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Quarterly Accounting Roundup

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To our clients, colleagues, and other friends:

Welcome to *Quarterly Accounting Roundup: Year in Review — 2023*. The challenges associated with uncertainties in the current macroeconomic and geopolitical environment have continued to be top of mind for many companies and investors. During 2023, we have seen evidence of these challenges in the form of banks failing or being downgraded; businesses struggling to raise capital; and companies announcing layoffs, broader restructuring plans, and impairments. Some of the more prominent factors affecting businesses include risk of recession; high market interest rates; tightening of credit and concerns about the banking sector; concerns about the residential and commercial real estate sectors; continuing inflation, including geographic- and sector-specific impacts; tightened labor markets; changes in foreign currency exposure as a result of both the geopolitical environment and supply chain challenges; and climate risk.

Sustainability disclosure requirements continued to gain significant momentum this year, both domestically and internationally. In the United States, California Governor Gavin Newsom signed into law two state senate bills and one state assembly bill on October 7. The bills collectively require certain public and private U.S. companies that perform specific business activities in California to provide disclosures about their greenhouse gas (GHG) emissions, climate-related financial risks, voluntary carbon offsets (VCOs), and certain climate-related emission claims. And globally, the International Sustainability Standards Board (ISSB) issued its inaugural disclosure standards in late June. The purpose of these standards is to “require an entity to disclose information about its sustainability-related risks and opportunities.” Further, the European Commission adopted the European Sustainability Reporting Standards (ESRS), which provide guidance for companies within the scope of the E.U. Corporate Sustainability

Reporting Directive (CSRD), including certain U.S.-based companies with activities in the European Union.

In terms of accounting-specific news, Accounting Standards Updates (ASUs) released by the FASB in 2023 include those on:

- Enhancements to the guidance on reportable segment disclosures.
- Accounting for and disclosure of crypto assets.
- Income tax disclosures.
- Use of the proportional amortization method to account for investments in tax credit structures.
- Joint venture formations.
- Leases between entities under common control.
- Amendments to the FASB's disclosure requirements to reflect SEC guidance.

The Board also issued two new chapters of its conceptual framework — Chapter 2, “The Reporting Entity,” and Chapter 5, “Recognition and Derecognition.”

It was also a busy rulemaking year for the SEC. Especially notable final rules include those that amend the rules governing money market funds and enhance public companies' cybersecurity disclosures (the SEC's Division of Corporation Finance has released additional [guidance](#) on this rule). In addition, SEC Chief Accountant Paul Munter recently released a key statement addressing the importance of the statement of cash flows to providing investors with high-quality financial information. Mr. Munter notes that the staff has “observed that preparers and auditors may not always apply the same rigor and attention to the statement of cash flows as they do to other financial statements.”

And the PCAOB recently announced that, in 2023, it “has taken more formal actions on standard setting and rulemaking than any year in the last 10 years.” Of particular note was its issuance of a final standard on the auditor's use of confirmation.

At the 2023 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 this year's conference, see Deloitte's December 10, 2023, [Heads Up](#).

Quarterly Accounting Roundup: Year in Review — 2023 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 2023.

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 2023 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.

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Publications

Key newsletters released by Deloitte in the fourth quarter of 2023 include the following:

- A *Heads Up* (December 15, 2023) on [ASU 2023-08](#),¹ which addresses the accounting and disclosure requirements for certain crypto assets.
- A *Heads Up* (October 10, 2023; updated December 5, 2023) on the effects of California's recently enacted climate-related legislation.
- A *Heads Up* (November 30, 2023) on [ASU 2023-07](#),² which amends the FASB's requirements related to reportable segment disclosures.
- The annual update to the *Financial Reporting Alert* (December 5, 2023) on financial reporting considerations related to pension and other postretirement benefits. This year's edition reflects matters related to (1) inflation and rising interest rates, (2) the Inflation Reduction Act of 2022, and (3) the ongoing effects of the COVID-19 pandemic.

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

- *Leases* (December) — Discusses the leasing guidance in ASU 2016-02 (codified in ASC 842). The body of this publication combines the requirements in ASC 842 with Deloitte's interpretations and examples in a comprehensive, reader-friendly format. In addition, the Roadmap highlights (1) the requirements of ASC 842 that significantly differ from those in ASC 840 (the FASB's previous leasing guidance) and IFRS 16 (the IASB's leasing standard) and (2) recent standard-setting developments (through September 15, 2023).
- *Income Taxes* (December) — Provides Deloitte's insights into and interpretations of the income tax accounting guidance in ASC 740.³ In addition to including new and expanded discussions and examples, the 2023 edition of the Roadmap incorporates the guidance in ASU 2019-12,⁴ which is now effective for all entities.
- *Revenue Recognition* (December) — Addresses 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.
- *Business Combinations* (December) — Covers the guidance in ASC 805 on business combinations, pushdown accounting, common-control transactions, and asset acquisitions and gives an overview of the related SEC reporting requirements. The updated edition reflects guidance issued through November 30, 2023.
- *Noncontrolling Interests* (December) — Provides Deloitte's insights into and interpretations of the guidance on noncontrolling interests, primarily that in ASC 810-10 and ASC 480-10-S99-3A. The publication is written on the assumption that (1) a parent has already established that consolidation of its subsidiary is

¹ FASB Accounting Standards Update No. 2023-08, *Accounting for and Disclosure of Crypto Assets*.

² FASB Accounting Standards Update No. 2023-07, *Improvements to Reportable Segment Disclosures*.

³ For titles of *FASB Accounting Standards Codification* (ASC) references, see Deloitte's "[Titles of Topics and Subtopics in the FASB Accounting Standards Codification](#)."

⁴ FASB Accounting Standards Update No. 2019-12, *Simplifying the Accounting for Income Taxes*.

appropriate under ASC 810-10 and (2) the equity interests of a subsidiary qualify for equity classification under ASC 480. Consequently, this Roadmap should be viewed as a companion publication to Deloitte's Roadmap *Consolidation — Identifying a Controlling Financial Interest* (see next bullet).

- *Consolidation — Identifying a Controlling Financial Interest* (November) — Breaks down the consolidation requirements in ASC 810 and reconstructs them in a logical narrative, making them easier to understand and apply. While the discussion focuses primarily on the complexities of identifying whether a legal entity is a variable interest entity (VIE) and whether a reporting entity should consolidate the VIE, it also addresses the voting interest entity model and provides a framework for its application.
- *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. Also includes (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, 2023; 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.
- *Impairments and Disposals of Long-Lived Assets and Discontinued Operations* (November) — Addresses the guidance in ASC 360-10 and ASC 205-20. ASC 360-10 specifies the accounting and reporting for long-lived assets that are being held and used by an entity and for long-lived assets that the entity intends to sell or otherwise dispose of. ASC 205-20 further provides guidance on when a component, or group of components, of an entity that is classified as held for sale or disposed of must be reported as a discontinued operation. The 2023 edition of this publication includes updated and expanded guidance on these topics.
- *Hedge Accounting* (November) — Gives an overview of the FASB's authoritative guidance on hedge accounting in ASC 815 as well as our interpretations of how to apply that guidance in practice.
- *Environmental Obligations and Asset Retirement Obligations* (November 2023) — Provides Deloitte's insights into and interpretations of the accounting guidance on environmental obligations in ASC 410-30 and asset retirement obligations in ASC 410-20. The 2023 edition of the Roadmap includes updates on regulatory developments as well as other changes.
- *Goodwill* (October; inaugural edition) — Addresses the guidance in ASC 350-20 on the subsequent accounting for goodwill after its initial recognition. This publication reflects guidance issued through October 31, 2023, and it is assumed that an entity has adopted ASU 2017-04,⁵ which simplifies the accounting for goodwill impairments by eliminating the requirement for entities to calculate the implied fair value of goodwill whenever the carrying amount of a reporting unit exceeds its fair value (i.e., step 2).
- *Share-Based Payment Awards* (October) — Provides Deloitte's insights into and interpretations of the guidance on share-based payment arrangements in ASC 718 related to employee and nonemployee awards and in other literature (e.g., ASC 260 and ASC 805).
- *Carve-Out Financial Statements* (September) — Discusses key considerations related to preparing carve-out financial statements. Such financial statements may be required when an entity pursues a sale, spin-off, IPO, or special-purpose acquisition company transaction that involves a portion of the parent entity. Carve-out financial statements may also be necessary in various types of transactions as a means of reflecting the portion of a parent entity's balances and activities that is being "carved out."

⁵ FASB Accounting Standards Update No. 2017-04, *Simplifying the Test for Goodwill Impairment*.

Accounting — Newly Effective Standards for Public Business Entities

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Fair Value Measurement

FASB ASU 2022-03 on Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions

Affects: All entities.

Summary: The FASB issued [ASU 2022-03](#)⁶ on June 30, 2022. The ASU (1) clarifies the guidance in ASC 820 on the fair value measurement of an equity security that is subject to a contractual sale restriction and (2) requires specific disclosures related to such an equity security. Specifically, ASU 2022-03 clarifies that a “contractual sale restriction prohibiting the sale of an equity security is a characteristic of the reporting entity holding the equity security” and is not included in the equity security’s unit of account. Accordingly, an entity should not consider the contractual sale restriction when measuring the equity security’s fair value (i.e., the entity should not apply a discount related to the contractual sale restriction, as stated in ASC 820-10-35-36B as amended by the ASU). In addition, the ASU prohibits an entity from recognizing a contractual sale restriction as a separate unit of account.

Next Steps: For public business entities (PBEs), the ASU’s amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, with early adoption permitted. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years, with early adoption permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.

Other Resources: Deloitte’s July 1, 2022, [Heads Up](#) and Roadmap [Fair Value Measurements and Disclosures \(Including the Fair Value Option\)](#).

Income Taxes

FASB ASU 2023-02 on Use of Proportional Amortization Method to Account for Investments in Tax Credit Structures

Affects: All entities.

Summary: The FASB issued [ASU 2023-02](#)⁷ on March 29, 2023. Under the ASU, which was released in response to an EITF consensus, a reporting entity that meets certain conditions may elect to account for its tax equity investments by using the proportional amortization method regardless of the program from which it receives income tax credits. The ASU’s amendments “remove the specialized guidance for LIHTC [low-income-housing tax credit] investments that are not accounted for using the proportional amortization method and instead require that those LIHTC investments be accounted for using the guidance in other [GAAP].”

Next Steps: The ASU’s amendments are effective (1) for PBEs, for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and (2) for all other entities, for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. All entities are permitted to early adopt the amendments in any interim period.

Other Resources: Deloitte’s December 2022 [EITF Snapshot](#), Roadmap [Income Taxes](#), and Roadmap [Equity Method Investments and Joint Ventures](#).

⁶ FASB Accounting Standards Update No. 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*.

⁷ FASB Accounting Standards Update No. 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method* — a consensus of the Emerging Issues Task Force.

Leases

FASB ASU 2023-01 on Leases Between Entities Under Common Control

Affects: All entities.

