California's recently passed environmental legislation (SB-219).
- A [Financial Reporting Alert](#) on accounting considerations related to highly inflationary economies, especially those of Egypt and Nigeria.
- An update to the [Financial Reporting Alert](#) on the global "Pillar Two" income tax requirements.
- The annual update to the [Financial Reporting Alert](#) on financial reporting considerations related to pension and other postretirement benefits. This year's edition reflects matters related to (1) the current macroeconomic environment, (2) "buy-in" and "buy-out" transactions, (3) the Inflation Reduction Act of 2022, and (4) certain defined benefit pension plans in the Netherlands and the United Kingdom.
- A [Technology Spotlight](#) on accounting for the development of generative AI software products.

In addition, Deloitte has issued the following updated Roadmaps since the previous release of *Quarterly Accounting Roundup*:

- [Segment Reporting](#) (May 2024; updated December 2024) — Discusses the accounting guidance in ASC 280, including key excerpts and examples to illustrate the relevant guidance. Updates made in December 2024 include (1) the addition of a new Appendix C on frequently asked questions related to the accounting and reporting requirements of [ASU 2023-07](#)³ and (2) revisions to certain illustrative disclosures in Appendix B to align them more closely with Example 3, Case B, in ASC 280-10-55-48, as amended by the ASU.

³ FASB Accounting Standards Update No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*.

- *Income Taxes* (December) — Provides Deloitte's insights into and interpretations of the income tax accounting guidance in ASC 740. Updates to the Roadmap include new examples and editorial enhancements that reflect our latest thinking and input from standard setters and regulators.
- *Business Combinations* (December) — Addresses the guidance in ASC 805 on business combinations, pushdown accounting, common-control transactions, and asset acquisitions and gives an overview of related SEC reporting requirements. The updated edition reflects guidance issued through November 29, 2024.
- *Revenue Recognition* (November) — Provides Deloitte's insights into and interpretations of the guidance in ASC 606 on revenue from contracts with customers, the cost guidance in ASC 340-40, and the guidance in ASC 610-20 on gains and losses on transfers of nonfinancial and in-substance nonfinancial assets to noncustomers. The 2024 edition includes updated and expanded discussions as well as new sections and illustrative examples.
- *SEC Comment Letter Considerations, Including Industry Insights* (November) — Contains extracts from SEC comment letters, analysis of those extracts, and links to resources that are relevant to SEC filers. Other features include (1) an update on some of the SEC's priorities; (2) a summary of comment letter trends related to the top 10 topics of frequent comment in the 12-month period ended July 31, 2024; and (3) topics of focus related to disclosures associated with financial statement accounting, SEC reporting, initial public offerings (IPOs), foreign private issuers, and industry-specific matters.
- *Hedge Accounting* (November) — Gives an overview of the FASB's authoritative guidance on hedge accounting in ASC 815 as well as our insights into and interpretations of how to apply that guidance in practice.
- *Derivatives* (October) — Comprehensively addresses the guidance in ASC 815 on the identification, classification, measurement, and presentation and disclosure of derivative instruments, including embedded derivatives.
- *Equity Method Investments and Joint Ventures* (October) — Helps entities navigate the challenges associated with applying the guidance on accounting for equity method investments and joint ventures.
- *Impairments and Disposals of Long-Lived Assets and Discontinued Operations* (October) — Provides Deloitte's insights into the guidance in ASC 360-10 and ASC 205-20. The 2024 edition of this publication includes updated and expanded guidance.
- *Initial Public Offerings* (October) — Addresses financial reporting, accounting, and auditing considerations to help companies navigate challenges related to preparing an IPO registration statement and ultimately going public.
- *Non-GAAP Financial Measures and Metrics* (October) — Combines the SEC's guidance on non-GAAP measures with Deloitte's interpretations and examples in a comprehensive, reader-friendly format. Among other updates, the 2024 edition of this publication includes a discussion of considerations related to segment disclosures after the adoption of [ASU 2023-07](#).
- *SEC Reporting Considerations for Business Acquisitions* (October) — Combines the SEC's guidance on reporting for business acquisitions — including acquisitions of real estate operations and pro forma financial information — with Deloitte's interpretations and examples in a comprehensive, reader-friendly format.
- *Carve-Out Financial Statements* (September) — Discusses key considerations related to preparing carve-out financial statements (i.e., financial statements derived from the financial statements of a larger parent entity).

- *Comparing IFRS Accounting Standards and U.S. GAAP: Bridging the Differences* (September) — Summarizes the most significant differences between U.S. GAAP and IFRS Accounting Standards. The 2024 edition includes updated and expanded guidance that reflects standards effective as of January 1, 2025, for calendar-year-end public entities.

Accounting — Newly Effective Standards for Public Business Entities

In This Section

- [Codification](#)
 - [FASB ASU 2024-02 Removes Concepts Statement References From Codification](#)
- [Crypto Assets](#)
 - [FASB ASU 2023-08 on Accounting for and Disclosure of Crypto Assets](#)
- [Income Taxes](#)
 - [FASB ASU 2023-09 on Improvements to the Income Tax Disclosure Requirements](#)
- [Joint Venture Formations](#)
 - [FASB ASU 2023-05 on Joint Venture Formations](#)
- [Profits Interest Awards](#)
 - [FASB ASU 2024-01 on Profits Interest Awards](#)
- [International](#)
 - [IASB Amendments Related to a Currency's Lack of Exchangeability](#)

Codification

FASB ASU 2024-02 Removes Concepts Statement References From Codification

Affects: All entities.

Summary: The FASB issued [ASU 2024-02](#)⁴ on March 29, 2024, to remove references to its concepts statements from the *FASB Accounting Standards Codification*. The ASU is part of the Board's standing project to make "Codification updates for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or the structure of guidance, and other minor improvements."

Next Steps: The ASU's amendments are effective for public business entities (PBEs) for fiscal years beginning after December 15, 2024. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025.

Other Resources: Deloitte's April 24, 2024, [Heads Up](#).

Crypto Assets

FASB ASU 2023-08 on Accounting for and Disclosure of Crypto Assets

Affects: All entities.

Summary: The FASB issued [ASU 2023-08](#)⁵ on December 13, 2023, to provide guidance on the accounting and disclosure requirements for certain crypto assets. The new guidance requires entities to subsequently measure certain crypto assets at fair value, with changes in fair value recorded in net income in each reporting period. In addition, entities are required to provide additional disclosures about the holdings of certain crypto assets.

Next Steps: For all entities, the ASU's amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted. If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period.

Other Resources: Deloitte's December 15, 2023, [Heads Up](#).

Income Taxes

FASB ASU 2023-09 on Improvements to the Income Tax Disclosure Requirements

Affects: All entities.

Summary: The FASB issued [ASU 2023-09](#)⁶ on December 14, 2023, to improve its income tax disclosure requirements. Under the ASU, PBEs must annually "(1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income [or loss] by the

⁴ FASB Accounting Standards Update No. 2024-02, *Codification Improvements — Amendments to Remove References to the Concepts Statements*.

⁵ FASB Accounting Standards Update No. 2023-08, *Intangibles — Goodwill and Other — Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*.

⁶ FASB Accounting Standards Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*.

applicable statutory income tax rate).” The Board released the ASU in response to stakeholder feedback indicating that “the existing income tax disclosures should be enhanced to provide information to better assess how an entity’s operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows.”

Next Steps: The ASU’s amendments are effective for PBEs for annual periods beginning after December 15, 2024. For entities other than PBEs, the amendments are effective for annual periods beginning after December 15, 2025. Entities are permitted to early adopt the standard “for annual financial statements that have not yet been issued or made available for issuance.”

Other Resources: Deloitte’s January 18, 2024, [Heads Up](#) and Roadmap [Income Taxes](#).

Joint Venture Formations

FASB ASU 2023-05 on Joint Venture Formations

Affects: Joint ventures.

Summary: The FASB issued [ASU 2023-05](#)⁷ on August 23, 2023. Under the ASU, an entity that qualifies as either a joint venture or a corporate joint venture, as defined in the ASC master glossary, is required to apply a new basis of accounting upon the formation of the joint venture. Specifically, the ASU stipulates that a joint venture or a corporate joint venture must initially measure its assets and liabilities at fair value on the formation date. The Board is releasing the ASU in an effort to reduce the diversity in practice that has resulted from the lack of U.S. GAAP guidance on “the formation accounting by a joint venture in its separate financial statements, specifically the joint venture’s recognition and initial measurement of net assets, including businesses contributed to it.”

Next Steps: The amendments in ASU 2023-05 are effective for all joint ventures within the ASU’s scope that are formed on or after January 1, 2025. Early adoption is permitted.

Other Resources: Deloitte’s September 8, 2023, [Heads Up](#) and Roadmaps [Business Combinations](#) and [Equity Method Investments and Joint Ventures](#).

Profits Interest Awards

FASB ASU 2024-01 on Profits Interest Awards

Affects: All entities.

Summary: The FASB issued [ASU 2024-01](#)⁸ on March 21, 2024, to clarify how an entity determines whether a profits interest or similar award is (1) within the scope of ASC 718 or (2) not a share-based payment arrangement and therefore within the scope of other guidance. The guidance in ASU 2024-01 applies to all entities that issue profits interest awards as compensation to employees or nonemployees in exchange for goods or services.

Next Steps: The ASU is effective (1) for PBEs for annual periods beginning after December 15, 2024, including interim periods within those periods, and (2) for all other entities for annual periods beginning after December 15, 2025, including interim periods within those periods.

Other Resources: Deloitte’s March 22, 2024, [Heads Up](#) and Roadmap [Share-Based Payment Awards](#).

⁷ FASB Accounting Standards Update No. 2023-05, *Business Combinations — Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*.

⁸ FASB Accounting Standards Update No. 2024-01, *Compensation — Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards*.

International

IASB Amendments Related to a Currency's Lack of Exchangeability

Affects: Entities reporting under IFRS Accounting Standards.

Summary: The IASB published amendments⁹ to IAS 21¹⁰ on August 15, 2023, to clarify when a currency is exchangeable and how an entity should determine the exchange rate when a currency is not exchangeable. The amendments were released in response to “stakeholder feedback and concerns about diversity in practice in accounting for a lack of exchangeability between currencies.”

Next Steps: The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted.

Other Resources: Deloitte’s August 23, 2023, [iGAAP in Focus](#) and Roadmap [Comparing IFRS Accounting Standards and U.S. GAAP: Bridging the Differences](#).

⁹ IASB Amendments, *Lack of Exchangeability* — amendments to IAS 21.

¹⁰ IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Accounting — Newly Issued Standards

In This Section

- [Convertible Debt](#)
 - [FASB Issues Final Standard on Induced Conversions of Convertible Debt Instruments*](#)
- [Income Statement](#)
 - [FASB Releases ASU on Disaggregation of Disclosures About Income Statement Expenses*](#)
- [International](#)
 - [IASB Releases Amendments on Nature-Dependent Energy Contracts*](#)
 - [IASB Amends IFRS Accounting Standards as Part of Annual Improvements Process](#)
 - [IASB Amends Requirements Related to Classification and Measurement of Financial Instruments](#)
 - [IASB Releases Standard to Reduce Required Disclosures for Certain Subsidiaries](#)
 - [IASB Releases Standard on Financial Statement Presentation and Disclosures](#)

Convertible Debt

FASB Issues Final Standard on Induced Conversions of Convertible Debt Instruments*

Affects: All entities.

Summary: On November 26, 2024, the FASB issued [ASU 2024-04](#),¹¹ which amends ASC 470-20 to clarify the requirements related to accounting for the settlement of a debt instrument as an induced conversion. Based primarily on the consensus-for-exposure reached on Issue 23-A¹² by the Emerging Issues Task Force (EITF) on September 14, 2023, the ASU is intended to “improve the relevance and consistency in application of the induced conversion guidance in Subtopic 470-20 for (a) convertible debt instruments with cash conversion features and (b) debt instruments that are not currently convertible.”

Next Steps: For all entities, the amendments in ASU 2024-04 are effective for annual reporting periods beginning after December 15, 2025 (and interim reporting periods within those annual reporting periods). Early adoption is permitted as of the beginning of a reporting period if the entity has also adopted [ASU 2020-06](#)¹³ for that period.

Other Resources: Deloitte’s December 3, 2024, [Heads Up](#). Also see the [press release](#) on the FASB’s Web site.

Income Statement

FASB Releases ASU on Disaggregation of Disclosures About Income Statement Expenses*

Affects: All entities.

Summary: On November 4, 2024, the FASB issued [ASU 2024-03](#),¹⁴ which requires disaggregated disclosure of income statement expenses for PBEs. The ASU does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements.

The objective of ASU 2024-03 is to “address requests from investors for more detailed information about the types of expenses . . . in commonly presented expense captions (such as cost of sales, SG&A [selling, general, and administrative expenses], and research and development).” Investors advised the FASB that “disclosure of disaggregated information about expenses is critically important in understanding an entity’s performance, assessing an entity’s prospects for future cash flows, and comparing an entity’s performance over time and with that of other entities.”

Next Steps: ASU 2024-03 is effective for all PBEs for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. In addition, on November 25, 2024, the FASB issued a proposed ASU to clarify the effective date of ASU 2024-03 for non-calendar-year-end entities (see also [FASB Proposes Clarification to Effective Date of ASU on Disaggregation of Disclosures About Income Statement Expenses](#) article below).

¹¹ FASB Accounting Standards Update No. 2024-04, *Debt — Debt With Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*.

¹² EITF Issue No. 23-A, “Induced Conversions of Convertible Debt Instruments.”

¹³ FASB Accounting Standards Update No. 2020-06, *Debt — Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging — Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*.

¹⁴ FASB Accounting Standards Update No. 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*.

Other Resources: Deloitte's November 8, 2024, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

International

IASB Releases Amendments on Nature-Dependent Energy Contracts*

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On December 18, 2024, the IASB released amendments¹⁵ that are intended to “help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements.” Specifically, the amendments would:

- Clarify “the application of the ‘own-use’ requirements.”
- Facilitate the application of “hedge accounting if these contracts are used as hedging instruments.”
- Add “new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.”

Next Steps: The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted.

Other Resources: For more information, see the [press release](#) on the IASB's Web site.

IASB Amends IFRS Accounting Standards as Part of Annual Improvements Process

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On July 18, 2024, the IASB released amendments¹⁶ to several IFRS Accounting Standards as part of its annual improvements process (i.e., wording changes and other minor clarifications, etc., that do not substantively affect the guidance in the standards). Standards amended in this year's update include IFRS 1,¹⁷ IFRS 7,¹⁸ IFRS 9,¹⁹ IFRS 10,²⁰ and IAS 7.²¹

Next Steps: The amendments are effective for annual periods beginning on or after January 1, 2026. Early adoption is permitted.

Other Resources: Deloitte's July 26, 2024, [iGAAP in Focus](#). Also see the [press release](#) on the IASB's Web site.

IASB Amends Requirements Related to Classification and Measurement of Financial Instruments

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On May 30, 2024, the IASB published amendments²² to IFRS 9's requirements related to the classification and measurement of financial instruments as well as to the financial instrument disclosure requirements in IFRS 7. Topics addressed by the IFRS 9 amendments include clarifications related to (1) how financial assets with features linked to environmental, social, and governance (ESG) should be classified and measured and (2) the derecognition of financial assets and financial liabilities that are settled through the use

¹⁵ IASB Amendments, *Contracts Referencing Nature-Dependent Electricity* — amendments to IFRS 9 and IFRS 7.

¹⁶ IASB Amendments, *IFRS Accounting Standards — Volume 11*.

¹⁷ IFRS 1, *First-time Adoption of International Financial Reporting Standards*.

¹⁸ IFRS 7, *Financial Instruments: Disclosures*.

¹⁹ IFRS 9, *Financial Instruments*.

²⁰ IFRS 10, *Consolidated Financial Statements*.

²¹ IAS 7, *Statement of Cash Flows*.

²² IASB Amendments, *Amendments to the Classification and Measurement of Financial Instruments* — amendments to IFRS 9 and IFRS 7.

of electronic payment systems. The amendments to the IFRS 7 disclosure requirements are intended to “enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.”

Next Steps: The amendments are effective for annual reporting periods beginning on or after January 1, 2026.

Other Resources: Deloitte’s June 4, 2024, [iGAAP in Focus](#). Also see the [press release](#) on the IASB’s Web site.

IASB Releases Standard to Reduce Required Disclosures for Certain Subsidiaries

Affects: Subsidiaries that report under IFRS Accounting Standards and meet certain eligibility criteria.

Summary: On May 9, 2024, the IASB released IFRS 19,²³ which permits subsidiaries that meet the eligibility criteria to provide reduced disclosures when they apply IFRS Accounting Standards. Specifically, subsidiaries can use the reduced disclosure framework in IFRS 19 if (1) they are not publicly accountable and (2) IFRS Accounting Standards are applied in the parent company’s consolidated financial statements. The application of IFRS 19 is expected to “reduce the costs of preparing subsidiaries’ financial statements while maintaining the usefulness of the information for users of their financial statements.”

Note that the SEC staff has issued a [statement](#) to highlight that additional disclosures may be required when the financial statements of a subsidiary that has applied IFRS 19 are included in a filing with the SEC (also see [SEC Releases Statements on Various Topics](#) article below).

Next Steps: IFRS 19 is effective for reporting periods beginning after January 1, 2027. Early adoption is permitted.

Other Resources: Deloitte’s May 14, 2024, [iGAAP in Focus](#). Also see the [press release](#) on the IASB’s Web site.

IASB Releases Standard on Financial Statement Presentation and Disclosures

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On April 9, 2024, the IASB issued IFRS 18,²⁴ which is intended to increase the transparency and usefulness of the information that entities reporting under IFRS Accounting Standards present and disclose in their financial statements. Although the new standard supersedes the guidance in IAS 1,²⁵ it also retains many of the requirements from the predecessor standard. Specific changes introduced by IFRS 18 include requiring entities to:

- Present specified categories and defined subtotals in the statement of profit or loss.
- Disclose management-defined performance measures in the notes to the financial statements.
- Improve the aggregation and disaggregation of information in the financial statements and notes.

Next Steps: IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027.

Other Resources: Deloitte’s April 12, 2024, [iGAAP in Focus](#). Also see the [press release](#) on the IASB’s Web site.

²³ IFRS 19, *Subsidiaries Without Public Accountability: Disclosures*.

²⁴ IFRS 18, *Presentation and Disclosure in Financial Statements*.

²⁵ IAS 1, *Presentation of Financial Statements*.

Accounting — Exposure Drafts

In This Section

- [Business Combinations](#)
 - [FASB Releases Proposed ASU on Identifying the Acquirer in a Business Combination*](#)
- [Credit Losses](#)
 - [FASB Proposes Guidance on Credit Losses for Private Companies and Not-for-Profit Entities*](#)
- [Environmental Credits](#)
 - [FASB Releases Proposed ASU on Accounting for Environmental Credits and Environmental Obligations*](#)
- [Government Grants](#)
 - [FASB Releases Proposed ASU on Accounting for Government Grants*](#)
- [Hedge Accounting](#)
 - [FASB Proposes Improvements to Hedge Accounting Guidance*](#)
- [Income Statement](#)
 - [FASB Proposes Clarification to Effective Date of ASU on Disaggregation of Disclosures About Income Statement Expenses*](#)
- [Interim Reporting](#)
 - [FASB Proposes Clarifications to Interim Reporting Requirements*](#)
- [Internal-Use Software](#)
 - [FASB Releases Proposed ASU on Internal-Use Software*](#)
- [Share-Based Payment](#)
 - [FASB Proposes Clarifications to the Accounting for Share-Based Consideration Payable to a Customer*](#)
- [International](#)
 - [IASB Proposes Revisions to the Accounting for Provisions*](#)

Business Combinations

FASB Releases Proposed ASU on Identifying the Acquirer in a Business Combination*

Affects: All entities.

Summary: On October 30, 2024, the FASB released a [proposed ASU](#)²⁶ that would enhance the guidance in ASC 805 on identifying the acquirer in a business combination. Specifically, the proposal, which is based on an EITF recommendation, “would more closely align the requirements for determining the accounting acquirer in the acquisition of a variable interest entity (VIE) with the current requirements that apply to transactions that do not involve a VIE.”

Comments on the proposed ASU were due by December 16, 2024.

Other Resources: Deloitte’s June 2024 [EITF Snapshot](#). Also see the [press release](#) on the FASB’s Web site.

Credit Losses

FASB Proposes Guidance on Credit Losses for Private Companies and Not-for-Profit Entities*

Affects: Private companies and certain not-for-profit entities.

Summary: On December 3, 2024, the FASB, in coordination with the Private Company Council, released a [proposed ASU](#)²⁷ that would amend ASC 326 to permit private companies and certain not-for-profit entities²⁸ to elect a practical expedient and accounting policy related to their estimation of expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606. The proposal is being issued in response to stakeholder feedback indicating that the current guidance on this topic is costly and overly complex for such entities to comply with.

Next Steps: Comments on the proposed ASU are due by January 17, 2025.

Other Resources: Deloitte’s December 10, 2024, [Heads Up](#). Also see the [press release](#) on the FASB’s Web site.

Environmental Credits

FASB Releases Proposed ASU on Accounting for Environmental Credits and Environmental Obligations*

Affects: All entities.

Summary: On December 17, 2024, the FASB issued a [proposed ASU](#)²⁹ that would add to the Codification a new topic (ASC 818) on accounting for environmental credits and environmental credit obligations. The proposal’s objective would be to “provide investors with additional decision-useful information by improving the (1) understandability of financial accounting and reporting information about environmental credits and environmental credit obligations and (2) comparability of that information by reducing diversity in practice.”

²⁶ FASB Proposed Accounting Standards Update, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*.

²⁷ FASB Proposed Accounting Standards Update, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets for Private Companies and Certain Not-for-Profit Entities*.

²⁸ The proposed ASU specifies that such entities would exclude “not-for-profit entities that have issued, or are conduit bond obligors for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market.”

²⁹ FASB Proposed Accounting Standards Update, *Environmental Credits and Environmental Credit Obligations (Topic 818)*.

Next Steps: Comments on the proposed ASU are due by April 15, 2025.

Other Resources: Deloitte's December 20, 2024, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

Government Grants

FASB Releases Proposed ASU on Accounting for Government Grants*

Affects: Business entities.

Summary: On November 19, 2024, the FASB released a [proposed ASU](#)³⁰ that would provide guidance on the accounting for government grants received by business entities (i.e., all entities other than employee benefit plans and not-for-profit entities). Under the proposed ASU, the title of ASC 832 would change from *Government Assistance* to *Government Grants*.

The proposal is being issued in response to concerns from stakeholders regarding the lack of guidance on this topic in U.S. GAAP, which has resulted in diversity in practice. Because of this lack of authoritative guidance, many entities have analogized to the international guidance in IAS 20³¹ when accounting for government grants. Accordingly, to increase transparency while reducing diversity in practice, the FASB considered the guidance in IAS 20 when developing the proposed ASU while making targeted improvements to this guidance.

Next Steps: Comments on the proposed ASU are due by March 31, 2025.

Other Resources: Deloitte's November 26, 2024, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

Hedge Accounting

FASB Proposes Improvements to Hedge Accounting Guidance*

Affects: All entities.

Summary: On September 25, 2024, the FASB issued a [proposed ASU](#)³² that would amend certain facets of the hedge accounting guidance in ASC 815. The proposal is intended to address issues raised by stakeholders during the implementation of [ASU 2017-12](#)³³ as well as more recent concerns that have surfaced as a result of the global reference rate reform initiative.

Comments on the proposed ASU were due by November 25, 2024.

Other Resources: Deloitte's September 30, 2024, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

³⁰ FASB Proposed Accounting Standards Update, *Government Grants (Topic 832): Accounting for Government Grants by Business Entities*.

³¹ IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*.

³² FASB Proposed Accounting Standards Update, *Derivatives and Hedging (Topic 815): Hedge Accounting Improvements*.

³³ FASB Accounting Standards Update No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*.

Income Statement

FASB Proposes Clarification to Effective Date of ASU on Disaggregation of Disclosures About Income Statement Expenses*

Affects: All entities.

Summary: On November 25, 2024, the FASB released a [proposed ASU³⁴](#) that would revise the effective date of [ASU 2024-03](#) (on disaggregation of disclosures about income statement expenses) “to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027.” The rationale for issuing the proposal is that, without this clarification, non-calendar-year-end entities could have concluded that initial adoption of the ASU’s amendments was required “in an interim reporting period, rather than in an annual reporting period.”

Comments on the proposed ASU were due by December 10, 2024.

Other Resources: For more information, see the [press release](#) on the FASB’s Web site. Also see the [FASB Releases ASU on Disaggregation of Disclosures About Income Statement Expenses](#) article above.

Interim Reporting

FASB Proposes Clarifications to Interim Reporting Requirements*

Affects: All entities.

Summary: On November 13, 2024, the FASB released a [proposed ASU³⁵](#) to clarify the interim reporting requirements in ASC 270. The proposed ASU is being issued in response to concerns from stakeholders regarding the complexity of applying these requirements. However, the Board points out that the proposal’s objective is to make the guidance more understandable and clarify the types of disclosures entities are expected to provide, not to “expand or reduce” the current interim reporting requirements.

Among other changes, the proposed amendments “include a disclosure principle that would require entities to disclose events and changes since the end of the last annual reporting period that have a material impact on the entity.”

Next Steps: Comments on the proposed ASU are due by March 31, 2025.