Summary: The FASB issued [ASU 2023-01](#)⁸ on March 27, 2023. The ASU amends certain provisions of ASC 842 that apply to arrangements between related parties under common control. Specifically, the ASU offers private companies, as well as not-for-profit entities that are not conduit bond obligors, a practical expedient that gives such entities the option of using the written terms and conditions of a common-control arrangement when determining (1) whether a lease exists and (2) the subsequent accounting for the lease, including the lease's classification. In addition, the ASU amends the accounting for leasehold improvements in common-control arrangements for all entities.

Next Steps: ASU 2023-01 is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted in any annual or interim period as of the beginning of the related fiscal year.

Other Resources: Deloitte's March 28, 2023, [Heads Up](#) and Roadmap [Leases](#).

Segments

FASB ASU 2023-07 on Improvements to Disclosures About Reportable Segments*

Affects: Public entities that are required to report segment information in accordance with ASC 280.

Summary: The FASB issued [ASU 2023-07](#)⁹ on November 27, 2023. The amendments "improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses." In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, provide new segment disclosure requirements for entities with a single reportable segment, and contain other disclosure requirements. The purpose of the amendments is to enable "investors to better understand an entity's overall performance" and assess "potential future cash flows."

Next Steps: The amendments in ASU 2023-07 are effective for all public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted.

Other Resources: Deloitte's November 30, 2023, [Heads Up](#) and Roadmap [Segment Reporting](#). Also see the [press release](#) on the FASB's Web site.

International

IASB Amendments to IAS 1 on Liability Classification

Affects: Entities reporting under IFRS Accounting Standards.

Summary: The IASB released amendments¹⁰ to IAS 1¹¹ on January 23, 2020, to clarify the classification of liabilities as current or noncurrent. Specifically, the amendments "aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement

⁸ FASB Accounting Standards Update No. 2023-01, *Leases (Topic 842): Common Control Arrangements*.

⁹ FASB Accounting Standards Update No. 2023-07, *Improvements to Reportable Segment Disclosures*.

¹⁰ IASB Amendments, *Classification of Liabilities as Current or Non-Current* — amendments to IAS 1.

¹¹ IAS 1, *Presentation of Financial Statements*.

date should be classified as current (due or potentially due to be settled within one year) or non-current.” The amendments clarify — but do not change — existing requirements and are not expected to significantly affect companies’ financial statements.

On July 15, 2020, the effective date of these amendments was deferred (from January 1, 2022, to January 1, 2023). The purpose of the deferral was to give companies additional time to implement any potential classification changes.

Then, on October 31, 2022, the IASB published another set of IAS 1 amendments¹² to enhance “the information companies provide about long-term debt with covenants.” Among other things, these amendments specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent. The October 2022 debt covenant amendments deferred the effective date of the January 2020 liability classification amendments by an additional year (from January 1, 2023, to January 1, 2024).

Next Steps: Both sets of amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted.

Other Resources: Deloitte’s [January 29, 2020](#), [July 22, 2020](#), and [November 2, 2022](#), *iGAAP in Focus* newsletters.

IASB Amendments to the Sale-and-Leaseback Requirements in IFRS 16

Affects: Entities reporting under IFRS Accounting Standards.

Summary: The IASB released amendments¹³ to IFRS 16¹⁴ on September 22, 2022. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a sale-and-leaseback transaction in a way that does not result in recognition of a gain or loss related to the right of use it retains.

Next Steps: The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

Other Resources: Deloitte’s September 27, 2022, *iGAAP in Focus*.

IASB Temporary Exception to the Accounting for Pillar Two Income Tax Requirements

Affects: Entities reporting under IFRS Accounting Standards.

Summary: The IASB released amendments¹⁵ to IAS 12 on May 23, 2023, to “give companies temporary relief from accounting for deferred taxes arising from the [OECD’s] international tax reform.” The purpose of the mandatory temporary exception is to increase financial statement consistency while giving companies time to implement the new “Pillar Two” income tax requirements. The amendments also introduce new disclosure requirements “to help investors better understand a company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.”

The requirements to apply and disclose the exception were effective immediately upon issuance of the amendments. The other disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023.

¹² IASB Amendments, *Non-Current Liabilities With Covenants* — amendments to IAS 1.

¹³ IASB Amendments, *Lease Liability in a Sale and Leaseback* — amendments to IFRS 16.

¹⁴ IFRS 16, *Leases*.

¹⁵ IASB Amendments, *International Tax Reform — Pillar Two Model Rules* — amendments to IAS 12.

Other Resources: Deloitte's May 28, 2023, [iGAAP in Focus](#) and February 1, 2023, [Financial Reporting Alert](#).

IASB Amendments Revise Disclosure Requirements Related to Supplier Finance Arrangements

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On May 25, 2023, the IASB released amendments that revise the disclosure requirements in IAS 7¹⁶ and IFRS 7¹⁷ "to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk." The IASB issued the amendments in "response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis."

Next Steps: The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

Other Resources: Deloitte's May 30, 2023, [iGAAP in Focus](#).

¹⁶ IAS 7, *Statement of Cash Flows*.

¹⁷ IFRS 7, *Financial Instruments: Disclosures*.

Accounting — Newly Issued Standards¹⁸

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Crypto Assets

FASB Issues ASU on Crypto Assets*

Affects: All entities.

Summary: On December 13, 2023, the FASB issued [ASU 2023-08](#),¹⁹ which addresses 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: The ASU's amendments are effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted.

Other Resources: Deloitte's December 15, 2023, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

Disclosures

FASB Amends Disclosure Requirements in Light of SEC Guidance*

Affects: All entities.

Summary: On October 9, 2023, the FASB issued [ASU 2023-06](#),²⁰ which amends the disclosure and presentation requirements related to various Codification subtopics. The ASU was issued in response to the SEC's August 2018 [final rule](#)²¹ that updates and simplifies disclosure requirements the SEC believed were "redundant, duplicative, overlapping, outdated, or superseded." The new guidance is intended to align U.S. GAAP and SEC requirements while facilitating the application of U.S. GAAP for all entities.

Next Steps: The effective date of ASU 2023-06 depends on (1) whether an entity is already subject to the SEC's current disclosure requirements and (2) whether and, if so, when the SEC removes related requirements from its regulations. For entities that are already subject to the SEC's current disclosure requirements and those that must "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 effective date for each amendment will be the date on which the SEC's removal of that related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. For all other entities, the amendments will be effective two years after the date of such removal. Entities must apply the amended content to financial statements issued after the ASU's effective date. If the SEC has not removed the related requirements from its regulations by June 30, 2027, the amendments made by the ASU will be removed from the Codification and will not become effective for any entity.

Other Resources: Deloitte's October 12, 2023, [Heads Up](#). Also see the [press release](#) on the FASB's Web site.

¹⁸ Newly issued standards that are newly effective for PBEs are covered in the [Newly Effective Standards for Public Business Entities](#) section above.

¹⁹ FASB Accounting Standards Update No. 2023-08, *Accounting for and Disclosure of Crypto Assets*.

²⁰ FASB Accounting Standards Update No. 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification*.

²¹ SEC Final Rule Release No. 33-10532, *Disclosure Update and Simplification*.

Income Taxes

FASB Enhances Income Tax Disclosure Requirements*

Affects: All entities.

Summary: On December 14, 2023, the FASB issued [ASU 2023-09](#)²² 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 applicable statutory income tax rate).” The Board is releasing 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.”

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

Joint Venture Formations

FASB Provides Guidance on Joint Venture Formations

Affects: Joint ventures.

Summary: On August 23, 2023, the FASB issued [ASU 2023-05](#),²³ under which 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](#). Also see the [press release](#) on the FASB’s Web site.

International

IASB Amends *IFRS for SMEs* Accounting Standard in Response to Pillar Two Model Rules*

Affects: Small and medium-sized entities (SMEs) that apply the *IFRS for SMEs* accounting standard.

Summary: On September 29, 2023, the IASB published amendments²⁴ to its *IFRS for SMEs* accounting standard to align the standard’s requirements with similar amendments made in

²² FASB Accounting Standards Update No. 2023-09, *Improvements to Income Tax Disclosures*.

²³ FASB Accounting Standards Update No. 2023-05, *Business Combinations — Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*.

²⁴ IASB Amendments, *International Tax Reform — Pillar Two Model Rules* — amendments to the ‘IFRS for SMEs’ Standard.

May 2023 to the income tax guidance in IAS 12²⁵ in response to the Pillar Two model requirements²⁶ published by the OECD as part of international tax reform. Among other changes, the new amendments introduce a temporary exception under which an SME would not account for deferred taxes related to implementation of the Pillar Two rules. Further, entities that apply the amendments would be required to “disclose information that enables users of their financial statements to evaluate the nature and financial effect of income tax consequences of the Pillar Two legislation.”

Next Steps: The temporary exception in the amendments to the *IFRS for SMEs* became available upon issuance. The disclosure requirements for entities that choose to apply the exception are effective for annual reporting periods beginning on or after January 1, 2023.

Other Resources: Deloitte’s October 5, 2023, *iGAAP in Focus*. Also see the [press release](#) on the IASB’s Web site.

IASB Clarifies Requirements Related to a Currency’s Lack of Exchangeability

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On August 15, 2023, the IASB published amendments to IAS 21²⁷ that clarify when a currency is exchangeable and how an entity should determine the exchange rate when a currency is not exchangeable. The amendments are being 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*. Also see the [press release](#) on the IASB’s Web site.

²⁵ IAS 12, *Income Taxes*.

²⁶ OECD Report, *Tax Challenges Arising From Digitalisation of the Economy — Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS*.

²⁷ IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Accounting — Exposure Drafts

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International

IASB Proposes to Enhance Accounting Requirements for Financial Instruments That Contain Both Debt and Equity Features*

Affects: Entities reporting under IFRS Accounting Standards.

Summary: On November 29, 2023, the IASB published an [exposure draft](#) (ED)²⁸ that would amend its guidance on financial instruments with characteristics of equity. Specifically, the proposed amendments would clarify the classification, disclosure, and presentation requirements in IAS 32,²⁹ IAS 7, and IAS 1 to address certain challenges that have arisen in practice for instruments that have both debt and equity features.

Next Steps: Comments on the ED are due by March 29, 2024.

Other Resources: Deloitte's December 4, 2023, [iGAAP in Focus](#). Also see the [press release](#) on the IASB's Web site.

²⁸ IASB Exposure Draft, *Financial Instruments With Characteristics of Equity* — proposed amendments to IAS 32, IFRS 7, and IAS 1.

²⁹ IAS 32, *Financial Instruments: Presentation*.

Accounting — Other Key Developments

In This Section

- [Banking](#)
 - [OCC Updates *Bank Accounting Advisory Series*](#)
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- [Current Macroeconomic Environment](#)
 - [Financial Reporting and Accounting Considerations Related to the Current Macroeconomic Environment](#)
- [Income Taxes](#)
 - [Accounting for Tax Credits Under the CHIPS Act and the Inflation Reduction Act — Interim Reporting Considerations](#)
- [International](#)
 - [FASB Makes Announcement Regarding OECD Pillar Two Rules](#)

Banking

OCC Updates *Bank Accounting Advisory Series*

Affects: Banking entities.