Other Resources: Deloitte’s November 18, 2024, [Heads Up](#). Also see the [press release](#) on the FASB’s Web site.

³⁴ FASB Proposed Accounting Standards Update, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*.

³⁵ FASB Proposed Accounting Standards Update, *Interim Reporting (Topic 270): Narrow-Scope Improvements*.

Internal-Use Software

FASB Releases Proposed ASU on Internal-Use Software*

Affects: All entities.

Summary: On October 29, 2024, the FASB issued a [proposed ASU](#)³⁶ that would make targeted amendments to the guidance on internal-use software in ASC 350-40. Specifically, the proposal would, among other changes, “remove all references to a prescriptive and sequential software development method (referred to as ‘project stages’).” The proposed amendments are being released in response to stakeholder feedback indicating that entities were finding it difficult to differentiate between project stages, given that more modern software development methods often tend to be “incremental and iterative” (e.g., agile) rather than prescriptive and sequential (e.g., a waterfall). In addition to enhancing the transparency of an entity’s cash flows, the proposal would be expected to reduce diversity in practice by specifying the criteria under which an entity “would be required to start capitalizing software costs.”

Under the proposed ASU, the following two criteria must be met for entities to begin capitalizing software costs:

- “Management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project.”
- “It is probable that the project will be completed and the software will be used to perform the function intended (referred to as the ‘probable-to-complete recognition threshold’).”

Next Steps: Comments on the proposed ASU are due by January 27, 2025.

Other Resources: Deloitte’s November 5, 2024, [Heads Up](#). Also see the [press release](#) on the FASB’s Web site.

Share-Based Payment

FASB Proposes Clarifications to the Accounting for Share-Based Consideration Payable to a Customer*

Affects: All entities.

Summary: On September 30, 2024, the FASB issued a [proposed ASU](#)³⁷ that would clarify the guidance in ASC 606 and ASC 718 on the accounting for share-based payment awards that are granted by an entity as consideration payable to its customer. The proposed ASU’s purpose is to reduce diversity in practice and improve existing guidance, primarily by revising the definition of a “performance condition” and eliminating a forfeiture policy election for service conditions associated with share-based consideration payable to a customer. In addition, the proposal would clarify that the variable consideration constraint guidance in ASC 606 does not apply to share-based consideration payable to a customer even before the criteria are met for establishing a grant date under ASC 718.

Comments on the proposed ASU were due by November 14, 2024.

Other Resources: Deloitte’s October 1, 2024, [Heads Up](#). Also see the [press release](#) on the FASB’s Web site.

³⁶ FASB Proposed Accounting Standards Update, *Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*.

³⁷ FASB Proposed Accounting Standards Update, *Compensation — Stock Compensation (Topic 718) and Revenue From Contracts With Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer*.

International

IASB Proposes Revisions to the Accounting for Provisions*

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On November 12, 2024, the IASB released for public comment an [ED](#)³⁸ that is intended to enhance the recognition and measurement requirements related to provisions (i.e., liabilities whose timing or amount is uncertain). Specifically, the proposal would “make targeted improvements” to the following aspects of the current accounting for provisions under IAS 37:³⁹

- The criterion under which, to recognize a provision, an entity must “have a present obligation as a result of a past event.”
- The measurement requirements related to (1) “the costs an entity includes in estimating the future expenditure required to settle its present obligation” and (2) “the rate an entity uses to discount that future expenditure to its present value.”

Next Steps: Comments on the ED are due by March 12, 2025.

Other Resources: Deloitte’s November 14, 2024, [iGAAP in Focus](#). Also see the [press release](#) on the IASB’s Web site.

³⁸ IASB Exposure Draft, *Provisions — Targeted Improvements* — proposed amendments to IAS 37.

³⁹ IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*.

Accounting — Other Key Developments

In This Section

- [Banking](#)
 - [OCC Updates *Bank Accounting Advisory Series*](#)
- [Conceptual Framework](#)
 - [FASB Releases Final Chapter of Conceptual Framework](#)
- [Inflation](#)
 - [CAQ and IPTF Release Discussion Document on Monitoring Inflation in Certain Countries](#)
- [Intangible Assets](#)
 - [FASB Requests Feedback Related to Intangible Assets](#)
- [Key Performance Indicators](#)
 - [FASB Requests Feedback on KPIs for Business Entities*](#)
- [Revenue Recognition](#)
 - [FASB Releases PIR Report on Revenue Standard*](#)

Banking

OCC Updates *Bank Accounting Advisory Series*

Affects: Banking entities.

Summary: On August 15, 2024, the Office of the Comptroller of the Currency (OCC) released the 2024 [update](#) of its *Bank Accounting Advisory Series* (BAAS), which “contains staff responses to frequently asked questions from the banking industry and bank examiners on a variety of accounting topics and promotes consistent application of accounting standards and regulatory reporting among national banks and federal savings associations.” In addition to making certain general clarifications, the revised BAAS edition eliminates a few topics and subtopics — including those related to other-than-temporary impairment, troubled debt restructurings, acquired loans, and the allowance for loan and lease losses — which have been superseded as a result of the adoption of the FASB’s credit losses standard, ASC 326, which is now effective for all entities. However, no substantive changes were made to the guide’s existing questions or interpretations.

Other Resources: For more information, see the [press release](#) on the OCC’s Web site.

Conceptual Framework

FASB Releases Final Chapter of Conceptual Framework

Affects: All entities.

Summary: On July 12, 2024, the FASB released [Chapter 6, “Measurement,”](#) of its *Conceptual Framework for Financial Reporting*. The new chapter, which marks the completion of the Board’s conceptual framework project, “provides concepts for the Board to consider when choosing a measurement system for an asset or a liability recognized in general purpose financial statements.”

Other Resources: For more information, see the [press release](#) on the FASB’s Web site as well as SEC Chief Accountant Paul Munter’s [statement](#) on the conceptual framework on the SEC’s Web site.

Inflation

CAQ and IPTF Release Discussion Document on Monitoring Inflation in Certain Countries

Affects: All entities.

Summary: In July 2024, the Center for Audit Quality (CAQ) posted to its Web site a May 2024 [discussion document](#)⁴⁰ that provides “a framework for compiling inflation data to assist registrants in monitoring inflation statistics in connection with their determination of the inflationary status of countries in which they have operations.” Developed by the CAQ’s International Practices Task Force (IPTF), the discussion document categorizes countries on the basis of “their cumulative inflation rates and the implementation guidance in ASC 830.” The document also identifies countries in which “projected cumulative inflation rates would have been categorized into categories considering the guidance in ASC 830 and in circumstances where there was not consistent reliable data.”

Other Resources: Deloitte’s November 8, 2024, [Financial Reporting Alert](#) on accounting considerations related to highly inflationary economies, especially those of Egypt and Nigeria.

⁴⁰ CAQ and IPTF Discussion Document, *Monitoring Inflation in Certain Countries*.

Intangible Assets

FASB Requests Feedback Related to Intangible Assets

Affects: All entities.

Summary: On December 19, 2024, the FASB published an [ITC](#)⁴¹ to seek feedback on whether it should pursue a standard-setting project related to intangible assets. The ITC's primary focus is on the initial recognition of such assets. Specific topics on which the Board is requesting comments include:

- The extent to which improvements to current GAAP are needed in this area.
- The types of intangible assets or intangible asset groups to consider as part of the project.
- The costs and benefits of any potential solutions related to the accounting for intangible assets.
- Whether intangible assets should be accounted for differently depending on how they are obtained.
- The types of information about intangible assets that investors use and how they use that information in deciding how to allocate capital.

Next Steps: Comments are due by May 30, 2025.

Other Resources: For more information, see the [press release](#) on the FASB's Web site.

Key Performance Indicators

FASB Requests Feedback on KPIs for Business Entities*

Affects: All entities.

Summary: On November 14, 2024, the FASB published an [ITC](#)⁴² that requests feedback on KPIs for business entities as part of the Board's research project on that topic. The ITC defines a KPI as "any financial measure that is calculated or derived from the financial statements and/or underlying accounting records that is not presented in the GAAP financial statements." Specific topics the FASB is seeking input on include (1) whether and, if so, which financial KPIs should be standardized and (2) whether an entity should be required or permitted to disclose financial KPIs in its financial statements under U.S. GAAP.

Next Steps: Comments are due by April 30, 2025.

Other Resources: Deloitte's November 25, 2024, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

⁴¹ FASB Invitation to Comment, *Recognition of Intangibles*.

⁴² FASB Invitation to Comment, *Financial Key Performance Indicators for Business Entities*.

Revenue Recognition

FASB Releases PIR Report on Revenue Standard*

Affects: All entities.

Summary: On November 25, 2024, the FASB released a [postimplementation review \(PIR\) report](#) on its standard on revenue from contracts with customers (codified as ASC 606). The PIR process “is an important quality control mechanism that allows the FASB to support high-quality application of the revenue standard and evaluate whether it is achieving its objective by providing investors and other financial statement users with relevant information in ways that justify the cost of providing it.”

Other Resources: For more information, see the [press release](#) on the FASB’s Web site.

Auditing Developments

In This Section

- [AICPA](#)
 - [AICPA Updates Practice Aid on Digital Assets](#)
 - [AICPA Releases New Attestation Standard](#)
- [CAQ](#)
 - [CAQ Publishes Highlights of IPTF's May 2024 Meeting With SEC Staff*](#)
 - [CAQ Releases 2024 Audit Committee Transparency Barometer*](#)
 - [CAQ Releases Publication on U.S. Financial Restatement Trends From 2013 to 2022](#)
 - [CAQ Releases Publication on Auditing in the Age of Generative AI](#)
 - [CAQ Releases Audit Committee Practices Report](#)
- [PCAOB](#)
 - [PCAOB Releases Spotlight Report on Audit Firm Culture*](#)
 - [PCAOB Releases Staff Report on Priorities for 2025 Inspections*](#)
 - [PCAOB Releases Requirements Related to Metric Disclosures and Audit Firm Reporting*](#)
 - [PCAOB Releases Amendment Related to Registration Information*](#)
 - [PCAOB Releases Staff Publications*](#)
 - [PCAOB Releases Spotlight Publication on Auditor's Responsibilities Related to Dealing With Illegal Acts*](#)
 - [PCAOB Releases Supplement Related to Staff Guidance on the Remediation Process*](#)
 - [PCAOB Releases Report on Interim Inspection Program Related to Audits of Broker-Dealers](#)

AICPA

AICPA Updates Practice Aid on Digital Assets

Affects: Auditors.

Summary: On June 6, 2024, the AICPA released an update to its [practice aid](#)⁴³ on accounting and auditing considerations related to digital assets. Specifically, two chapters and an appendix of the practice aid are being revised to reflect information on auditing the existence, rights, obligations, and valuation of digital assets.

Other Resources: For more information, see the [press release](#) on the AICPA's Web site.

AICPA Releases New Attestation Standard

Affects: Practitioners on attestation engagements.

Summary: On June 10, 2024, the Auditing Standards Board of the AICPA issued [SSAE 23](#),⁴⁴ which amends several other SSAEs to make them consistent with the AICPA's quality management standards. The most notable revision made by SSAE 23 is to distinguish between "practitioners who are part of the engagement team and those who are not" by replacing the term "other practitioner" with two new terms: (1) "participating practitioner" and (2) "referred-to practitioner."

Next Steps: SSAE 23 is "effective for engagements performed in accordance with the SSAEs beginning on or after December 15, 2025."

Other Resources: For more information, see the [press release](#) on the AICPA's Web site.

CAQ

CAQ Publishes Highlights of IPTF's May 2024 Meeting With SEC Staff*

Affects: All entities.

Summary: In November 2024, the CAQ posted to its Web site [highlights](#) of the May 21, 2024, meeting between the CAQ SEC Regulations Committee's IPTF and the SEC staff. Topics discussed at the meeting included:

- Considerations related to presenting and disclosing non-GAAP measures under IFRS 18.
- Transition from IFRS Accounting Standards to U.S. GAAP, and from foreign private issuer to domestic forms, in quarters in which a voluntary change is made to a domestic regime.
- Whether, in applying the guidance in SAB Topic 4.C⁴⁵ on a change in capital structure, "an IFRS company in the process of an IPO must revise the historical financial statements to reflect a completed stock split prior to the financial statement issuance for the period of the stock split, or whether the stock split could or should be reflected through the use of pro forma financial information outside of the financial statements."
- Observations related to the SEC staff's May 2024 statement on IFRS 19 (on reduced disclosure requirements for subsidiaries without public accountability).
- Exemptive relief for registrants affected by suspension of the audit firm BF Borgers.

⁴³ AICPA Practice Aid, *Accounting for and Auditing of Digital Assets*.

⁴⁴ AICPA Statement on Standards for Attestation Engagements (SSAE) No. 23, *Amendments to the Attestation Standards for Consistency With the Issuance of AICPA Standards on Quality Management*.