Summary: On August 15, 2023, the Office of the Comptroller of the Currency (OCC) [updated](#) its *Bank Accounting Advisory Series*, 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 banks.”

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

Conceptual Framework

FASB Releases New Chapters of Conceptual Framework

Affects: All entities.

Summary: The FASB released the following new chapters of Concepts Statement 8³⁰ (its conceptual framework) during 2023:

- [Chapter 2, “The Reporting Entity”](#) — Describes a reporting entity as “a circumscribed area of economic activities that can be represented by general purpose financial reports that are useful to existing and potential investors, lenders, and other resource providers in making decisions about providing resources to the entity.” The chapter also establishes that a reporting entity has three features: (1) “[e]conomic activities have been conducted,” (2) “[t]hose economic activities can be distinguished from those of other entities,” and (3) “[t]he financial information in general purpose financial reporting faithfully represents the economic activities conducted within the circumscribed area and is useful in making decisions about providing resources to the reporting entity.”
- [Chapter 5, “Recognition and Derecognition”](#) — Indicates that before an entity can recognize an item in its financial statements, the item must (1) meet “the definition of an element of financial statements,” (2) be measurable and have “a relevant measurement attribute,” and (3) be able to be “depicted and measured with faithful representation.” The new chapter also “sets forth the concept that derecognition — the process of removing an item from financial statements of a reporting entity as an asset, liability, or equity — should occur when an item no longer meets any one of the recognition criteria.”

Other Resources: For more information, see the [June 8, 2023](#), and [August 30, 2023](#), press releases on the FASB’s Web site.

Current Macroeconomic Environment

Financial Reporting and Accounting Considerations Related to the Current Macroeconomic Environment

Affects: All entities.

Summary: The convergence of various macroeconomic and geopolitical factors has created a volatile environment in which a business’s decision-making, accounting, and financial reporting have become increasingly challenging. We have seen evidence of these challenges in the form

³⁰ FASB Concepts Statement No. 8, *Conceptual Framework for Financial Reporting*.

of banks failing or being downgraded; businesses struggling to raise capital; and companies announcing layoffs, broader restructuring plans, and impairments. Recent events in the banking industry (e.g., failures, takeovers) have underscored the need for both banking and nonbanking companies to assess their exposures to these events and determine the related accounting and reporting impacts.

As business leaders struggle to deal with macroeconomic and geopolitical changes, both preparers and users of financial statements need to understand the impacts and potential impacts of those changes, which involve a myriad of factors. Some of the more prominent factors affecting businesses include:

- Risk of recession.
- High market interest rates.
- Tightening of credit and concerns about the banking sector.
- Concerns about the real estate sector, both residential and commercial.
- Continuing inflation, including geographic- and sector-specific impacts.
- Tightened labor market.
- Changes in foreign currency exposure as a result of both the geopolitical environment and supply chain challenges.
- Climate risk.

In addition, many commercial real estate entities have encountered increased costs of capital and tightening lending standards while also dealing with higher levels of maturing debt; reductions in the volume of real estate transactions; and evolving real estate demands and preferences related to the way people work, live, and shop.

Other Resources: Deloitte's [September 15, 2023](#), [May 22, 2023](#), and [March 28, 2023](#), *Financial Reporting Alert* newsletters.

Income Taxes

Accounting for Tax Credits Under the CHIPS Act and the Inflation Reduction Act — Interim Reporting Considerations

Affects: All entities.

Summary: The CHIPS Act of 2022 and the Inflation Reduction Act of 2022 have a number of tax-related provisions, including a plethora of clean energy tax incentives in the form of tax credits, some of which include a direct-pay option, transferability provisions, or both. The direct-pay option would allow an entity to elect to treat the tax credits as a direct payment against its income tax liability and claim a refund for any resulting overpayment (e.g., receive a refund of such tax credits in the absence of any income tax liability).

The transferability provision, on the other hand, would allow an “eligible taxpayer” to elect to transfer (i.e., sell) the tax credit, or some portion thereof, to an unrelated entity. If an entity does not have sufficient taxable income to use all or a portion of the income tax credit or if using the credit might take multiple tax years, the entity might achieve a better economic benefit by selling the credit.

There are multiple accounting approaches to accounting for refundable and transferable credits. Accordingly, it is critical for entities to determine which approach to use, make the appropriate accounting policy determinations, and factor such determinations into their first-quarter close process, if material.

Other Resources: Deloitte's April 3, 2023, [Financial Reporting Alert](#).

International

FASB Makes Announcement Regarding OECD Pillar Two Rules

Affects: All entities.

Summary: At its February 1, 2023, meeting, the FASB announced that the global minimum tax imposed under the Pillar Two rules, as published by the OECD, is an alternative minimum tax and that deferred taxes would not be recognized or adjusted for the effect of global minimum taxes that conform to such Pillar Two rules. Accordingly, the incremental effects of such taxes would be accounted for as a period cost (i.e., the increase in tax payable would only be reflected in an entity's financial statements after a law is actually effective).

Other Resources: Deloitte's February 1, 2023, [Financial Reporting Alert](#).

Sustainability Reporting Developments

In This Section

- Domestic
 - [Governor Newsom Signs California Climate Legislation Into Law*](#)
 - [COSO Releases Study Related to Sustainability Reporting](#)
- International
 - [European Commission Adopts European Sustainability Reporting Standards](#)
 - [ISSB Issues Sustainability Disclosure Standards](#)

Domestic

Governor Newsom Signs California Climate Legislation Into Law*

Affects: All entities.

Summary: On October 7, 2023, California Governor Gavin Newsom signed into law two state senate bills and one state assembly bill that collectively require certain public and private U.S. companies that perform specific business activities in California to provide disclosures about their GHG emissions, climate-related financial risks, VCOs, and certain climate-related emission claims. The two senate bills, [SB-253, Climate Corporate Data Accountability Act](#), and [SB-261, Greenhouse Gases: Climate-Related Financial Risk](#), will establish the first industry-agnostic U.S. regulations that mandate the corporate reporting of GHG emissions and climate risks in the United States. The assembly bill, [AB-1305, Voluntary Carbon Market Disclosures](#), is intended to combat companies' "greenwashing" of climate-related emission claims and establishes requirements for both U.S. and international entities that market or sell VCOs within California as well as entities that operate in California and make certain climate-related emission claims (regardless of whether they purchase or use VCOs).

Other Resources: Deloitte's October 10, 2023 (updated December 5, 2023), [Heads Up](#).

COSO Releases Study Related to Sustainability Reporting

Affects: All entities.

Summary: On March 30, 2023, COSO released a [study](#)³¹ that provides nonauthoritative guidance on how its *Internal Control — Integrated Framework* can help companies achieve effective internal controls over sustainability reporting. Specifically, the study "points to several key themes as organizations and practitioners begin or continue their journeys toward establishing and maintaining an effective system of internal control over financial and sustainable business information."

Other Resources: Deloitte's April 21, 2023, [Heads Up](#). Also see the [press release](#) on COSO's Web site.

International

European Commission Adopts European Sustainability Reporting Standards

Affects: Entities within the scope of the [CSRD](#), including certain U.S.-based companies with operations in the European Union.

Summary: On July 31, 2023, the European Commission adopted the [ESRS](#). Drafted by the European Financial Reporting Advisory Group, the standards provide supplementary guidance for companies within the scope of the CSRD. The adoption of the CSRD, along with the supporting ESRS, is intended to increase the breadth of nonfinancial information reported by companies and to ensure that the information reported is consistent, relevant, comparable, reliable, and easy to access.

Other Resources: Deloitte's August 17, 2023, [Heads Up](#).

³¹ COSO Study, *Achieving Effective Internal Control Over Sustainability Reporting (ICSR): Building Trust and Confidence Through the COSO Internal Control — Integrated Framework*.

ISSB Issues Sustainability Disclosure Standards

Affects: Entities reporting under IFRS Sustainability Disclosure Standards.

Summary: On June 26, 2023, the ISSB issued its [inaugural disclosure standards](#), IFRS S1³² and IFRS S2.³³ The two standards address disclosure requirements related to an entity's governance, strategy, risk management, and sustainability-related metrics and targets and mark an important milestone in the standardization of global corporate sustainability reporting. IFRS S1 and IFRS S2 are intended to improve the alignment and interoperability of global ESG standards, reducing the reporting burden for preparers and enhancing the usefulness of sustainability disclosures for investors in making decisions.

Next Steps: Entities that apply IFRS Sustainability Disclosure Standards are required to apply IFRS S1 and IFRS S2 for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. Entities that choose to early adopt the standards are required to disclose that fact and apply both standards at the same time.

Other Resources: Deloitte's June 30, 2023, [Heads Up](#) and June 28, 2023, [iGAAP in Focus](#). Also see the [press release](#) on the IFRS Foundation's Web site.

³² IFRS S1, *General Requirements for Disclosure of Sustainability-Related Financial Information*.

³³ IFRS S2, *Climate-Related Disclosures*.

Auditing Developments

In This Section

- [AICPA](#)
 - [AICPA Requests Comments on Proposed Framework Related to Asset-Backed Tokens*](#)
 - [AICPA Releases Report on the Accounting Implications of Natural Disasters*](#)
 - [AICPA Releases Practice Aid to Help Firms Create Quality Management Systems*](#)
 - [AICPA Updates Practice Aid on Digital Assets](#)
 - [AICPA Issues Guidance on Audits of Group Financial Statements](#)
- [CAQ](#)
 - [CAQ Releases Results of Fall 2023 Audit Partner Pulse Survey*](#)
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 - [CAQ Conducts Research Related to Institutional Investors' Perspectives on Corporate Reporting*](#)
 - [CAQ Publishes Highlights of IPTF's May 2023 Meeting With SEC Staff*](#)
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 - [PCAOB Releases Spotlight on Audit Deficiencies in Engagement Quality Reviews*](#)
 - [PCAOB Issues Report on 2022 Interim Inspections of Broker-Dealers*](#)

AICPA

AICPA Requests Comments on Proposed Framework Related to Asset-Backed Tokens*

Affects: All entities.

Summary: On December 4, 2023, the AICPA published an [ED](#)³⁴ that “presents criteria for reporting on the sufficiency of cash, cash equivalents, or other assets for redeeming outstanding asset-backed fiat-pegged tokens in accordance with the token issuer’s terms at a specific measurement point in time.” These criteria apply to three broad topics:

- “Token issuer’s redeemable tokens outstanding and related disclosures.”
- “Redemption assets available to redeem redeemable tokens outstanding and related disclosures.”
- “Comparison of the balance of redemption assets available to redeem tokens and the token issuer’s redeemable tokens outstanding and related disclosures.”

Next Steps: Comments on the ED are due by January 29, 2024.

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

AICPA Releases Report on the Accounting Implications of Natural Disasters*

Affects: All entities.

Summary: On October 17, 2023, the AICPA released a [report](#)³⁵ on the accounting implications of natural disasters. The report summarizes some of the most common issues associated with the accounting for and financial reporting of natural disasters. Such issues include those related to the recognition, measurement, and disclosure of losses in financial statements.

AICPA Releases Practice Aid to Help Firms Create Quality Management Systems*

Affects: All entities.

Summary: On September 28, 2023, the AICPA released a new [practice aid](#)³⁶ “to help accounting professionals create a system of quality management (QM) for their firm’s accounting and auditing practice.” The new guidance describes how the risk-based approach required under SQMS 1³⁷ can be applied and customized by CPA firms.

Next Steps: Entities must comply with the AICPA’s new QM standards by December 15, 2025.

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

³⁴ AICPA Exposure Draft, *Proposed Criteria for the Presentation of the Sufficiency of Assets for Redemption — Specific to Asset-Backed Fiat-Pegged Tokens*.

³⁵ AICPA Report, *Accounting Implications of Natural and Other Disasters*.

³⁶ AICPA Practice Aid, *Establishing and Maintaining a System of Quality Management for a CPA Firm’s Accounting and Auditing Practice*.

³⁷ AICPA Statement on Quality Management Standards No. 1, *A Firm’s System of Quality Management*.

AICPA Updates Practice Aid on Digital Assets

Affects: Auditors.

Summary: In February 2023, the AICPA's Digital Assets Working Group updated Q&A 25 of its [practice aid](#)³⁸ on digital assets to reflect the SEC staff's views on accounting for crypto lending transactions. Specifically, the staff has stated its belief that, in the scenario addressed in the Q&A, "it would be appropriate . . . to conclude that the lender transferred control of the crypto asset such that the asset should be derecognized by the lender."

Further, the AICPA added AU Chapter 4, "Considerations of an Entity's Use of a Service Organization," to this practice aid in June 2023. The new chapter is intended to help auditors navigate the challenges they may face when their client uses a third party to account for digital assets. In addition, the new chapter "highlights illustrative examples of risks and considerations that may affect whether the [system and organization control] report provides sufficient appropriate audit evidence for use by the user auditor or whether a limitation on the scope of the audit may exist."

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

AICPA Issues Guidance on Audits of Group Financial Statements

Affects: Auditors.

Summary: On March 6, 2023, the AICPA's Auditing Standards Board (ASB) published the following guidance related to audits of group financial statements:

- [SAS 149](#)³⁹ — "[S]hifts the auditor's approach in determining the components at which to perform audit work from identifying 'significant components' to using professional judgment based on assessed risk."
- [SQMS 3](#)⁴⁰ — Among other amendments, conforms the language in QM Sections 10⁴¹ and 20⁴² to that used in SAS 149.

Next Steps: SAS 149 is effective for group financial statement audits for periods ending on or after December 15, 2026. SQMS 3's amendment to QM Section 10 "is effective concurrently with a firm's implementation of SQMS Nos. 1 and 2 on December 15, 2025," while its amendment to QM Section 20 "is effective for . . . audits or reviews of financial statements for periods beginning on or after December 15, 2025, and . . . other engagements in the firm's accounting and auditing practice beginning on or after December 15, 2025."

CAQ

CAQ Releases Results of Fall 2023 Audit Partner Pulse Survey*

Affects: All entities.

Summary: On December 6, 2023, the Center for Audit Quality (CAQ) released the results of its fall 2023 [Audit Partner Pulse Survey](#), a biannual survey that asks audit partners at leading public-company accounting firms to share their perspectives on the current state of the U.S. business environment. The following are a few highlights of the survey:

³⁸ AICPA Practice Aid, *Accounting for and Auditing of Digital Assets*.

³⁹ AICPA Statement on Auditing Standards No. 149, *Special Considerations — Audits of Group Financial Statements (Including the Work of Component Auditors and Audits of Referred-to Auditors)*.

⁴⁰ AICPA Statement on Quality Management Standards No. 3, *Amendments to QM Sections 10, A Firm's System of Quality Management, and 20, Engagement Quality Reviews*.

⁴¹ AICPA Quality Management Section 10, *A Firm's System of Quality Management*.

⁴² AICPA Quality Management Section 20, *Engagement Quality Reviews*.

- Pessimism in the U.S. economy has significantly decreased over the past year, with 27 percent of audit partners expressing pessimism compared with 57 percent in the fall of 2022.
- Inflation continues to be a major concern despite the Federal Reserve’s efforts to alleviate it with interest rate increases.
- A sizable majority of the audit partners surveyed (74 percent) believe that the current U.S. standard-setting and regulatory environment has had a negative effect on businesses.
- The number of companies that believe cybersecurity to be a major economic risk jumped by 20 percent over the past year.
- Climate-related rulemaking topped the list of regulatory topics to which companies are paying the closest attention, with 65 percent reporting that it was a significant area of focus.
- Companies are continuing to devote resources to addressing the talent shortage in the accounting profession through such actions as upskilling and increasing compensation and workplace flexibility.
- Interest in AI continues to increase, but companies are encountering various challenges with deploying it (e.g., data quality, data security risks, difficulties with implementation and management).

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

CAQ Releases Publication on Audit Committee Transparency*

Affects: Audit committees.

Summary: In November 2023, the CAQ released the 10th anniversary edition of its [annual report](#)⁴³ on audit committee transparency. In this comprehensive report, the CAQ examines audit committee disclosure trends for S&P 500 companies over the period from 2014 to 2023. The CAQ notes that it has observed increases in disclosures related to most of the topics being tracked and stresses that audit committee disclosures are “as important as ever” given the uncertainties in the current macroeconomic and geopolitical environment.

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

CAQ Conducts Research Related to Institutional Investors’ Perspectives on Corporate Reporting*

Affects: All entities.

Summary: In November 2023, the CAQ released a [publication](#)⁴⁴ on the perceptions of institutional investors regarding the state of corporate reporting as well as the audit and regulatory environment. The publication details the findings of an independent consultancy firm, KRC Research, which the CAQ commissioned to explore (1) “information institutional investors seek regarding public company auditing and the audit process” and (2) “attitudes toward potential standards and regulations related to additional reporting or audit requirements.” The findings are subdivided into the following broad topics:

- Financial reporting and other disclosures.
- Audit quality.
- The standard-setting environment.

⁴³ CAQ Report, *2023 Audit Committee Transparency Barometer*.

⁴⁴ CAQ Publication, *Perspectives on Corporate Reporting, the Audit, and Regulatory Environment: Institutional Investor Research Findings*.

CAQ Publishes Highlights of IPTF's May 2023 Meeting With SEC Staff*

Affects: All entities.

Summary: In September 2023, the CAQ published [highlights](#) of the May 10, 2023, meeting of the International Practices Task Force (IPTF) with the SEC staff. Topics discussed at the meeting included:

- Effect of “a loss in FPI status on disclosures required under Item 302(a) of Regulation S-K.”
- Changes in a registrant’s certifying accountants.
- Narrative descriptions of differences between IFRS Accounting Standards and local GAAP.
- “Applicability of EGC [a]ccommodation regarding accounting policy transition when FPI EGC loses FPI [s]tatus.”
- Requirements for foreign business acquirees with respect to interim financial statements.
- “Risk factor disclosure in an existing registration statement and in a new registration statement.”
- “Applicability of FRM 2200.8 in a merger transaction on Form F-4 when the target is a non-accelerated domestic registrant.”

PCAOB

PCAOB Revises Agendas After Record-Breaking Standard-Setting Year*

Affects: Registered public accounting firms.

Summary: On November 1, 2023, the PCAOB announced that it has revised its research, standard-setting, and rulemaking agendas in response to one of the busiest years in the organization’s history. Among other things, the Board indicated that, in 2023, it “has taken more formal actions on standard setting and rulemaking than any year in the last 10 years.”

Other Resources: Deloitte’s November 10, 2023, [Heads Up](#). Also see the [press release](#) and [project page](#) on the PCAOB’s Web site.

PCAOB Issues Standard on Auditor’s Use of Confirmation*

Affects: Registered public accounting firms.

Summary: On September 28, 2023, the PCAOB issued a [new auditing standard](#)⁴⁵ on the auditor’s use of confirmation (i.e., the verification of certain financial statement assertions with a third party), which supersedes the existing guidance in AS 2310. The new requirements and related amendments will apply to all audits performed in accordance with PCAOB standards.

The SEC released an [order](#)⁴⁶ approving the new PCAOB standard on December 1, 2023.

Next Steps: The new PCAOB standard is effective for financial statement audits for fiscal years ending on or after June 15, 2025.

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

⁴⁵ PCAOB Release No. 2023-008, *The Auditor’s Use of Confirmation, and Other Amendments to PCAOB Standards*.

⁴⁶ SEC Release No. 34-99060, *Public Company Accounting Oversight Board; Order Granting Approval of Auditing Standard Governing the Auditor’s Use of Confirmation*.

PCAOB Releases Update to Staff Guidance*

Affects: Registered public accounting firms.

Summary: On November 21, 2023, the PCAOB released an [update](#) to its December 2021 staff guidance⁴⁷ on Form AP and audit reporting. Specific amendments include:

- A revision to the “description of secondment arrangements to address secondments to shared service centers.”
- The addition of a footnote, and amendments to certain footnotes, “to describe adopted changes to PCAOB standards, rules, and forms that are not effective as of the date of this Guidance.”

PCAOB Releases Spotlight on Audit Deficiencies in Engagement Quality Reviews*

Affects: Registered public accounting firms.

Summary: On October 12, 2023, the PCAOB released a [spotlight](#)⁴⁸ detailing the PCAOB’s observations related to its inspections of engagement quality reviews (EQRs) performed by audit firms. The publication notes that the PCAOB frequently still finds EQR deficiencies in its inspections and that these deficiencies “are not limited to a single type or size of audit firm, nor are they limited to a specific inspection program or a particular industry sector.” Besides addressing recent trends related to EQR deficiencies, the spotlight “provides good practices and reminders for auditors so they can avoid such deficiencies [and] highlights key questions related to EQRs that audit committees might want to consider as discussion points as they engage with external auditors.”

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

PCAOB Issues Report on 2022 Interim Inspections of Broker-Dealers*

Affects: Registered public accounting firms.

Summary: In September 2023, the PCAOB released a [spotlight](#)⁴⁹ that summarizes observations and key takeaways from discussions the Board held in 2022 with more than 200 audit committee chairs from U.S. public companies whose audits the PCAOB inspects. Topics addressed in the spotlight included:

- Audit engagement team turnover resulting from the “great resignation.”
- The effect of the COVID-19 pandemic on audits.
- The benefits of strong communication between audit committee chairs and their auditors.
- The reporting of critical audit matters.
- Information outside the financial statements (e.g., non-GAAP financial measures).
- Useful audit committee resources that are available on the PCAOB’s Web site.