⁴⁵ SEC Staff Accounting Bulletin Topic 4.C, "Change in Capital Structure."

- PCAOB Strengthens Accountability Standards for Those Who Contribute to Firm Violations
- PCAOB Clarifies Requirements Related to Use of Technology-Assisted Analysis
- PCAOB Releases Auditing and Quality Control Standards
- International
 - IIA Releases Global Internal Audit Standards

CAQ Releases 2024 Audit Committee Transparency Barometer*

Affects: Audit committees.

Summary: On November 18, 2024, the CAQ released its [Audit Committee Transparency Barometer 2024](#). This publication, which is released annually, “highlights the progress that has been made in audit committee disclosures since [the CAQ] began tracking in 2014 and emphasizes the need for audit committees to continue to raise the bar with their disclosures each year.” Among other enhancements, the 2024 edition includes “a new question . . . about whether the board of directors discloses a skills matrix.”

Other Resources: For more information, see the [press release](#) on the CAQ’s Web site.

CAQ Releases Publication on U.S. Financial Restatement Trends From 2013 to 2022

Affects: Auditors.

Summary: In June 2024, the CAQ released a [publication](#)⁴⁶ that discusses the results of its analysis of financial restatements (i.e., error corrections in financial statements that public companies file with the SEC) over the period from 2013 to 2022. The publication notes that, in addition to being “a measure of financial reporting quality,” restatement trends “may provide some insight into how the financial reporting ecosystem is managing factors that can affect the risk of material misstatement.”

CAQ Releases Publication on Auditing in the Age of Generative AI

Affects: Auditors.

Summary: In April 2024, the CAQ released a [publication](#)⁴⁷ that explores the audit implications of risks associated with the use of generative AI in financial reporting processes and internal control over financial reporting. In addition to summarizing important aspects of generative AI technology and explaining how companies are implementing it, the publication discusses government regulations that may affect generative AI, outlines specific risk areas for auditors to consider, and includes a couple of hypothetical scenarios illustrating how an entity might perform risk assessments related to the use of such technology.

CAQ Releases Audit Committee Practices Report

Affects: Audit committees.

Summary: On March 12, 2024, the CAQ, in conjunction with Deloitte’s Center for Board Effectiveness, released the third edition of its publication [Audit Committee Practices Report: Common Threads Across Audit Committees](#). The primary purpose of this publication, which is based on data collected from a survey of audit committee professionals, is to “provide directors — especially audit committee members — and governance professionals insights into audit committee priorities, challenges, and opportunities.” The survey results revealed that the top two priorities for audit committees continue to be (1) cybersecurity and (2) enterprise risk management.

Other Resources: For more information, see the [press release](#) on the CAQ’s Web site.

⁴⁶ CAQ Publication, *Financial Restatement Trends in the United States: 2013–2022*.

⁴⁷ CAQ Publication, *Auditing in the Age of Generative AI*.

PCAOB Releases Spotlight Report on Audit Firm Culture*

Affects: Registered public accounting firms.

Summary: On December 5, 2024, the PCAOB released a [spotlight report](#)⁴⁸ on the importance of an audit firm's culture to audit quality. Specifically, the publication addresses observations made as part of an initiative on audit firm culture undertaken by the PCAOB's Division of Registration and Inspections. The initiative's primary purpose was to "explore and understand drivers of audit firm culture and to probe whether the audit firm's culture had an impact on the rising levels of audit deficiencies we have observed in our inspections since 2020."

Other Resources: For more information, see the [press release](#) on the PCAOB's Web site.

PCAOB Releases Staff Report on Priorities for 2025 Inspections*

Affects: Registered public accounting firms.

Summary: On December 9, 2024, the PCAOB released a [staff report](#)⁴⁹ outlining its inspection priorities for 2025. The report "highlights risks and other considerations the staff believes auditors should consider when planning and performing their current and upcoming audits, as well as sectors and industries that PCAOB inspection staff will prioritize." In addition, the report includes questions for audit committees to consider as they oversee audits.

Other Resources: For more information, see the [press release](#) on the PCAOB's Web site.

PCAOB Releases Requirements Related to Metric Disclosures and Audit Firm Reporting*

Affects: Registered public accounting firms.

Summary: On November 21, 2024, the PCAOB released [requirements](#)⁵⁰ under which registered public accounting firms that audit accelerated filers and large accelerated filers (as the SEC defines these terms) must report certain "firm- and engagement-level metrics." The Board's goal in issuing the new requirements is to improve audit firm transparency by providing insight into "how engagements are staffed, including the extent of involvement of senior personnel; auditors' overall workload; retention of personnel across the firm; and levels of training, audit experience, and industry-specific expertise." Firm-level metrics will be reported on a new Form FM, while engagement-level metrics will be reported on a revised Form AP.

In addition, the PCAOB has issued a set of [amendments](#)⁵¹ that require registered public accounting firms to disclose "more complete, standardized, and timely information." Disclosure topics that the amendments address include financial and governance information, network arrangements, special reporting, cybersecurity, and quality-control policies and procedures.

Next Steps: Subject to SEC approval, both sets of requirements would be phased in according to schedules outlined in their "Effective Date" sections.

Other Resources: For more information, see the [press release](#) on the PCAOB's Web site.

⁴⁸ PCAOB Spotlight Report, *Insights on Culture and Audit Quality*.

⁴⁹ PCAOB Staff Report, *Staff Priorities for 2025 Inspections and Interactions With Audit Committees*.

⁵⁰ PCAOB Release No. 2024-012, *Firm and Engagement Metrics*.

⁵¹ PCAOB Release No. 2024-013, *Adopting Release: Firm Reporting*.

PCAOB Releases Amendment Related to Registration Information*

Affects: Registered public accounting firms.

Summary: On November 14, 2024, the PCAOB released an [amendment](#)⁵² to one of its registration program rules. The amendment “permits the Board, under specified conditions, to treat a registered firm’s failures both to file annual reports and to pay annual fees for at least two consecutive reporting years as a constructive request for leave to withdraw from registration and to deem the firm’s registration withdrawn.”

Next Steps: Subject to SEC approval, the amendment would become effective for annual reports and annual fees due in 2025.

Other Resources: For more information, see the [press release](#) on the PCAOB’s Web site.

PCAOB Releases Staff Publications*

Affects: Registered public accounting firms.

Summary: In the fourth quarter of 2024, the PCAOB released the following publications as part of its new *Audit Focus* series:

- [Critical Audit Matters](#) (November) — “[H]ighlights key reminders for auditors from the PCAOB standards and staff guidance related to [critical audit matters], provides the staff’s perspectives on common deficiencies made by auditors, and shares good practices that the staff has observed.”
- [Audit Committee Communications](#) (December) — Contains “key reminders for auditors from the PCAOB standards and staff guidance related to audit committee communications, provides the staff’s perspectives on common deficiencies in auditors’ work, and shares good practices that the staff has observed.”

PCAOB Releases Spotlight Publication on Auditor’s Responsibilities Related to Dealing With Illegal Acts*

Affects: Registered public accounting firms.

Summary: In November 2024, the PCAOB released a [spotlight publication](#)⁵³ to remind auditors of their responsibilities to detect, evaluate, and appropriately communicate (e.g., to management, the audit committee, the SEC) a company’s illegal acts. Such responsibilities “inform the auditor’s obligation to plan and perform the audit to obtain reasonable assurance that the company’s financial statements are free of material misstatement, whether due to error or fraud.”

PCAOB Releases Supplement Related to Staff Guidance on the Remediation Process*

Affects: Registered public accounting firms.

Summary: On October 31, 2024, the PCAOB released a supplement related to its November 2013 [staff guidance](#) on the remediation process. The purpose of the supplement is to provide “audit firms with additional guidance regarding remediation, including making the most of the remediation period, the potential influence of non-technical factors on persistent quality control criticisms, and more.”

Other Resources: For more information, see the [press release](#) on the PCAOB’s Web site.

⁵² PCAOB Release No. 2024-011, *Constructive Requests to Withdraw From Registration*.

⁵³ PCAOB Spotlight Publication, *Auditor Responsibilities for Detecting, Evaluating, and Making Communications About Illegal Acts*.

PCAOB Releases Report on Interim Inspection Program Related to Audits of Broker-Dealers

Affects: Registered public accounting firms.

Summary: On July 25, 2024, the PCAOB released its [annual report](#)⁵⁴ on its interim inspection program related to audits of broker-dealers. Key takeaways from the report include the following:

- In 2023, the number of firms inspected increased from 50 to 60 compared with 2022.
- The number of broker-dealer audits reviewed also went up, from 90 to 103.
- Significant rates of deficiencies were observed in several engagement areas, including examinations, reviews, and audits.
- When evaluating audit engagements for noncompliance with PCAOB standards, the Board uncovered the largest number of deficiencies in “audit documentation; auditor communications; auditors’ reports on the financial statements and supplemental information; and auditor independence.

PCAOB Strengthens Accountability Standards for Those Who Contribute to Firm Violations

Affects: Registered public accounting firms.

Summary: On June 12, 2024, the PCAOB released an [amendment](#)⁵⁵ to Rule 3502, which “governs the liability of an associated person of a registered public accounting firm who contributes to that firm’s violations of the laws, rules, and standards that the PCAOB enforces.” The amendment changes the threshold under which an “associated person of a registered public accounting firm” can be held accountable for contributing to the firm’s violation of the PCAOB’s standards and regulations — from “recklessness” to “negligence.” Accordingly, an associated person can now be held liable for contributing to a violation “directly, substantially and negligently” even if the person has not acted “recklessly.” The PCAOB notes that the new threshold is aligned with SEC regulations as well as with “the same standard of reasonable care auditors are already required to exercise anytime they are executing their professional duties.”

The SEC [approved](#) the amendment to Rule 3502 on August 20, 2024.

Other Resources: For more information, see the [press release](#) on the PCAOB’s Web site.

PCAOB Clarifies Requirements Related to Use of Technology-Assisted Analysis

Affects: Registered public accounting firms.

Summary: On June 12, 2024, the PCAOB released [amendments](#)⁵⁶ to clarify its requirements related to “audit procedures that involve technology-assisted analysis” in its auditing standards on audit evidence (AS 1105) and the auditor’s responses to the risks of material misstatement (AS 2301). The clarifications are designed to “reduce the risk that auditors who use technology-assisted analysis in the audit may issue an opinion without obtaining sufficient appropriate audit evidence.”

The SEC [approved](#) the amendments on August 20, 2024. The amendments are effective for financial statement audits for fiscal years beginning after December 15, 2025.

Other Resources: For more information, see the [press release](#) on the PCAOB’s Web site.

⁵⁴ PCAOB Release No. 2024-009, *Annual Report on the Interim Inspection Program Related to Audits of Brokers and Dealers*.

⁵⁵ PCAOB Release No. 2024-008, *Amendment to PCAOB Rule 3502 Governing Contributory Liability*.

⁵⁶ PCAOB Release No. 2024-007, *Amendments Related to Aspects of Designing and Performing Audit Procedures That Involve Technology-Assisted Analysis of Information in Electronic Form*.

PCAOB Releases Auditing and Quality Control Standards

Affects: Registered public accounting firms.

Summary: On May 13, 2024, the PCAOB released the following standards:

- *General Responsibilities of the Auditor in Conducting an Audit and Amendments to PCAOB Standards* — “[A]ddresses the general responsibilities of the auditor, such as due professional care and professional skepticism, when conducting an audit in accordance with the standards of the PCAOB.”
- *A Firm’s System of Quality Control and Other Amendments to PCAOB Standards, Rules, and Forms* — Requires “all PCAOB registered firms to identify their specific risks and design a [quality control] system that includes policies and procedures to guard against those risks.”

The SEC approved the standard on (1) the auditor’s general responsibilities on [August 20, 2024](#), and (2) a firm’s system of quality control on [September 9, 2024](#).

Next Steps: The standard on the auditor’s general responsibilities is effective for financial statement audits for fiscal years beginning after December 15, 2024 (with the exception of the amendment related to the documentation compliance date, which will take effect on December 15, 2025, for certain firms). The quality control standard is effective for financial statement audits for fiscal years beginning on or after December 15, 2025.

Other Resources: For more information, see the press releases on the new [auditing](#) and [quality control](#) standards — as well as the [practice aid](#) related to [QC 1000](#)⁵⁷ and implementation guidance on QC 1000 and [AS 2901](#)⁵⁸ — on the PCAOB’s Web site.

International

IIA Releases Global Internal Audit Standards

Affects: Internal auditors.

Summary: On January 9, 2024, the Institute of Internal Auditors (IIA) released a new set of [global internal audit standards](#). The new standards, which supersede the 2017 International Standards for the Professional Practice of Internal Auditing, contain “15 guiding principles that enable effective internal auditing [and that are] supported by . . . requirements, considerations for implementation, and examples of evidence of conformance.”

Next Steps: The new internal audit standards will become effective on January 9, 2025; early adoption is encouraged.

Other Resources: For more information, see the [press release](#) on the IIA’s Web site.

⁵⁷ PCAOB Quality Control (QC) Standard 1000, *A Firm’s System of Quality Control*.

⁵⁸ PCAOB Auditing Standard (AS) 2901, *Responding to Engagement Deficiencies After Issuance of the Auditor’s Report*.

Regulatory and Compliance Developments

In This Section

SEC

- SEC

- SEC Releases Statements on Various Topics*
- SEC Issues Final Rule on Submission of Certain Materials Under Securities Exchange Act of 1934*
- SEC Releases Final Rule for Covered Clearing Agencies*
- SEC Releases Final Rule Related to EDGAR Filer Access and Account Management*
- SEC Releases Amendments to Regulation NMS
- SEC Amends Reporting Requirements for Registered Investment Companies
- SEC Issues Final Rule Related to Qualifying Venture Capital Funds
- SEC Issues Final Rule on Registered Index-Linked Annuities
- SEC Releases C&Ds on Cybersecurity Incidents Involving Ransomware Attacks
- U.S. Appeals Court Vacates SEC Final Rule Related to Private Fund Investments
- SEC Amends Regulation Related to Protecting Consumer Information
- SEC Stays Climate Disclosure Rule
- SEC Amends Exemption for Certain Investment Advisers Operating Through the Internet
- SEC Amends Disclosure Requirements Related to NMS Stock Orders
- SEC Releases Annual Staff Report on NRSROs

SEC Releases Statements on Various Topics*

Affects: SEC registrants.

Summary: The SEC staff released a number of key statements during 2024. Topics addressed in these statements included the following:

- *Audit quality* — On February 5, 2024, SEC Chief Accountant Paul Munter released a [statement](#) on the importance of audit quality to protecting investors. Among other things, Mr. Munter emphasized the importance of the auditor's professional skepticism and an independent audit committee to enhancing audit quality.
- *Cybersecurity disclosures* — In a May 21, 2024, [statement](#), SEC Division of Corporation Finance Director Erik Gerding discussed the disclosure of cybersecurity incidents on Form 8-K, specifically situations in which “a company chooses to disclose a cybersecurity incident for which it has not yet made a materiality determination, or a cybersecurity incident that the company determined was not material.” Further, Mr. Gerding released a statement on [June 20, 2024](#), in which he clarified that entities for whom material cybersecurity incidents occur are not precluded from privately discussing them with other parties (e.g., commercial counterparties) “beyond what was included in the Item 1.05 Form 8-K disclosing the incident.”
- *Division's disclosure review program* — In a June 24, 2024, [statement](#), Mr. Gerding addressed the topics discussed during a panel on the Division's disclosure review program at the 2024 SEC Speaks conference. He pointed out that the Division is required to “review each reporting company at least once every three years” in accordance with the Sarbanes-Oxley Act of 2002 and that the purpose of the disclosure review program is to “monitor and enhance compliance with disclosure rules and accounting requirements.”
- *Audit firm's “tone at the top”* — Mr. Munter released a [statement](#) on May 15, 2024, in which he addressed the importance of establishing “a proper tone at the top” at audit firms. Mr. Munter pointed out that a key function of the accounting profession is to act as a “public watchdog” and that, in performing this function, “audit-firm leadership must set the right tone at the top by always placing the public-interest obligations of our profession ahead of business interests and profits.”
- *IFRS 19 disclosures* — In a May 17, 2024, [statement](#), Mr. Munter and Mr. Gerding addressed application of the guidance in IFRS 19 to SEC filings. IFRS 19 “permits certain subsidiaries of reporting companies to provide reduced disclosures when applying recognition, measurement, and presentation requirements of IFRS Accounting Standards.” The statement points out that even though IFRS 19's scope “is limited to entities that do not have public accountability at the end of their financial statement reporting period” (footnote omitted), SEC filings may include “financial statements that apply IFRS 19” in certain circumstances along with appropriate additional material disclosures.
- *Crypto asset safeguarding obligations under SAB 121* — In a September 9, 2024, [statement](#) at the 2024 AICPA & CIMA Conference on Banks & Savings Institutions, Mr. Munter discussed the SEC staff's views in SAB 121 on “the accounting by entities that have obligations to safeguard crypto-assets held for their platform users.” Specifically, he emphasized “certain observations from recent accounting consultations with entities where the staff in the Office of the Chief Accountant has not objected to an entity's conclusion that its arrangement was not within the scope of SAB 121 and that it should not recognize a liability for an obligation to safeguard crypto-assets held for others.”

- [SEC and CFTC Release Final Rule Related to Private Fund Reporting](#)
- [SEC Issues Final Rule Related to Definitions of “Dealer” and “Government Securities Dealer”](#)
- [SEC Enhances SPAC-Related Requirements](#)
- [SEC Updates CF Disclosure Guidance](#)
- [SEC Releases FAQs Related to Final Rule on Tailored Shareholder Reports](#)
- [U.S. Court of Appeals Vacates SEC Final Rule on Share Buyback Disclosures](#)

SEC Issues Final Rule on Submission of Certain Materials Under Securities Exchange Act of 1934*

Affects: SEC registrants.

Summary: On December 16, 2024, the SEC released a [final rule](#)⁵⁹ that amends the Securities Exchange Act of 1934 to, among other things, “require the electronic filing or submission on the Commission’s Electronic Data Gathering, Analysis, and Retrieval (‘EDGAR’) system, using structured data where appropriate, for certain forms filed or submitted by self-regulatory organizations.”

Next Steps: The final rule will become effective 60 days after the date of its publication in the *Federal Register*.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Releases Final Rule for Covered Clearing Agencies*

Affects: Covered clearing agencies.

Summary: On October 25, 2024, the SEC released a [final rule](#)⁶⁰ to amend its standards for covered clearing agencies (CCAs). Specifically, the amendments (1) “strengthen existing rules by adding new requirements related to the collection of intraday margin by a [CCA] and the use of substantive inputs in its risk-based margin system” and (2) “establish required elements of a CCA’s recovery and orderly wind-down plan.”

Next Steps: The final rule will become effective on January 17, 2025.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Releases Final Rule Related to EDGAR Filer Access and Account Management*

Affects: SEC registrants.

Summary: On September 27, 2024, the SEC released a [final rule](#)⁶¹ to amend its requirements related to “access to and management of accounts on the Commission’s Electronic Data Gathering, Analysis, and Retrieval system (‘EDGAR’) that are related to certain technical changes to EDGAR.” Among other changes, the amendments “require electronic filers . . . to authorize and maintain designated individuals as account administrators and to take certain actions, through their account administrators, to manage their accounts on EDGAR.”

Next Steps: The final rule will become effective on March 24, 2025.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

⁵⁹ SEC Final Rule Release No. 33-11342, *Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report*.

⁶⁰ SEC Final Rule Release No. 34-101446, *Covered Clearing Agency Resilience and Recovery and Orderly Wind-Down Plans*.

⁶¹ SEC Final Rule Release No. 33-11313, *EDGAR Filer Access and Account Management*.

SEC Releases Amendments to Regulation NMS

Affects: Entities subject to Regulation NMS.

Summary: On September 18, 2024, the SEC released a [final rule](#)⁶² that amends Regulation NMS “to adopt an additional minimum pricing increment, or ‘tick size,’ for the quoting of certain NMS stocks, reduce the access fee caps for protected quotations of trading centers, increase the transparency of exchange fees and rebates, and accelerate the implementation of rules that will make information about the market’s best priced, smaller-sized orders publicly available.” The final rule is intended to “reduce transaction costs and improve market quality for all investors and to help ensure that orders placed in the [NMS] reflect the best prices available for all investors.”

The final rule became effective on December 9, 2024, with staggered compliance dates in November 2025 and May 2026.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Amends Reporting Requirements for Registered Investment Companies

Affects: Registered investment companies.

Summary: On August 28, 2024, the SEC released a [final rule](#)⁶³ that amends the requirements related to the information that registered investment companies (e.g., registered open-end funds, registered closed-end funds, unit investment trusts) report on Forms N-PORT and N-CEN. Specifically, the amendments “require more frequent reporting of monthly portfolio holdings and related information to the Commission and the public, amend certain reporting requirements relating to entity identifiers, and require open-end funds to report information about service providers used to comply with liquidity risk management program requirements.”

Next Steps: The Form N-PORT and N-CEN amendments, as well as the amendatory instruction 2 to 17 CFR 270.30b1-9, became effective on November 17, 2025. The amendatory instruction 3 to 17 CFR 270.30b1-9 will become effective on May 18, 2026.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Issues Final Rule Related to Qualifying Venture Capital Funds

Affects: Venture capital funds.

Summary: On August 21, 2024, the SEC released a [final rule](#)⁶⁴ that amends the Investment Company Act of 1940 “to adjust for inflation the dollar threshold used in defining a ‘qualifying venture capital fund’ . . . and to allow the Commission to make subsequent inflation adjustments by order according to the rule.” Specifically, under the final rule, the dollar threshold related to “aggregate capital contributions and uncalled committed capital” increases from \$10 million to \$12 million.

The final rule became effective on September 30, 2024.

Other Resources: For more information, see the [press release](#) on the SEC’s Web site.

⁶² SEC Final Rule Release No. 34-101070, *Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders*.

⁶³ SEC Final Rule Release No. IC-35308, *Form N-PORT and Form N-CEN Reporting: Guidance on Open-End Fund Liquidity Risk Management Programs*.

⁶⁴ SEC Final Rule Release No. IC-35305, *Qualifying Venture Capital Funds Inflation Adjustment*.

SEC Issues Final Rule on Registered Index-Linked Annuities

Affects: Issuers of registered index-linked annuities.

Summary: On July 1, 2024, the SEC released a [final rule](#)⁶⁵ that amends “the form currently used by most variable annuity separate accounts, Form N-4, to require issuers of [registered index-linked annuities (RILAs)] to register offerings on that form as well.” The amendments are intended “to help investors make informed decisions” by modernizing and enhancing “the registration and disclosure framework for RILAs.”

The final rule became effective on September 23, 2024, with a compliance date of May 1, 2026, for most amendments.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Releases C&DIs on Cybersecurity Incidents Involving Ransomware Attacks

Affects: SEC registrants.

Summary: On June 24, 2024, the SEC released five new [C&DIs](#) that address cybersecurity incidents involving ransomware attacks. Specific topics covered in the C&DIs include the following:

- Whether a registrant is still required to determine a cybersecurity incident’s materiality after a ransomware payment is made and operations resume or the data are returned (Question 104B.05).
- When a registrant has already made a ransomware payment for a material cybersecurity incident, whether the incident must still be disclosed under Form 8-K, Item 1.05, if such disclosure had not been provided before the payment was made (Question 104B.06).
- Whether a cybersecurity incident involving a ransomware attack should necessarily be considered immaterial because a registrant is reimbursed by its insurance company for the ransomware payment made (Question 104B.07).
- Whether the size of a ransomware payment is an important consideration in the determination of whether a cybersecurity incident is material (Question 104B.08).
- Whether multiple ransomware attacks over time that are determined to be individually immaterial would need to be disclosed under Form 8-K, Item 1.05 (Question 104B.09).

⁶⁵ SEC Final Rule Release No. 33-11294, *Registration for Index-Linked Annuities and Registered Market Value Adjustment Annuities; Amendments to Form N-4 for Index-Linked Annuities, Registered Market Value Adjustment Annuities, and Variable Annuities; Other Technical Amendments*.

U.S. Appeals Court Vacates SEC Final Rule Related to Private Fund Investments

Affects: Private fund advisers.

Summary: On June 5, 2024, the U.S. Court of Appeals for the Fifth Circuit [vacated](#) the SEC's August 2023 [final rule](#)⁶⁶ for private fund advisers, which was intended to "protect private fund investors by increasing transparency, competition, and efficiency in the private funds market." Among other things, the court concluded that the SEC inappropriately relied on Section 913 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, noting that these provisions apply to retail customers rather than to private fund investors. Accordingly, the court ultimately determined that the Commission "exceeded its authority" in releasing the final rule.

Further, on November 8, 2024, the SEC released [technical amendments](#) that update the Code of Federal Regulations to reflect the vacatur of the final rule.

SEC Amends Regulation Related to Protecting Consumer Information

Affects: Certain financial institutions.

Summary: On May 16, 2024, the SEC released a [final rule](#)⁶⁷ that amends Regulation S-P "to modernize and enhance the rules that govern the treatment of consumers' nonpublic personal information by certain financial institutions." Specifically, the amendments "address the expanded use of technology and corresponding risks that have emerged since the Commission originally adopted Regulation S-P in 2000."

The final rule became effective on August 2, 2024.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC's Web site.

SEC Stays Climate Disclosure Rule

Affects: SEC registrants.