⁴⁷ PCAOB Staff Guidance, *Form AP, Auditor Reporting of Certain Audit Participants, and Related Voluntary Audit Report Disclosure Under AS 3101, The Auditor’s Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion.*

⁴⁸ PCAOB Spotlight, *Inspection Observations Related to Engagement Quality Reviews.*

⁴⁹ PCAOB Spotlight, *2022 Conversations With Audit Committee Chairs.*

PCAOB Enhances Transparency of Inspection Reports

Affects: Registered public accounting firms.

Summary: On May 2, 2023, the PCAOB announced that it has enhanced its [inspection reports](#) by adding a new section on auditor independence and making other improvements to increase the reports' transparency. The new section discusses instances of noncompliance with certain PCAOB independence rules as well as potential noncompliance with SEC independence rules.

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

Regulatory and Compliance Developments

In This Section

- SEC
 - [Division Director Releases Statement on Cybersecurity Disclosure*](#)
 - [SEC Chief Accountant Makes Key Statements During 2023*](#)
 - [SEC Amends Standards for Covered Clearing Agencies*](#)
 - [SEC Releases Order Approving PCAOB's Budget and Annual Accounting Support Fee*](#)
 - [SEC Releases Final Rule on Prohibiting Conflicts of Interest in Certain Securitizations*](#)
 - [SEC Issues Final Rule on Enhancing Governance of Registered Clearing Agencies*](#)
 - [SEC Issues Final Rule on Security-Based Swap Execution Facilities*](#)
 - [SEC Issues Proposed Rule on Volume-Based Exchange Transaction Pricing for NMS Stocks*](#)
 - [SEC Issues Final Rule on Short Selling*](#)
 - [SEC Issues Final Rule on Reporting of Securities Loans*](#)
 - [SEC Issues Final Rule on Beneficial Ownership Reporting*](#)
 - [SEC Issues Final Rule on Preventing Misleading Fund Names*](#)
 - [SEC Revises Privacy Act Regulations*](#)
 - [SEC Issues C&DIs*](#)
 - [SEC Provides Sample Comments Related to XBRL Disclosures](#)
 - [SEC Issues Final Rule on Regulation of Private Fund Advisers](#)

SEC

Division Director Releases Statement on Cybersecurity Disclosure*

Affects: All entities.

Summary: In a recent statement, Erik Gerding, director of the SEC's Division of Corporation Finance, discussed the SEC's July 2023 [final rule](#)⁵⁰ on cybersecurity disclosures. In his introduction, Mr. Gerding commented on the timeliness of his remarks, noting that "[b]ecause some of the new disclosure requirements will take effect later this month, it is important to underscore the changes the Commission made from the proposal, highlight some significant parts of the rationale and mechanics of these rules, and clear up potential misconceptions." The body of Mr. Gerding's discussion was divided into five topics: (1) overview of the rule and its rationale; (2) the cybersecurity incident disclosure provision; (3) the national security and public safety delay provision; (4) the risk management, strategy, and governance provisions; and (5) next steps.

Other Resources: Deloitte's December 15, 2023, [DART news item](#).

SEC Chief Accountant Makes Key Statements During 2023*

Affects: All entities.

Summary: SEC Chief Accountant Paul Munter made several key statements during 2023. The topics he addressed included the following:

- *Statement of cash flows* — In this [statement](#) (December 4, 2023), Mr. Munter addressed the importance of the statement of cash flows to providing investors with high-quality financial information. He noted that the staff has "observed that preparers and auditors may not always apply the same rigor and attention to the statement of cash flows as they do to other financial statements." Mr. Munter also highlighted that registrants could consider (1) using the direct method to report operating cash flows or (2) otherwise supplementing their use of the indirect method with disclosures about specific major classes of gross cash receipts and payments (e.g., cash collected from customers).
- *Risk assessment* — This [statement](#) (August 25, 2023) addresses the importance of risk assessment to effective financial reporting and internal controls. Mr. Munter indicated his belief that the focus of both auditors and management on assessing financial reporting risks has sometimes been too narrow, potentially resulting in a failure to address or disclose broader, more material risks.
- *Lead auditor's responsibilities* — This [statement](#) (March 17, 2023) concerned the responsibilities of lead auditors when high-quality audits involving other auditors are being conducted. Mr. Munter observed that it is the role of the lead auditor, and especially the lead engagement partner, "to ensure investor protections by safeguarding against engagement performance failures due to inadequate planning, supervision, and oversight of other auditors."
- *High-quality standard setting* — In this [statement](#) (February 14, 2023), Mr. Munter discussed the importance of high-quality standard setting in a rapidly evolving business environment. While noting that "there are continued opportunities for improvement to the standard-setting process," he also emphasized the recent progress the FASB has made with reprioritizing many of the projects on its agenda to meet the needs of investors in a timely manner. These projects include disaggregation

⁵⁰ SEC Final Rule Release No. 33-11216, *Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure*.

- [SEC Narrows Broker-Dealer Exemption](#)
- [SEC Issues Final Rule to Improve Public-Company Cybersecurity Disclosures*](#)
- [SEC Releases Sample Letter on Disclosure Obligations of China-Based Companies](#)
- [SEC Issues Final Rule Related to Money Market Reforms](#)
- [SEC Issues Final Rule to Remove References to Credit Ratings From Regulation M](#)
- [SEC Issues Final Rule to Prevent Security-Based Swap Fraud and Undue Influence Over Chief Compliance Officers](#)
- [SEC Postpones Final Rule on Share Buyback Disclosure Requirements*](#)
- [SEC Amends Form PF to Require Event Reporting](#)
- [SEC Issues Final Rule to Extend EDGAR Filing Hours for Form 144](#)
- [SEC Amends Settlement Cycle for Transactions Related to Broker-Dealer Securities](#)

of income statement expenses, accounting for and disclosure of crypto assets, improvements to income tax disclosures, and segment reporting.

SEC Amends Standards for Covered Clearing Agencies*

Affects: SEC registrants.

Summary: On December 13, 2023, the SEC released a [final rule](#)⁵¹ “to amend the standards applicable to covered clearing agencies for U.S. Treasury securities to require that such covered clearing agencies have written policies and procedures reasonably designed to require that every direct participant of the covered clearing agency submit for clearance and settlement all eligible secondary market transactions in U.S. Treasury securities to which it is a counterparty.” The final rule also:

- Makes additional “risk management” amendments to the covered clearing agency standards that “are designed to protect investors, reduce risk, and increase operational efficiency.”
- Revises “the broker-dealer customer protection rule to permit margin required and on deposit with covered clearing agencies for U.S. Treasury securities to be included as a debit in the reserve formulas for accounts of customers and proprietary accounts of broker-dealers . . . , subject to certain conditions.”

Next Steps: The final rule will become effective 60 days after the date of its publication in the *Federal Register*. See Part III of the final rule for information about compliance dates.

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

SEC Releases Order Approving PCAOB’s Budget and Annual Accounting Support Fee*

Affects: All entities.

Summary: On December 13, 2023, the SEC released an [order](#)⁵² approving the PCAOB’s 2024 budget as well as the related accounting support fee. The announcement specifically notes that the “2024 PCAOB budget totals \$384.7 million, and the accounting support fee totals \$358.8 million, of which \$331.0 million will be assessed on public company issuers and \$27.8 million will be assessed on registered broker-dealers.”

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

SEC Releases Final Rule on Prohibiting Conflicts of Interest in Certain Securitizations*

Affects: SEC registrants.

Summary: On November 27, 2023, the SEC released a [final rule](#)⁵³ that is “intended to prevent the sale of asset-backed securities . . . that are tainted by material conflicts of interest.” Specifically, “an underwriter, placement agent, initial purchaser, or sponsor of an asset-backed security (including a synthetic asset-backed security), or certain affiliates or subsidiaries of any such entity, [is prohibited] from engaging in any transaction that would involve or result in certain material conflicts of interest.”

⁵¹ SEC Final Rule Release No. 34-99149, *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*.

⁵² SEC Release No. 11258, *Order Approving Public Company Accounting Oversight Board Budget and Annual Accounting Support Fee for Calendar Year 2024*.

⁵³ SEC Final Rule Release No. 33-11254, *Prohibition Against Conflicts of Interest in Certain Securitizations*.

Next Steps: The final rule will become effective on February 5, 2024. See Section II.I of the final rule for information about compliance dates.

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

SEC Issues Final Rule on Enhancing Governance of Registered Clearing Agencies*

Affects: SEC registrants.

Summary: On November 16, 2023, the SEC released a [final rule](#)⁵⁴ that amends the Securities Exchange Act of 1934 to “improve the governance of all registered clearing agencies by reducing the likelihood that conflicts of interest may influence their boards of directors or equivalent governing bodies.” Specifically, the amendments “identify certain responsibilities of the board, increase transparency into board governance, and, more generally, improve the alignment of incentives among owners and participants of a registered clearing agency.”

Next Steps: The final rule will become effective on February 5, 2024. See Section III of the final rule for information about compliance dates.

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

SEC Issues Final Rule on Security-Based Swap Execution Facilities*

Affects: SEC registrants.

Summary: On November 2, 2023, the SEC released a [final rule](#)⁵⁵ to “create a regime for the registration and regulation of security-based swap execution facilities.” The final rule, which is being issued in response to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act, establishes a new rule, Regulation SE, under the Securities Exchange Act of 1934. As SEC Chair Gary Gensler notes, the final rule is aimed at enhancing “the transparency and integrity of the security-based swap market.”

Next Steps: The final rule will become effective on February 13, 2024. See Section XVI of the final rule for information about compliance dates.

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

SEC Issues Proposed Rule on Volume-Based Exchange Transaction Pricing for NMS Stocks*

Affects: SEC registrants.

Summary: On October 18, 2023, the SEC released a [proposed rule](#)⁵⁶ that would amend the Securities Exchange Act of 1934 to “prohibit national securities exchanges from offering volume-based transaction pricing in connection with the execution of agency-related orders in certain stocks.” In addition, national securities exchanges would be required “to have certain anti-evasion rules and written policies and procedures and disclose certain information if they offer volume-based transaction pricing for member proprietary volume in NMS stocks.”

Next Steps: Comments on the proposed rule are due by January 5, 2024.

⁵⁴ SEC Final Rule Release No. 34-98959, *Clearing Agency Governance and Conflicts of Interest*.

⁵⁵ SEC Final Rule Release No. 34-98845, *Security-Based Swap Execution and Registration and Regulation of Security-Based Swap Execution Facilities*.

⁵⁶ SEC Proposed Rule Release No. 34-98766, *Volume-Based Exchange Transaction Pricing for NMS Stocks*.

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

SEC Issues Final Rule on Short Selling*

Affects: SEC registrants.

Summary: On October 13, 2023, the SEC released a [final rule](#)⁵⁷ that adds a new rule to the Securities Exchange Act of 1934 (Rule 13f-2) in an effort to increase the transparency of equity market data about short selling. The final rule, which is being issued in response to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, “will require institutional investment managers that meet or exceed certain thresholds to report on Form SHO specified short position data and short activity data for equity securities.”