Summary: On April 4, 2024, the SEC released an [order](#)⁶⁸ staying its March 2024 [final rule](#)⁶⁹ on climate-related disclosures pending judicial review of petitions challenging the rule. The U.S. District Court of Appeals for the Eighth Circuit has been designated — via a [consolidation order](#) by the U.S. Judicial Panel on Multidistrict Litigation — as the court that will review the petitions on a consolidated basis.

In the absence of the stay, the final rule would have required registrants to provide comprehensive climate-related disclosures in their annual reports and registration statements, including those for IPOs, beginning with annual reports for the year ending December 31, 2025, for calendar-year-end large accelerated filers.

Other Resources: Deloitte's [March 6, 2024 \(last updated April 8, 2024\)](#), and [March 15, 2024 \(updated April 8, 2024\)](#), *Heads Up* newsletters. Also see the [press release](#) and [fact sheet](#) on the SEC's Web site.

⁶⁶ SEC Final Rule Release No. IA-6383, *Private Fund Advisers; Documentation of Registered Investment Adviser Compliance*.

⁶⁷ SEC Final Rule Release No. 34-100155, *Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information*.

⁶⁸ SEC Release No. 11280, *In the Matter of the Enhancement and Standardization of Climate-Related Disclosures for Investors — Order Issuing Stay*.

⁶⁹ SEC Final Rule Release No. 33-11275, *The Enhancement and Standardization of Climate-Related Disclosures for Investors*.

SEC Amends Exemption for Certain Investment Advisers Operating Through the Internet

Affects: Investment advisers.

Summary: On March 27, 2024, the SEC released a [final rule](#)⁷⁰ that amends Rule 203A-2(e) of the Investment Advisers Act of 1940, which “exempts certain investment advisers that provide advisory services through the internet . . . from the prohibition on Commission registration” for smaller investment advisers. In addition, the rule is making conforming amendments to Form ADV, the SEC’s registration form for investment advisers.

The amendments require investment advisers that are relying on the exemption described above to maintain an operational and interactive Web site and to provide clients with investment advice exclusively through this Web site. The primary purpose of the final rule’s amendments is to reflect technological advancements, as well as changes in the investment advisory industry, that have occurred since the initial adoption of the exemption in 2002.

The final rule became effective on July 8, 2024.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Amends Disclosure Requirements Related to NMS Stock Orders

Affects: Entities subject to Regulation NMS, Rule 605.

Summary: On March 6, 2024, the SEC released a [final rule](#)⁷¹ to amend Regulation NMS, Rule 605, which governs the disclosure requirements related to national market system (NMS) stocks (i.e., “stocks listed on a national securities exchange”). According to SEC Chair Gary Gensler, the purpose of the amendments is to “improve transparency for execution quality and facilitate investors’ ability to compare brokers, thereby enhancing competition in our markets.”

The final rule became effective on June 14, 2024.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Releases Annual Staff Report on NRSROs

Affects: Nationally recognized statistical rating organizations (NRSROs).

Summary: On February 16, 2024, the staff in the SEC’s Office of Credit Ratings released its [annual report](#) on NRSROs, also known as credit rating agencies. The purpose of the report is to “provide findings on [the Commission’s] examinations of the agencies, and to discuss the state of competition, transparency, and conflicts of interest among them.”

Other Resources: For more information, see the [press release](#) on the SEC’s Web site.

⁷⁰ SEC Final Rule Release No. IA-6578, *Exemption for Certain Investment Advisers Operating Through the Internet*.

⁷¹ SEC Final Rule Release No. 34-99679, *Disclosure of Order Execution Information*.

SEC and CFTC Release Final Rule Related to Private Fund Reporting

Affects: Registered investment advisers to private funds.

Summary: On February 8, 2024, the SEC and Commodity Futures Trading Commission (CFTC) jointly released a [final rule](#)⁷² that amends Form PF — that is, “the confidential reporting form for certain SEC-registered investment advisers to private funds, including those that also are registered with the CFTC as a commodity pool operator . . . or commodity trading adviser.” The final rule is intended to “enhance the Financial Stability Oversight Council’s . . . ability to monitor systemic risk as well as bolster the SEC’s regulatory oversight of private fund advisers and investor protection efforts.”

Next Steps: The final rule will become effective on March 12, 2025.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Issues Final Rule Related to Definitions of “Dealer” and “Government Securities Dealer”

Affects: Government securities dealers and other dealers.

Summary: On February 6, 2024, the SEC released a [final rule](#)⁷³ that amends the Securities Exchange Act of 1934 to broaden the scope of the definitions of “dealer” and “government securities dealer” in Exchange Act Sections 3(a)(5) and 3(a)(44). Specifically, the final rule identifies certain additional activities that, if engaged in as part of an entity’s regular business, would cause an entity to be a dealer or government securities dealer and therefore be “subject to the registration requirements” of the Exchange Act in the absence of “an exception or exemption.” Such market participants would be required to “register with the SEC, become members of a self-regulatory organization . . . , and comply with federal securities laws and regulatory obligations.”

Other Resources: For more information, see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Enhances SPAC-Related Requirements

Affects: SEC registrants.

Summary: On January 24, 2024, the SEC released a [final rule](#)⁷⁴ that is designed to “enhance investor protections in [IPOs] by special purpose acquisition companies (commonly known as SPACs) and in subsequent business combination transactions between SPACs and private operating companies (commonly known as de-SPAC transactions).” Under the final rule, registrants are required to provide “enhanced disclosures about conflicts of interest, SPAC sponsor compensation, dilution, and other information that is important to investors in SPAC IPOs and de-SPAC transactions.” Further, registrants must disclose “additional information about the target company to investors that will help investors make more informed voting and investment decisions in connection with a de-SPAC transaction.”

The final rule became effective on July 1, 2024.

Other Resources: Deloitte’s February 6, 2024, [Heads Up](#). Also see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

⁷² SEC Final Rule Release No. IA-6546, *Form PF: Reporting Requirements for All Filers and Large Hedge Fund Advisers*.

⁷³ SEC Final Rule Release No. 34-99477, *Further Definition of “As a Part of a Regular Business” in the Definition of Dealer and Government Securities Dealer in Connection With Certain Liquidity Providers*.

⁷⁴ SEC Final Rule Release No. 33-11265, *Special Purpose Acquisition Companies, Shell Companies, and Projections*.

SEC Updates CF Disclosure Guidance

Affects: SEC registrants.

Summary: On January 8, 2024, the SEC's Division of Corporation Finance updated [CF Disclosure Guidance Topic No. 7](#),⁷⁵ which "addresses how and what to submit when filing an application objecting to public release of information otherwise required to be filed under the Securities Act and the Securities Exchange Act." The update specifically pertains to "options for confidential treatment orders that are about to expire."

SEC Releases FAQs Related to Final Rule on Tailored Shareholder Reports

Affects: Mutual funds and exchange-traded funds.

Summary: In January 2024, the staff in the SEC's Division of Investment Management released a series of [FAQs](#) related to the Commission's October 2022 [final rule](#)⁷⁶ on tailored investment reports for mutual funds and exchange-traded funds. Under the final rule, such funds are required to "transmit concise and visually engaging annual and semi-annual reports to shareholders . . . under the Investment Company Act of 1940 . . . and to promote transparent and balanced presentations of fees and expenses in investment company advertisements." The FAQs are divided into the following broad topics:

- The meaning of an "appropriate broad-based securities market index."
- Form N-CSR and the Web site availability requirements.
- Binding individual shareholder reports of multiple funds.
- Electronically provided shareholder reports.
- Compliance date and Inline XBRL issues.

U.S. Court of Appeals Vacates SEC Final Rule on Share Buyback Disclosures

Affects: SEC registrants.

Summary: On December 19, 2023, the U.S. Court of Appeals for the Fifth Circuit [vacated](#) the SEC's [final rule](#)⁷⁷ on share buyback disclosures, which was originally intended to modernize and enhance the Commission's disclosure requirements related to an issuer's share repurchase activities and programs.

The court had found the rule defective on October 31, 2023, and had given the SEC 30 days to cure the defects. Further, the court had denied the SEC's request for an extension of the 30-day period on November 26, 2023. In its judgment regarding the vacating of the rule, the court stated that "[t]he SEC acted arbitrarily and capriciously, in violation of the [Administrative Procedure Act], when it failed to respond to petitioners' comments and failed to conduct a proper cost-benefit analysis."

Further, on March 19, 2024, the SEC released [technical amendments](#) to reflect the court's vacatur of the rule. The technical amendments "do not impose any new substantive regulatory requirements" and merely rescind "the changes to the rules and forms promulgated under the Exchange Act and the Investment Company Act."

⁷⁵ SEC CF Disclosure Guidance Topic No. 7, *Confidential Treatment Applications Submitted Pursuant to Rules 406 and 24b-2*.

⁷⁶ SEC Final Rule Release No. 33-11125, *Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements*.

⁷⁷ SEC Final Rule Release No. 34-97424, *Share Repurchase Disclosure Modernization*.

Appendix A: Significant Adoption Dates

The tables below describe significant adoption dates for FASB/EITF, PCAOB, AICPA, SEC, IASB/IFRIC, and ISSB standards. Content recently added or revised is highlighted in [green](#).

FASB/EITF	Effective Date for PBEs	Effective Date for Non-PBEs	Early Adoption Allowed (Yes/No)	Deloitte Resources
Final Guidance				
ASU 2024-04, <i>Debt — Induced Conversions of Convertible Debt Instruments</i> (issued November 26, 2024)	Annual periods beginning after December 15, 2025, including interim periods within those annual periods.	Annual periods beginning after December 15, 2025, including interim periods within those annual periods.	Yes	December 3, 2024, Heads Up
ASU 2024-03, <i>Disaggregation of Income Statement Expenses</i> (issued November 4, 2024)	Annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027.	N/A	Yes	November 8, 2024, Heads Up
ASU 2024-02, <i>Codification Improvements — Amendments to Remove References to the Concepts Statements</i> (issued March 29, 2024)	Fiscal years beginning after December 15, 2024.	Fiscal years beginning after December 15, 2025.	Yes	April 24, 2024, Heads Up
ASU 2024-01, <i>Scope Application of Profits Interest and Similar Awards</i> (issued March 21, 2024)	Annual periods beginning after December 15, 2024, including interim periods within those annual periods.	Annual periods beginning after December 15, 2025, including interim periods within those annual periods.	Yes	March 22, 2024, Heads Up
ASU 2023-09, <i>Improvements to Income Tax Disclosures</i> (issued December 14, 2023)	Annual periods beginning after December 15, 2024.	Annual periods beginning after December 15, 2025.	Yes	January 18, 2024, Heads Up
ASU 2023-08, <i>Accounting for and Disclosure of Crypto Assets</i> (issued December 13, 2023)	Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years.	Fiscal years beginning after December 15, 2024, including interim periods within those fiscal years.	Yes	December 15, 2023, Heads Up
ASU 2023-07, <i>Improvements to Reportable Segment Disclosures</i> (issued November 27, 2023)	Fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024.	N/A	Yes	November 30, 2023 (last updated September 10, 2024), Heads Up

ASU 2023-06, <i>Disclosure Improvements — Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative</i> (issued October 9, 2023)	For entities subject to the SEC's existing disclosure requirements and for entities required to file or furnish financial statements with or to the SEC in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer, the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. If the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K by June 30, 2027, the ASU will not become effective.	Two years after the SEC's removal of the related disclosure from Regulation S-X or Regulation S-K becomes effective. If the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K by June 30, 2027, the ASU will not become effective.	No	October 12, 2023, Heads Up
ASU 2023-05, <i>Business Combinations — Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement</i> (issued August 23, 2023)	Prospectively for all joint venture formations with a formation date on or after January 1, 2025.	Prospectively for all joint venture formations with a formation date on or after January 1, 2025.	Yes	September 8, 2023, Heads Up
ASU 2023-02, <i>Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method</i> (issued March 29, 2023)	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2024, and interim periods within those fiscal years.	Yes	March 29, 2023, DART news item
ASU 2022-06, <i>Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848</i> (issued December 21, 2022)	Effective upon issuance through December 31, 2024.	Effective upon issuance through December 31, 2024.	Yes	December 21, 2022, Heads Up
ASU 2022-05, <i>Transition for Sold Contracts</i> (issued December 15, 2022)	Fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025.	Yes	
ASU 2022-03, <i>Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i> (issued June 30, 2022)	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2024, and interim periods within those fiscal years.	Yes	July 1, 2022, Heads Up
ASU 2021-01, <i>Reference Rate Reform (Topic 848): Scope</i> (issued January 7, 2021; effective date amended by ASU 2022-06)	Effective upon issuance through December 31, 2024.	Effective upon issuance through December 31, 2024.	N/A	January 11, 2021, Heads Up