In a related rulemaking item, the Commission has also amended the national market system plan governing the consolidated audit trail (CAT). This [amendment](#)⁵⁸ “will require each CAT reporting firm that is reporting short sales to indicate when it is asserting use of the bona fide market making exception in Rule 203(b)(2)(iii) of Regulation SHO.”

Next Steps: The final rule, the CAT-related amendment, and Form SHO will become effective on January 2, 2024. See Part VI of the final rule for information about compliance dates.

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

SEC Issues Final Rule on Reporting of Securities Loans*

Affects: SEC registrants.

Summary: On October 13, 2023, the SEC released a [final rule](#)⁵⁹ that amends the Securities Exchange Act of 1934 to “require certain persons to report information about securities loans to a registered national securities association (RNSA) and require RNSAs to make publicly available certain information that they receive regarding those lending transactions.” The final rule’s purpose is to “increase the transparency and efficiency of the securities lending market.”

Next Steps: The final rule will become effective on January 2, 2024. See Part VIII of the final rule for information about compliance dates.

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

SEC Issues Final Rule on Beneficial Ownership Reporting*

Affects: SEC registrants.

Summary: On October 10, 2023, the SEC released a [final rule](#)⁶⁰ that amends the rules on beneficial ownership reporting under the Securities Exchange Act of 1934. Specifically, the amendments “update Regulation 13D-G to require market participants to provide more timely information on their positions to meet the needs of investors in today’s financial markets.”

Next Steps: The final rule will become effective on February 5, 2024. See Section II.G of the final rule for information about compliance dates.

⁵⁷ SEC Final Rule Release No. 34-98738, *Short Position and Short Activity Reporting by Institutional Investment Managers*.

⁵⁸ SEC Release No. 34-98739, *Notice of the Text of the Amendment to the National Market System Plan Governing the Consolidated Audit Trail for Purposes of Short Sale-Related Data Collection*.

⁵⁹ SEC Final Rule Release No. 34-98737, *Reporting of Securities Loans*.

⁶⁰ SEC Final Rule Release No. 33-11253, *Modernization of Beneficial Ownership Reporting*.

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

SEC Issues Final Rule on Preventing Misleading Fund Names*

Affects: SEC registrants.

Summary: On September 20, 2023, the SEC released a [final rule](#)⁶¹ that amends the “Names Rule” under the Investment Company Act of 1940 — that is, the rule that “addresses fund names that are likely to mislead investors about a fund’s investments and risks.” The final rule’s amendments “are designed to increase investor protection by improving, and broadening the scope of, the requirement for certain funds to adopt a policy to invest at least 80 percent of the value of their assets in accordance with the investment focus that the fund’s name suggests, updating the rule’s notice requirements, and establishing recordkeeping requirements.” Notably, the rule includes ESG-focused funds in the requirement.

The final rule became effective on December 11, 2023.

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

SEC Revises Privacy Act Regulations*

Affects: SEC registrants.

Summary: On September 20, 2023, the SEC released a [final rule](#)⁶² that revises its regulations under the Privacy Act of 1974, “which is the principal law governing the handling of personal information in the federal government.” In addition to clarifying and streamlining the regulations, “the final rule revises procedural and fee provisions and eliminates unnecessary provisions.” Further, it “allows for electronic methods to verify one’s identity and submit Privacy Act requests.”

The final rule became effective on October 26, 2023.

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

SEC Issues C&DIs*

Affects: SEC registrants.

Summary: In the fourth quarter of 2023, the SEC's Division of Corporation Finance released new and updated [compliance and disclosure interpretations \(C&DIs\)](#) related to the following:

- *Exchange Act Form 8-K* — New Questions 104B.01–.03 to address the deadline by which a registrant must file a Form 8-K, Item 1.05, to disclose a material cybersecurity incident.
- *Regulation S-K* — Revisions to Questions 128D.07 and 128D.18 and new questions 128D.23–30 (on pay versus performance); new Question 146.18 (on exhibits filed in inline XBRL).
- *Securities Act Rules* — New Question 239.02 (on date of filing and timing of fee payment) and new Question 240.17 (on computation of fee).
- *Interactive data* — New Question 101.10 (on inline XBRL).
- *Proxy rules and Schedules 14A/14C* — (1) Revisions to Question 126.03 on the counting of days with respect to the 10-calendar-day period in Rule 14a-6, (2) new Question

⁶¹ SEC Final Rule Release No. 33-11238, *Investment Company Names*.

⁶² SEC Final Rule Release No. 34-98437, *The Commission's Privacy Act Regulations*.

132.03 on whether a soliciting party can “satisfy Rule 14a-12(a)(1)(i) through a legend that only includes a general reference to filings made by the soliciting party or the participants,” (3) new Questions 139.07–.09 related to whether a soliciting party can use discretionary authority in certain scenarios, and (4) new Question 151.02 on whether “the solicitation of security holder approval for the authorization of the additional shares of common stock [would involve] the acquisition for purposes of Note A of Schedule 14A.”

SEC Provides Sample Comments Related to XBRL Disclosures

Affects: All entities.

Summary: In September 2023, the SEC’s Division of Corporation Finance released a [sample letter](#) illustrating the types of comments the staff might issue to companies that prepare XBRL disclosures. The sample comments address disclosures related to Regulation S-T, Item 405; values reported on the cover page and balance sheet; pay versus performance; and financial statements and supplementary data.

SEC Issues Final Rule on Regulation of Private Fund Advisers

Affects: SEC registrants.

Summary: On August 23, 2023, the SEC issued a [final rule](#)⁶³ that amends the Investment Advisers Act of 1940 to “enhance the regulation of private fund advisers and update the existing compliance rule that applies to all investment advisers.” The SEC is releasing the final rule in an effort to “protect private fund investors by increasing transparency, competition, and efficiency in the private funds market.”

The final rule became effective on November 13, 2023. See Section IV of the final rule for information about compliance dates.

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

SEC Narrows Broker-Dealer Exemption

Affects: Broker-dealers.

Summary: On August 23, 2023, the SEC released a [final rule](#)⁶⁴ to “narrow the exemption from Section 15(b)(8) of the Securities Exchange Act of 1934, which requires any broker or dealer registered with the Commission to become a member of a national securities association unless the broker or dealer effects transactions in securities solely on an exchange of which it is a member.” The purpose of the amendments is to improve broker-dealer oversight by the Financial Industry Regulatory Authority Inc., which “currently is the only registered national securities association.”

The final rule became effective on November 6, 2023, and its compliance date is September 6, 2024.

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

SEC Issues Final Rule to Improve Public-Company Cybersecurity Disclosures*

Affects: SEC registrants.

⁶³ SEC Final Rule Release No. IA-6383, *Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews*.

⁶⁴ SEC Final Rule Release No. 34-98202, *Exemption for Certain Exchange Members*.

Summary: On July 26, 2023, the SEC issued a [final rule](#) on cybersecurity, which requires (1) “current disclosure about material cybersecurity incidents”; (2) “periodic disclosures about a registrant’s processes to assess, identify, and manage material cybersecurity risks”; (3) a description of “management’s role in assessing and managing material cybersecurity risks, and the board of directors’ oversight of cybersecurity risks”; and (4) presentation of cybersecurity disclosures in inline XBRL.

Further, the CAQ released a [publication](#)⁶⁵ on the SEC’s cybersecurity rule in September 2023. Topics covered in the publication include:

- Certifications related to disclosure controls and procedures.
- Disclosing material cybersecurity incidents.
- Disclosures about cybersecurity risk management and strategies.

The final rule became effective on September 5, 2023. See Section II.I of the final rule for information about compliance dates.

Next Steps: All registrants must include periodic disclosures in their annual reports for fiscal years ending on or after December 15, 2023. Registrants that are not smaller reporting companies (SRCs) must begin filing current reports (i.e., on Form 8-K) on December 18, 2023. SRCs must begin filing current reports on June 15, 2024.

The FBI has posted [guidance](#) to its Web site on how companies that are cyber incident victims can request a delay from disclosing a material incident under the SEC’s cybersecurity rule. The U.S. Attorney General’s determination of whether disclosure of a material cybersecurity incident qualifies for a delay will be based on whether such disclosure “poses a substantial risk to public safety and national security.” The SEC must be notified of the determination of the Department of Justice (DOJ) in writing. If a registrant’s request is approved, the DOJ will communicate its decision to the SEC in addition to informing the registrant so that it can delay its Form 8-K filing.

The SEC also issued several new [C&DIs](#) that address additional considerations for registrants that are requesting a delay from disclosing a material incident.

Other Resources: Deloitte’s July 30, 2023, [Heads Up](#). Also see the [press release](#) and [fact sheet](#) on the SEC’s Web site.

SEC Releases Sample Letter on Disclosure Obligations of China-Based Companies

Affects: Broker-dealers.

Summary: On July 18, 2023, the SEC’s Division of Corporation Finance posted to its Web site a [sample illustrative letter](#) for “China-based companies” (i.e., “companies based in or with a majority of their operations in the People’s Republic of China”). Typical areas of focus of the SEC’s comments to China-based companies include:

- Disclosure requirements under the Holding Foreign Companies Accountable Act.
- “[M]aterial risks related to the role of the government of the People’s Republic of China . . . in the operations of China-based [c]ompanies.”
- “[M]aterial impacts of certain statutes.”

⁶⁵ CAQ Publication, *What Management Needs to Know About the New SEC Cybersecurity Disclosure Rules*.

SEC Issues Final Rule Related to Money Market Reforms

Affects: SEC registrants.

Summary: On July 12, 2023, the SEC issued a [final rule](#)⁶⁶ that amends certain rules governing money market funds under the Investment Company Act of 1940. The primary purpose of the final rule is to “improve the resilience and transparency” of money market funds. Specifically, the amendments, among other things, “increase minimum liquidity requirements for money market funds to provide a more substantial liquidity buffer in the event of rapid redemptions” and “remove provisions in the current rule that permit a money market fund to suspend redemptions temporarily through a gate and allow money market funds to impose liquidity fees if their weekly liquid assets fall below a certain threshold.”

The final rule became effective on October 2, 2023. The Form N-1A and Form N-CSR amendments became effective on October 2, 2023, and the Form N-CR, Form N-MFP, and Form PF amendments will become effective on June 11, 2024. See Section II.H of the final rule for information about compliance dates.

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

SEC Issues Final Rule to Remove References to Credit Ratings From Regulation M

Affects: SEC registrants.

Summary: On June 7, 2023, the SEC issued a [final rule](#)⁶⁷ that “remove[s] and replace[s] references to credit ratings from existing exceptions provided in Rule 101 and Rule 102 of Regulation M, a set of rules that prohibits activities that could artificially influence the market for an offered security.” Under the final rule, which was released in response to a mandate of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, these references will be replaced with “alternative standards of creditworthiness.”