ASU 2020-11, <i>Financial Services — Insurance (Topic 944): Effective Date and Early Application</i> (issued November 5, 2020)	This ASU amends the effective date of ASU 2018-12 and makes targeted improvements. See effective date information for ASU 2018-12 below.	This ASU amends the effective date of ASU 2018-12 and makes targeted improvements. See effective date information for ASU 2018-12 below.	Yes	November 6, 2020, DART news item
ASU 2020-04, <i>Facilitation of the Effects of Reference Rate Reform on Financial Reporting</i> (issued March 12, 2020; effective date amended by ASU 2022-06)	March 12, 2020, through December 31, 2024.	March 12, 2020, through December 31, 2024.	N/A	March 23, 2020, Heads Up
ASU 2019-09, <i>Financial Services — Insurance (Topic 944): Effective Date</i> (issued November 15, 2019)	This ASU amends the effective date of ASU 2018-12. See effective date information for ASU 2018-12 below.	This ASU amends the effective date of ASU 2018-12. See effective date information for ASU 2018-12 below.	N/A	November 2019 Insurance Spotlight
ASU 2018-12, <i>Targeted Improvements to the Accounting for Long-Duration Contracts</i> (issued August 15, 2018; effective date amended by ASU 2019-09 and ASU 2020-11)	For PBEs that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, the amendments in this ASU are effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025.	Yes	August 2018 and November 2019 <i>Insurance Spotlight</i> newsletters

PCAOB	Effective Date for PBEs	Deloitte Resources
Final Guidance		
Release No. 2024-013, <i>Firm Reporting</i> (issued November 21, 2024)	For the largest firms (as defined in new Rule 4013), the final amendments will become effective on March 31, 2027, or two years after approval of the requirements by the SEC, whichever occurs later. For all other firms, the final amendments will become effective one year after the first phase.	November 22, 2024, DART news item
Release No. 2024-012, <i>Firm and Engagement Metrics</i> (issued November 21, 2024)	If the amendments are approved by the SEC, both firm-level and engagement-level reporting will be required for periods beginning on October 1, 2027.	November 22, 2024, DART news item
Release No. 2024-011, <i>Constructive Requests to Withdraw From Registration</i> (issued November 14, 2024)	If approved by the SEC, Rule 2107(h) will take effect initially for annual reports and annual fees that are due in 2025.	November 15, 2024, DART news item

Release No. 2024-008, <i>Amendment to PCAOB Rule 3502 Governing Contributory Liability</i> (issued June 12, 2024, and approved by the SEC on August 20, 2024)	October 19, 2024.	June 18, 2024, Heads Up
Release No. 2024-007, <i>Amendments Related to Aspects of Designing and Performing Audit Procedures That Involve Technology-Assisted Analysis of Information in Electronic Form</i> (issued June 12, 2024, and approved by the SEC on August 20, 2024)	Financial statement audits for fiscal years beginning on or after December 15, 2025.	June 18, 2024, Heads Up
Release No. 2024-005, <i>A Firm's System of Quality Control and Other Amendments to PCAOB Standards, Rules, and Forms</i> (issued May 13, 2024, and approved by the SEC on September 9, 2024)	December 15, 2025.	June 18, 2024, Heads Up
Release No. 2024-004, <i>General Responsibilities of the Auditor in Conducting an Audit and Amendments to PCAOB Standards</i> (issued May 13, 2024, and approved by the SEC on August 20, 2024)	The amendments are effective for financial statement audits for fiscal years beginning on or after December 15, 2024, except that the 14-day documentation completion requirement is effective for financial statement audits for fiscal years beginning on or after December 15, 2025, for accounting firms that issued audit reports for not more than 100 issuers during the calendar year ending on December 31, 2024.	June 18, 2024, Heads Up
Release No. 2023-008, <i>The Auditor's Use of Confirmation, and Other Amendments to PCAOB Standards</i> (issued September 28, 2023, and approved by the SEC on December 1, 2023)	Financial statement audits for fiscal years ending on or after June 15, 2025.	November 10, 2023, Heads Up
Release No. 2022-002, <i>Planning and Supervision of Audits Involving Other Auditors and Dividing Responsibility for the Audit With Another Accounting Firm</i> (issued June 21, 2022, and approved by the SEC on August 12, 2022)	Financial statement audits for fiscal years ending on or after December 15, 2024.	June 23, 2022, DART news item

AICPA	Effective Date for Non-PBEs	Deloitte Resources
Final Guidance		
SSAE 23, <i>Amendments to the Attestation Standards for Consistency With the Issuance of AICPA Standards on Quality Management</i> (issued June 10, 2024)	Engagements performed in accordance with Statements on Standards for Attestation Engagements beginning on or after December 15, 2025.	May 17, 2024, DART news item
SAS 149, <i>Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)</i> (issued March 6, 2023)	Group financial statement audits for periods ending on or after December 15, 2026.	March 9, 2023, DART news item
SAS 147, <i>Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance With Laws and Regulations</i> (issued June 8, 2022)	Audits of financial statements for periods beginning on or after June 30, 2023.	June 8, 2022, DART news item
SAS 146, <i>Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards</i> (issued June 1, 2022)	Audits of financial statements for periods beginning on or after December 15, 2025.	June 3, 2022, DART news item

SEC	Effective Date	Deloitte Resources
Final Guidance		
Final Rule, <i>Electronic Submission of Certain Materials Under the Securities Exchange Act of 1934; Amendments Regarding the FOCUS Report</i> (33-11342) (issued December 16, 2024)	60 days after date of publication in the <i>Federal Register</i> .	December 17, 2024, DART news item
<i>Adoption of Updated EDGAR Filer Manual</i> (33-11341) (issued December 16, 2024)	Date of publication in <i>Federal Register</i> .	
Final Rule, <i>Update to the Commission's Organization and Program Management Obligations</i> (33-11337) (issued December 10, 2024)	December 16, 2024.	
Final Rule, <i>Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews</i> (IA-6773) (issued November 8, 2024)	November 19, 2024.	

Final Rule, <i>Conforming Amendments to Commission Rules and Forms</i> (33-11325) (issued November 7, 2024)	November 18, 2024.	
Final Rule, <i>Covered Clearing Agency Resilience and Recovery and Wind-Down Plans</i> (34-101446) (issued October 25, 2024)	January 17, 2025.	October 28, 2024, DART news item
Final Rule, <i>EDGAR Filer Access and Account Management</i> (33-11313) (issued September 27, 2024)	March 24, 2025.	September 30, 2024, DART news item
Final Rule, <i>Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders</i> (34-101070) (issued September 18, 2024)	December 9, 2024.	September 18, 2024, DART news item
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11304) (issued September 16, 2024)	October 22, 2024.	
Final Rule, <i>Form N-PORT and Form N-CEN Reporting; Guidance on Open-End Fund Liquidity Risk Management Programs</i> (IC-35308) (issued August 28, 2024)	The amendments to Forms N-PORT and N-CEN, and amendatory instruction 2 to 17 CFR 270.30b1-9, will become effective on November 17, 2025. Amendatory instruction 3 to 17 CFR 270.30b1-9 will become effective on May 18, 2026.	August 29, 2024, DART news item
Final Rule, <i>Qualifying Venture Capital Funds Inflation Adjustment</i> (IC-35305) (issued August 21, 2024)	September 30, 2024.	August 22, 2024, DART news item
Final Rule, <i>Registration for Index-Linked Annuities and Registered Market Value Adjustment Annuities; Amendments to Form N-4 for Index-Linked Annuities, Registered Market Value Adjustment Annuities, and Variable Annuities; Other Technical Amendments</i> (33-11294) (issued July 1, 2024)	September 23, 2024.	July 2, 2024, DART news item
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11293) (issued July 1, 2024)	August 9, 2024.	

Final Rule, <i>Regulation S-P: Privacy of Consumer Financial Information and Safeguarding Customer Information</i> (34-100155 and 34-100155A) (issued May 16, 2024)	August 2, 2024.	May 16, 2024, DART news item
Final Rule, <i>Exemption for Certain Investment Advisers Operating Through the Internet</i> (IA-6578) (issued March 27, 2024)	July 8, 2024.	March 27, 2024, DART news item
Technical Amendments, <i>Share Repurchase Disclosure Modernization</i> (34-99778) (issued March 19, 2024)	April 8, 2024.	March 21, 2024, DART news item
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11277) (issued March 18, 2024)	April 19, 2024.	
Final Rule, <i>Disclosure of Order Execution Information</i> (34-99679) (issued March 6, 2024)	June 14, 2024.	March 7, 2024, DART news item
Final Rule, <i>The Enhancement and Standardization of Climate-Related Disclosures for Investors</i> (33-11275) (issued March 6, 2024)	Stayed by the SEC pending the completion of judicial review.	March 6, 2024 (updated April 8, 2024) , and March 15, 2024 (updated April 8, 2024) , <i>Heads Up</i> newsletters
Final Rule, <i>Supplemental Standards of Ethical Conduct for Members and Employees of the Securities and Exchange Commission</i> (34-99582) (issued February 22, 2024)	March 29, 2024.	February 23, 2024, DART news item
Final Rule, <i>Form PF; Reporting Requirements for All Filers and Large Hedge Fund Advisers</i> (IA-6546) (February 8, 2024)	March 12, 2025.	February 8, 2024, DART news item
Final Rule, <i>Further Definition of "As a Part of a Regular Business" in the Definition of Dealer and Government Securities Dealer in Connection With Certain Liquidity Providers</i> (34-99477) (issued February 6, 2024)	April 29, 2024.	February 7, 2024, DART news item

Final Rule, <i>Special Purpose Acquisition Companies, Shell Companies, and Projections</i> (33-11265 and 33-11265A) (originally issued January 24, 2024; correction issued June 14, 2024)	July 1, 2024.	February 6, 2024, Heads Up
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11235) (issued December 18, 2023)	January 24, 2024.	
Final Rule, <i>Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities</i> (33-99149) (issued December 13, 2023)	March 18, 2024.	December 14, 2023, DART news item
Final Rule, <i>Prohibition Against Conflicts of Interest in Certain Securitizations</i> (33-11254) (issued November 27, 2023)	February 5, 2024.	November 28, 2023, DART news item
Final Rule, <i>Clearing Agency Governance and Conflicts of Interest</i> (34-98959) (issued November 16, 2023)	February 5, 2024.	November 16, 2023, DART news item
Final Rule, <i>Security-Based Swap Execution and Registration and Regulation of Security-Based Swap Execution Facilities</i> (34-98845) (issued November 2, 2023)	February 13, 2024.	November 2, 2023, DART news item
Final Rule, <i>Short Position and Short Activity Reporting by Institutional Investment Managers</i> (34-98738) (issued October 13, 2023)	January 2, 2024.	October 13, 2023, DART news item

Final Rule, <i>Reporting of Securities Loans</i> (34-98737) (issued October 13, 2023)	January 2, 2024.	October 13, 2023, DART news item
Final Rule, <i>Modernization of Beneficial Ownership Reporting</i> (33-11253) (issued October 10, 2023)	February 5, 2024.	October 11, 2023, DART news item
Final Rule, <i>Investment Company Reporting Modernization</i> (33-10442) (issued December 8, 2017)	January 16, 2018, to March 31, 2026.	

IASB/IFRIC	Effective Date	Early Adoption (Yes/No)	Deloitte Resources
Final Guidance			
<i>Contracts Referencing Nature-Dependent Electricity</i> — amendments to IFRS 9 and IFRS 7 (issued December 18, 2024)	Annual reporting periods beginning on or after January 1, 2026.	Yes	
<i>Annual Improvements to IFRS Accounting Standards</i> (issued July 18, 2024)	Annual reporting periods beginning on or after January 1, 2026.	Yes	July 23, 2024, iGAAP in Focus
<i>Amendments to the Classification and Measurement of Financial Instruments</i> (Amendments to IFRS 9 and IFRS 7) (issued May 30, 2024)	Annual reporting periods beginning on or after January 1, 2026.	Yes	June 4, 2024, iGAAP in Focus
IFRS 19, <i>Subsidiaries Without Public Accountability: Disclosures</i> (issued May 9, 2024)	Annual reporting periods beginning after January 1, 2027.	Yes	May 14, 2024, iGAAP in Focus
IFRS 18, <i>Presentation and Disclosure in Financial Statements</i> (issued April 9, 2024)	Annual reporting periods beginning on or after January 1, 2027.	Yes	April 12, 2024, iGAAP in Focus
<i>Lack of Exchangeability</i> — amendments to IAS 21 (issued August 15, 2023)	Annual reporting periods beginning on or after January 1, 2025.	Yes	August 23, 2023, iGAAP in Focus

<i>Supplier Finance Arrangements</i> — amendments to IAS 7 and IFRS 7 (issued May 25, 2023)	Annual reporting periods beginning on or after January 1, 2024.	Yes	May 30, 2023, iGAAP in Focus
<i>Non-Current Liabilities With Covenants</i> — amendments to IAS 1 (issued October 27, 2022)	Annual reporting periods beginning on or after January 1, 2024.	Yes	November 2, 2022, iGAAP in Focus
<i>Lease Liability in a Sale and Leaseback</i> — amendments to IFRS 16 (issued September 22, 2022)	Annual reporting periods beginning on or after January 1, 2024.	Yes	September 27, 2022, iGAAP in Focus

ISSB	Effective Date	Early Adoption (Yes/No)	Deloitte Resources
Final Guidance			
IFRS S1, <i>General Requirements for Disclosure of Sustainability-Related Financial Information</i> (issued June 26, 2023)	Annual reporting periods beginning on or after January 1, 2024.	Yes. Entities that choose to early adopt IFRS S1 and IFRS S2 are required to disclose that fact and apply both standards at the same time.	June 26, 2023, DART news item ; June 28, 2023, iGAAP in Focus ; and June 30, 2023, Heads Up
IFRS S2, <i>Climate-Related Disclosures</i> (issued June 26, 2023)	Annual reporting periods beginning on or after January 1, 2024.	Yes. Entities that choose to early adopt IFRS S1 and IFRS S2 are required to disclose that fact and apply both standards at the same time.	June 26, 2023, DART news item ; June 28, 2023, iGAAP in Focus ; and June 30, 2023, Heads Up

Appendix B: Current Status of FASB Projects

This appendix summarizes the current status and next steps for the FASB's active standard-setting projects (excluding research initiatives). New projects are shaded in [green](#).