The final rule became effective on August 21, 2023.

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

SEC Issues Final Rule to Prevent Security-Based Swap Fraud and Undue Influence Over Chief Compliance Officers

Affects: SEC registrants.

Summary: On June 7, 2023, the SEC issued a [final rule](#)⁶⁸ that amends the Securities Exchange Act of 1934 to:

- Attempt to “prevent fraud, manipulation, and deception in connection with effecting any transaction in, or attempting to effect any transaction in, or purchasing or selling, or inducing or attempting to induce the purchase or sale of, any security-based swap.”
- Make it “unlawful for any officer, director, supervised person, or employee of a security-based swap dealer or major security-based swap participant, or any person acting under such person’s direction, to directly or indirectly take any action to coerce, manipulate, mislead, or fraudulently influence the security-based swap

⁶⁶ SEC Final Rule Release No. 33-11211, *Money Market Fund Reforms; Form PF Reporting Requirements for Large Liquidity Fund Advisers; Technical Amendments to Form N-CSR and Form N-1A*.

⁶⁷ SEC Final Rule Release No. 34-97657, *Removal of References to Credit Ratings From Regulation M*.

⁶⁸ SEC Final Rule Release No. 34-97656, *Prohibition Against Fraud, Manipulation, or Deception in Connection With Security-Based Swaps; Prohibition Against Undue Influence Over Chief Compliance Officers*.

dealer's . . . chief compliance officer in the performance of their duties under the Federal securities laws or the rules and regulations thereunder."

The final rule became effective on August 29, 2023.

Other Resources: For more information, see the [press release](#) and [fact sheet](#).

SEC Postpones Final Rule on Share Buyback Disclosure Requirements*

Affects: SEC registrants.

Summary: On May 3, 2023, the SEC issued a [final rule](#)⁶⁹ that modernizes and enhances disclosure requirements related to an issuer's share repurchase activities and programs. Under the final rule, certain domestic issuers would be required to disclose, on a quarterly basis (semiannual for foreign private issuers [FPIs]), the prior period's daily repurchase activity, including purchase dates, amounts of repurchased shares, and average purchase prices. Issuers would also have to indicate whether certain directors or officers traded in the relevant securities within four business days before or after the public announcement of an issuer's repurchase plan and explain the purpose of such repurchases.

On October 31, 2023, the U.S. Court of Appeals for the Fifth Circuit [ruled](#) that the SEC's share buyback disclosure rule was defective and gave the SEC the opportunity to cure the defects within 30 days. On November 22, 2023, the SEC asked for an extension of the 30-day period and stayed the rule pending further SEC action. Then, on November 26, 2023, the Fifth Circuit denied the SEC's request for more time. Further, on December 1, 2023, the SEC notified the court that it would not be able to cure the defect within the 30-day period. The Court has not yet decided whether to vacate the rule. The rule will not become effective unless the SEC takes further action.

Other Resources: For more information, see the [press release](#) and [fact sheet](#) — as well as the [order](#) issuing the stay of the rule and an [announcement](#) about the postponement of the effective date — on the SEC's Web site.

SEC Amends Form PF to Require Event Reporting

Affects: SEC registrants.

Summary: On May 3, 2023, the SEC issued a [final rule](#)⁷⁰ that amends Form PF to require advisers to large hedge funds "to file a current report" when events "indicate significant stress at a fund that could harm investors or signal risk in the broader financial system." Such events "include extraordinary investment losses, certain margin events, counterparty defaults, material changes in prime broker relationships, operations events, and certain events associated with redemptions." Advisers to private equity funds are required to file an event report upon the occurrence of one or more trigger events within 60 days of each fiscal quarter-end.

Next Steps: The final rule will become effective on June 11, 2024, except for the amendments to Sections 5 and 6 of Form PF, which became effective on December 11, 2023. See Section II.E of the final rule for information about compliance dates.

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

⁶⁹ SEC Final Rule Release No. 34-97424, *Share Repurchase Disclosure Modernization*.

⁷⁰ SEC Final Rule Release No. IA-6297, *Form PF; Event Reporting for Large Hedge Fund Advisers and Private Equity Fund Advisers; Requirements for Large Private Equity Fund Adviser Reporting*.

SEC Issues Final Rule to Extend EDGAR Filing Hours for Form 144

Affects: SEC registrants.

Summary: On February 21, 2023, the SEC issued a [final rule](#)⁷¹ that extends the submission deadline for Form 144 EDGAR filing from 5:30 p.m. to 10:00 p.m. (ET). In addition, the final rule makes technical corrections related to “the time period during which filings made by direct submission may be submitted to the Commission” and “the Regulation S-T-based requirement for paper filings of Form 144 for non-reporting issuers that was inadvertently removed in the Electronic Filing Release.”

The final rule became effective on March 20, 2023.

SEC Amends Settlement Cycle for Transactions Related to Broker-Dealer Securities

Affects: Broker-dealers, certain clearing agencies, and registered investment advisers.

Summary: On February 15, 2023, the SEC issued a [final rule](#)⁷² that shortens — from two business days to one — “the standard settlement cycle for most broker-dealer transactions in securities.” The purpose of the final rule is to “benefit investors and reduce the credit, market, and liquidity risks in securities transactions faced by market participants.”

The final rule became effective on May 5, 2023. See Part VII of the final rule for information about the compliance dates.

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

⁷¹ SEC Final Rule Release No. 33-11159, *Extending Form 144 EDGAR Filing Hours*.

⁷² SEC Final Rule Release No. 34-96930, *Shortening the Securities Transaction Settlement Cycle*.

Appendix A: Significant Adoption Dates

The chart below describes significant adoption dates for FASB/EITF, PCAOB, AICPA, SEC, and IASB/IFRIC 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 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	December 14, 2023, DART news item
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, 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 2023-04, <i>Liabilities (Topic 405): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 121</i> (issued August 3, 2023)	Upon issuance.	N/A	N/A	August 4, 2023, DART news item
ASU 2023-03, <i>Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 — General Revision of Regulation S-X: Income or Loss Applicable to Common Stock</i> (issued July 14, 2023)	Upon issuance.	N/A	N/A	July 19, 2023, DART news item
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 2023-01, <i>Leases (Topic 842): Common Control Arrangements</i> (issued March 27, 2023)	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Yes	March 28, 2023, Heads Up
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 2022-04, <i>Disclosure of Supplier Finance Program Obligations</i> (issued September 29, 2022)	Fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023.	Fiscal years beginning after December 15, 2022, and interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023.	Yes	September 30, 2022, Heads Up
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 2022-01, <i>Fair Value Hedging — Portfolio Layer Method</i> (issued March 28, 2022)	Fiscal years beginning after December 15, 2022, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Yes	March 29, 2022, Heads Up
ASU 2021-08, <i>Accounting for Contract Assets and Contract Liabilities From Contracts With Customers</i> (issued October 28, 2021)	Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.	Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.	Yes	November 2, 2021, 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 2020-06, <i>Accounting for Convertible Instruments and Contracts in an Entity's Own Equity</i> (issued August 5, 2020)	Fiscal years beginning after December 15, 2021, and interim periods within those fiscal years.	Fiscal years beginning after December 15, 2023, and interim periods within those fiscal years.	Yes, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.	August 5, 2020, Heads Up
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 (SRCs) 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 Insurance Spotlight newsletters
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PCAOB	Effective Date for PBEs	Deloitte Resources
Final Guidance		
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		
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 148, <i>Amendment to AU-C Section 935</i> (issued August 12, 2022)	The amendment related to AU-C Section 501 in the appendix, "AU-C Sections That Are Not Applicable to Compliance Audits," is effective for compliance audits for fiscal periods ending on or after December 15, 2022, in a manner consistent with the effective date of SAS 142. All other amendments are effective for compliance audits for fiscal periods ending on or after December 15, 2023, in a manner consistent with the effective date of SAS 145.	August 12, 2022, 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 6, 2022)	Audits of financial statements for periods beginning on or after December 15, 2025.	June 3, 2022, DART news item
SAS 145, <i>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</i> (issued October 12, 2021)	Audits of financial statements for periods ending on or after December 15, 2023.	
SAS 144, <i>Amendments to AU-C Sections 501, 540, and 620 Related to the Use of Specialists and the Use of Pricing Information Obtained From External Information Sources</i> (issued June 9, 2021)	Audits of financial statements for periods ending on or after December 15, 2023.	
SAS 143, <i>Auditing Accounting Estimates and Related Disclosures</i> (issued July 1, 2020)	Audits of financial statements for periods ending on or after December 15, 2023.	

SEC	Effective Date	Deloitte Resources
Final Guidance		
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)	60 days after the date of publication in the <i>Federal Register</i> .	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>Rules Relating to 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>The Commission's Privacy Act Regulations</i> (34-98437) (issued September 20, 2023)	October 26, 2023.	September 22, 2023, DART news item
Final Rule, <i>Investment Company Names</i> (33-11238) (issued September 20, 2023)	December 11, 2023.	September 22, 2023, DART news item

Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11235) (issued September 18, 2023)	October 3, 2023.	
Final Rule, <i>Private Fund Advisers; Documentation of Registered Investment Adviser Compliance Reviews</i> (IA-6383) (issued August 23, 2023)	November 13, 2023.	August 24, 2023, DART news item
Final Rule, <i>Exemption for Certain Exchange Members</i> (34-98202) (issued August 23, 2023)	November 6, 2023.	August 23, 2023, DART news item
Final Rule, <i>Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure</i> (33-11216) (issued July 26, 2023)	September 5, 2023.	July 30, 2023, Heads Up
Final Rule, <i>Money Market Fund Reforms; Form PF Reporting Requirements for Large Liquidity Fund Advisers; Technical Amendments to Form N-CSR and Form N-1A</i> (33-11211) (issued July 12, 2023)	October 2, 2023.	July 12, 2023, DART news item
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11205) (issued June 15, 2023)	July 18, 2023.	
Final Rule, <i>Removal of References to Credit Ratings From Regulation M</i> (34-97657) (issued June 7, 2023)	August 21, 2023.	June 7, 2023, DART news item
Final Rule, <i>Prohibition Against Fraud, Manipulation, or Deception in Connection With Security-Based Swaps; Prohibition Against Undue Influence Over Chief Compliance Officers</i> (34-97656) (issued June 7, 2023)	August 29, 2023.	June 7, 2023, DART news item
Final Rule, <i>Technical Amendments to Commission Rules and Forms</i> (33-11197) (issued May 31, 2023)	June 12, 2023.	June 1, 2023, DART news item
Final Rule, <i>Technical Amendments to Form BD and Form BDW</i> (34-97478) (issued May 11, 2023)	May 23, 2023.	