Project	Status and Next Steps	Deloitte Resources
Recognition and Measurement Projects		
Accounting for and disclosure of software costs	On October 29, 2024, the FASB issued a proposed ASU that would amend certain aspects of the accounting for and disclosure of software costs under ASC 350-40. Comments are due by January 27, 2025.	Heads Up — <i>FASB Proposes Guidance on the Accounting for and Disclosure of Software Costs</i> (November 5, 2024)
Accounting for debt exchanges	On November 20, 2024, the FASB decided that a debt exchange transaction involving multiple creditors in the issuance of the new debt obligation should be accounted for as a debt extinguishment and the issuance of new debt when the following conditions are met: (1) the existing debt has been repaid in accordance with its original contractual terms or repurchased at market terms and (2) the new debt was issued at market terms as part of the issuer's normal marketing process for new debt issuances. The FASB expects to issue a proposed ASU related to this project in the first quarter of 2025.	EITF Snapshot (October 2024)
Accounting for environmental credit programs	On December 17, 2024, the FASB issued a proposed ASU that would provide recognition, measurement, and disclosure guidance for entities that purchase or hold environmental credits or have a regulatory compliance obligation that may be settled with environmental credits. Comments are due by April 15, 2025.	Heads Up — <i>FASB Releases Proposed ASU on the Accounting for Environmental Credit Programs</i> (December 20, 2024) Accounting Spotlight — <i>Accounting and Reporting Considerations for Environmental Credits</i> (October 7, 2022; updated May 11, 2023)
Accounting for government grants	On November 19, 2024, the FASB issued a proposed ASU on the accounting for the recognition, measurement, and presentation of government grants received by business entities (e.g., transfers of monetary and tangible nonmonetary assets, including forgivable loans). The proposal leverages the guidance in IAS 20. Comments are due by March 31, 2025.	Heads Up — <i>FASB Proposes Guidance on the Accounting for Government Grants</i> (November 26, 2024)
Codification improvements	The FASB has a standing project on its agenda to make regular updates and improvements to the Codification (e.g., technical corrections and clarifications). On September 18, 2024, the FASB discussed various Codification improvement issues and directed the staff to draft a proposed ASU for a vote by written ballot. The proposed ASU is expected to be issued in the fourth quarter of 2024.	

Determining the acquirer in the acquisition of a VIE	On October 30, 2024, the FASB issued a proposed ASU on the factors an entity should consider when identifying the accounting acquirer of a VIE that meets the definition of a business. Comments were due by December 16, 2024.	
Financial instruments: credit losses — purchased financial assets	On June 27, 2023, the FASB issued a proposed ASU that would expand the scope of the purchased credit-deteriorated accounting model to financial assets acquired in a business combination and to seasoned financial assets acquired as a result of an asset acquisition or the consolidation of a variable interest entity that is not a business. Comments were due by August 28, 2023. On February 28, 2024, the Board discussed the feedback received. On October 2, 2024, the FASB continued deliberating this project.	<i>Heads Up — FASB Proposes Amendments to the Accounting for Purchased Financial Assets (July 7, 2023)</i>
Induced conversions of convertible debt instruments (EITF Issue 23-A)	On November 26, 2024, the FASB issued ASU 2024-04 to clarify the guidance in ASC 470-20 on induced conversions.	<i>Heads Up — FASB Issues Final Standard on Induced Conversions of Convertible Debt Instruments (December 3, 2024)</i>
Share-based consideration payable to a customer	On September 30, 2024, the FASB issued a proposed ASU that would clarify the guidance in ASC 606 and ASC 718 on the accounting for share-based payment awards that are granted by an entity as consideration payable to its customer. Comments were due by November 14, 2024.	<i>Heads Up — FASB Proposes Clarifications to the Accounting for Share-Based Consideration Payable to a Customer (October 1, 2024)</i>
ASC 815 — derivatives scope refinements	On July 23, 2024, the FASB issued a proposed ASU that would refine the scope of ASC 815 by incorporating a scope exception for contracts with underlyings based on the operations or activities that are specific to one of the parties to the contract and clarify the interaction between ASC 606 and other Codification topics with respect to the accounting for the grantee of a share-based payment in a contract with a customer. Comments were due by October 21, 2024.	<i>Heads Up — FASB Proposes Derivatives Scope Refinements and Scope Clarification for a Share-Based Payment From a Customer in a Revenue Contract (August 2, 2024)</i>
ASC 815 — hedge accounting improvements	On September 25, 2024, the FASB issued a proposed ASU that would amend some aspects of the hedge accounting guidance in ASC 815 to address issues raised by stakeholders. Comments were due by November 25, 2024.	<i>Heads Up — FASB Proposes Improvements to Hedge Accounting Guidance (September 30, 2024)</i>
Presentation and Disclosure Projects		
Disaggregation — income statement expenses	On November 4, 2024, the FASB issued ASU 2024-03 , which requires disaggregated disclosure of income statement expenses for PBEs. On November 25, 2024, the FASB issued a proposed ASU to clarify the initial effective date of ASU 2024-03 for entities that do not have an annual reporting period that ends on December 31. Comments were due by December 10, 2024.	<i>Heads Up — FASB Issues Final Standard on Disaggregation of Income Statement Expenses (DISE) (November 8, 2024)</i>
Interim reporting — narrow-scope improvements	On November 13, 2024, the FASB issued a proposed ASU to clarify the interim reporting requirements in ASC 270. Comments are due by March 31, 2025.	<i>Heads Up — FASB Proposes Improvements to Interim Reporting Requirements (November 18, 2024)</i>

Statement of cash flows — targeted improvements

On November 8, 2023, the FASB **decided** to add to its technical agenda a project in which targeted improvements would be made to the statement of cash flows. Initially, the scope of the project is limited to (1) reorganizing and disaggregating the statement of cash flows for financial institutions and (2) developing disclosures about an entity's cash interest income received.

Private-Company Projects

Financial instruments: credit losses — measurement of credit losses for accounts receivable and contract assets for private companies and certain not-for-profit entities

On December 3, 2024, the FASB issued a **proposed ASU** that would provide private companies and certain not-for-profit entities with a practical expedient and an accounting policy election related to the estimation of expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. Comments are due by January 17, 2025.

***Heads Up** — FASB Proposes Guidance on the Measurement of Credit Losses for Certain Entities (December 10, 2024)*

Presentation of contract assets and contract liabilities for construction contractors

On October 16, 2024, the FASB **decided** to propose an alternative under which private construction companies within the scope of ASC 910 would present contract assets and contract liabilities on a gross basis in the statement of financial position. The FASB expects to issue a proposed ASU in the first quarter of 2025.

Appendix C: New and Updated Deloitte U.S. Accounting Publications

Roadmap Series

[*Segment Reporting*](#) (May 2024; updated December 2024)

[*Income Taxes*](#) (December 2024)

[*Business Combinations*](#) (December 2024)

[*Hedge Accounting*](#) (November 2024)

[*Revenue Recognition*](#) (November 2024)

[*SEC Comment Letter Considerations, Including Industry Insights*](#) (November 2024)

[*Derivatives*](#) (October 2024)

[*Equity Method Investments and Joint Ventures*](#) (October 2024)

[*Impairments and Disposals of Long-Lived Assets and Discontinued Operations*](#) (October 2024)

[*Initial Public Offerings*](#) (October 2024)

[*Non-GAAP Financial Measures and Metrics*](#) (October 2024)

[*SEC Reporting Considerations for Business Acquisitions*](#) (October 2024)

Heads Up Newsletters

[*FASB Releases Proposed ASU on the Accounting for Environmental Credit Programs*](#) (December 20, 2024)

[*Highlights of the 2024 AICPA & CIMA Conference on Current SEC and PCAOB Developments*](#) (December 15, 2024)

[*FASB Proposes Guidance on the Measurement of Credit Losses for Certain Entities*](#) (December 10, 2024)

[*FASB Issues Final Standard on Induced Conversions of Convertible Debt Instruments*](#) (December 3, 2024)

[*FASB Proposes Guidance on the Accounting for Government Grants*](#) (November 26, 2024)

[*FASB Invites Stakeholders to Comment on Financial Key Performance Indicators*](#) (November 25, 2024)

[*FASB Proposes Improvements to Interim Reporting Requirements*](#) (November 18, 2024)

[*FASB Issues Final Standard on Disaggregation of Income Statement Expenses \(DISE\)*](#) (November 8, 2024)

[*FASB Proposes Guidance on the Accounting for and Disclosure of Software Costs*](#) (November 5, 2024)

[*FASB Proposes Clarifications to the Accounting for Share-Based Consideration Payable to a Customer*](#) (October 1, 2024)

[*#DeloitteESGNow — California Climate Legislation Impact — Reporting Deadlines Remain Unchanged Under SB-219*](#) (October 1, 2024)

[*FASB Proposes Improvements to Hedge Accounting Guidance*](#) (September 30, 2024)

Financial Reporting Alert Newsletters

[*Financial Reporting Considerations Related to Pension and Other Postretirement Benefits*](#) (November 18, 2024)

[*Egypt's and Nigeria's Highly Inflationary Status*](#) (November 8, 2024)

[*Frequently Asked Questions About "Pillar Two"*](#) (March 5, 2024; last updated November 8, 2024)

EITF Snapshot Newsletter

October 2024

Industry Publication

Technology Spotlight — Accounting for the Development of Generative AI Software Products (October 7, 2024)

Dbriefs for Financial Executives

We invite you to participate in [Dbriefs](#), Deloitte's live webcasts that give you valuable insights into important developments affecting your business. Topics covered in the [Dbriefs for Financial Executives](#) series include financial reporting, tax accounting, business strategy, governance, and risk. Dbriefs also provide a convenient and flexible way to earn CPE credit — right at your desk.

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Updated every business day, DART has an intuitive design and powerful search features that enable users to quickly locate information anytime, from any device and any browser. Users can also work seamlessly between their desktop and mobile device by downloading the DART by Deloitte [mobile app](#) from the App Store or Google Play. While much of the content on DART is available at no cost, subscribers have access to premium content, such as Deloitte's *FASB Accounting Standards Codification Manual*. DART subscribers and others can also [subscribe](#) to *Weekly Accounting Roundup*, which provides links to recent news articles, publications, and other additions to DART. For more information, or to sign up for a free 30-day trial of premium DART content, visit dart.deloitte.com.



Conclusions of the FASB, GASB, IASB, and IFRS Interpretations Committee are subject to change at future meetings and generally do not affect current accounting requirements until an official position (e.g., Accounting Standards Update or IFRS Accounting Standards) is issued. Official positions are determined only after extensive deliberation and due process, including a formal vote.

Further information about the standard setters can be found on their respective Web sites as follows: www.fasb.org (FASB); <https://www.fasb.org/page/PageContent?pagelId=about-us/advisory-groups/eitf/openissuesandproposedagenda.html> (EITF); <https://www.aicpa-cima.com/home> (AICPA & CIMA); www.sec.gov (SEC); <https://pcaobus.org> (PCAOB); <https://fasab.gov> (FASAB); www.gasb.org (GASB); and www.ifrs.org (IASB and ISSB).

Quarterly Accounting Roundup is prepared by members of Deloitte's National Office. The purpose of this publication is to briefly describe key regulatory and professional developments that have recently occurred in the field of accounting and to provide links to locations where additional information can be found on each topic. Readers seeking additional information about a topic should review the information referred to in the hyperlinks and not rely solely on the descriptions included in this communication.

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