Final Rule, <i>Form PF; Event Reporting for Large Hedge Fund Advisers and Private Equity Fund Advisers; Requirements for Large Private Equity Fund Adviser Reporting</i> (IA-6297) (issued May 3, 2023)	June 11, 2024.	May 3, 2023, DART news item
Final Rule, <i>Share Repurchase Disclosure Modernization</i> (34-97424) (issued May 3, 2023)	Postponed pending further SEC action.	
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11168) (issued March 20, 2023)	April 20, 2023.	
Final Rule, <i>Extending Form 144 EDGAR Filing Hours</i> (33-11159) (issued February 21, 2023)	March 20, 2023.	February 22, 2023 (updated February 24, 2023), DART news item
Final Rule, <i>Shortening the Securities Transaction Settlement Cycle</i> (34-96930) (issued February 15, 2023)	May 5, 2023.	February 15, 2023, DART news item
Final Rule, <i>Adjustments to Civil Monetary Penalty Amounts</i> (33-11143) (issued January 6, 2023)	January 15, 2023.	
Final Rule, <i>Adoption of Updated EDGAR Filer Manual</i> (33-11140) (issued December 19, 2022)	January 24, 2023.	
Final Rule, <i>Insider Trading Arrangements and Related Disclosures</i> (33-11138) (issued December 14, 2022)	February 27, 2023.	December 14, 2022, DART news item
Final Rule, <i>Enhanced Reporting of Proxy Votes by Registered Management Investment Companies; Reporting of Executive Compensation Votes by Institutional Investment Managers</i> (33-11131) (issued November 2, 2022)	July 1, 2024.	November 2, 2022, DART news item
Final Rule, <i>Listing Standards for Recovery of Erroneously Awarded Compensation</i> (33-11126) (issued October 26, 2022)	January 27, 2023.	November 14, 2022, Heads Up

Final Rule, <i>Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements</i> (33-11125) (issued October 26, 2022)	January 24, 2023.	October 26, 2022, DART news item
Final Rule, <i>Electronic Recordkeeping Requirements for Broker-Dealers, Security-Based Swap Dealers, and Major Security-Based Swap Participants</i> (34-96034) (issued October 12, 2022)	January 3, 2023.	October 12, 2022, 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>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>International Tax Reform — Pillar Two Model Rules</i> — amendments to IAS 12 (issued May 23, 2023)	<p>The amendments require that an entity apply the exception — and the requirement to disclose that it has applied the exception — immediately upon issuance of the amendments and retrospectively in accordance with IAS 8.</p> <p>The remaining disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023. An entity is not required to disclose the information warranted by these requirements for any interim period ending on or before December 31, 2023.</p>	N/A	May 28, 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
<i>Initial Application of IFRS 9 and IFRS 17 — Comparative Information</i> (issued December 9, 2021)	Annual reporting periods beginning on or after January 1, 2023.	Yes, for entities that apply IFRS 9 and IFRS 17.	December 15, 2021, IFRS in Focus
<i>Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction</i> — amendments to IAS 12 (issued May 7, 2021)	Annual reporting periods beginning on or after January 1, 2023.	Yes	May 7, 2021, IFRS in Focus
<i>Disclosure of Accounting Policies</i> — amendments to IAS 1 and IFRS Practice Statement 2 (issued February 12, 2021)	Annual reporting periods beginning on or after January 1, 2023.	Yes	February 15, 2021, IFRS in Focus
<i>Definition of Accounting Estimates</i> — amendments to IAS 8 (issued February 12, 2021)	Annual reporting periods beginning on or after January 1, 2023.	Yes	February 12, 2021, IFRS in Focus
<i>Classification of Liabilities as Current or Non-Current — Deferral of Effective Date</i> — amendment to IAS 1 (issued July 15, 2020)	Annual reporting periods beginning on or after January 1, 2023.	Yes	July 22, 2020, IFRS in Focus
<i>Amendments to IFRS 17</i> (issued June 25, 2020)	Annual reporting periods beginning on or after January 1, 2023.	Yes, for entities that apply IFRS 9 and IFRS 17.	June 29, 2020, IFRS in Focus
<i>Extension of the Temporary Exemption From Applying IFRS 9</i> — amendments to IFRS 4 (issued June 25, 2020)	Annual reporting periods beginning before January 1, 2023.	Yes	
<i>Classification of Liabilities as Current or Non-Current</i> — amendments to IAS 1 (issued January 23, 2020; effective date amended on July 15, 2020)	Annual reporting periods beginning on or after January 1, 2023.	Yes	January 29, 2020, IFRS in Focus
IFRS 17, <i>Insurance Contracts</i> (issued May 18, 2017; effective date amended on June 25, 2020)	Annual reporting periods beginning on or after January 1, 2023.	Yes, for entities that apply IFRS 9 and IFRS 17.	May 18, 2017, IFRS 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 crypto assets	On December 14, 2023, the FASB issued ASU 2023-08 to provide guidance on the accounting for and disclosure of certain crypto assets. The ASU is effective for all entities for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted.	<i>Heads Up</i> — <i>FASB Issues Final Standard on Crypto Assets</i> (December 15, 2023)
Accounting for and disclosure of software costs	On June 22, 2022, the FASB added to its agenda a project on modernizing the accounting for software costs and enhancing the transparency of an entity's software costs. The FASB most recently discussed this project on September 20, 2023.	
Accounting for environmental credit programs	On May 25, 2022, the FASB added to its agenda a project on the recognition, measurement, presentation, and disclosure requirements for participants in compliance and voluntary programs that result in the creation of environmental credits (e.g., allowance programs, renewable energy credits, and carbon offset credits). On October 11, 2023, the FASB decided that: <ul style="list-style-type: none"> An entity would recognize an asset for an environmental credit when it is probable that the credit will be used to settle an environmental credit obligation or separately transferred in an exchange transaction. Costs incurred to obtain other environmental credits would be recognized as an expense when incurred unless the costs are included in the carrying amount of another asset in accordance with other GAAP. An entity would not remeasure environmental credits when it is probable that they will be used to settle environmental credit obligations. An entity would subsequently measure other environmental credits recognized as assets at historical cost, less impairment losses, if any. 	<i>Heads Up</i> — <i>#DeloitteESGNow — FASB Makes Tentative Decisions Related to the Accounting for Environmental Credit Programs</i> (October 25, 2023) <i>Accounting Spotlight</i> — <i>Accounting and Reporting Considerations for Environmental Credits</i> (October 7, 2022; updated May 11, 2023)
Accounting for government grants	On November 1, 2023, the FASB decided to add to its technical agenda a project 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 Board decided that a government grant should be recognized: <ul style="list-style-type: none"> When it is probable that (1) the entity will comply with the conditions of the grant and (2) the grant will be received. In the income statement in the periods in which the entity incurs the grant-related costs if the government grant is related to income. As part of the cost of an asset if the government grant is related to that asset. 	

Codification improvements	<p>General</p> <p>The FASB has a standing project on its agenda to make regular updates and improvements to the Codification (e.g., technical corrections and clarifications).</p>	
Financial instruments: credit losses — purchased financial assets	<p>Amendments to Remove References to the Concepts Statements</p> <p>On November 26, 2019, the FASB issued a proposed ASU to make Codification improvements related to removing references to the concepts statements. On October 4, 2023, the FASB directed the staff to draft a final ASU for a vote by written ballot. The FASB expects to issue the final ASU in the first quarter of 2024.</p> <p>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. The FASB expects to issue the final ASU in the first quarter of 2024.</p>	<p><i>Heads Up</i> — FASB Proposes Amendments to the Accounting for Purchased Financial Assets (July 7, 2023)</p>
Induced conversions of convertible debt instruments (EITF Issue 23-A)	<p>On April 26, 2023, the FASB decided to add to the EITF's agenda a project on improving the guidance on induced conversions in ASC 470-20. On September 14, 2023, the EITF reached a consensus-for-exposure, which was ratified by the FASB on October 4, 2023. The FASB expects to issue the proposed ASU in the fourth quarter of 2023 for a 90-day comment period.</p>	<p><i>EITF Snapshot</i> (June 2023)</p>
Stock compensation: profits interest awards	<p>On May 11, 2023, the FASB issued a proposed ASU that would clarify whether a profits interest or similar award should be accounted for in accordance with ASC 718. Comments were due by July 10, 2023. On November 1, 2023, the FASB directed the staff to draft a final ASU for a vote by written ballot. The final ASU is expected to be issued in the first quarter of 2024. The ASU will be effective for PBEs for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. For entities other than PBEs, the ASU will be effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal years. Early adoption will be permitted.</p>	<p><i>Heads Up</i> — FASB Proposes Clarifications to Scope Guidance on Profits Interest Awards (May 12, 2023)</p>
ASC 815 — derivatives scope refinements	<p>On December 6, 2023, the FASB decided to add a project to its technical agenda to 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.</p>	
ASC 815 — hedge accounting improvements	<p>On November 12, 2019, the FASB issued a proposed ASU that would make limited amendments to its hedge accounting guidance in response to stakeholder feedback on ASU 2017-12. Comments on the proposed ASU were due by January 13, 2020. The FASB most recently discussed this project on October 11, 2023.</p>	<p><i>Heads Up</i> — FASB Proposes Improvements to Hedge Accounting Guidance (November 26, 2019)</p>

Presentation and Disclosure Projects

Disaggregation — income statement expenses	On July 31, 2023, the FASB issued a proposed ASU that is aimed at enhancing the disclosures that PBEs provide in the notes regarding the disaggregation of income statement expenses. Comments were due by October 30, 2023.	Heads Up — <i>FASB Proposes Enhancements to Disclosures Related to Disaggregation of Income Statement Expenses (DISE)</i> (August 8, 2023)
Disclosure improvements in response to SEC's release on disclosure update and simplification	On October 9, 2023, the FASB issued ASU 2023-06 , which incorporates certain SEC disclosure requirements into the FASB Codification. If the SEC has not removed the related requirements from its regulations by June 30, 2027, the amendments made by the ASU will be removed from the Codification and will not become effective for any entity.	Heads Up — <i>FASB Approves Changing U.S. GAAP Presentation and Disclosure Requirements if Related SEC Regulations Are Removed</i> (October 12, 2023)
Improvements to income tax disclosures	On December 14, 2023, the FASB issued ASU 2023-09 on improvements to the income tax disclosure requirements. The ASU is effective for PBEs for annual periods beginning after December 15, 2024, and for all other entities for annual periods beginning after December 15, 2025.	Heads Up — <i>FASB Proposes Amendments to Income Tax Disclosure Requirements</i> (March 22, 2023)
Interim reporting — narrow-scope improvements	On November 1, 2021, the FASB issued a proposed ASU that would modify the disclosure requirements for interim reporting in ASC 270. Comments were due by January 31, 2022. The FASB most recently discussed this project on November 15, 2023. The final ASU is expected to be issued in the second quarter of 2024.	
Segment reporting	On November 27, 2023, the FASB issued ASU 2023-07 to improve disclosures about the reportable segments of a public entity. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted.	Heads Up — <i>FASB Issues Final Standard on Improvements to Reportable Segment Disclosures</i> (November 30, 2023)
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 will 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.	

Framework Projects

Conceptual framework	Measurement On June 18, 2014, the FASB decided to begin developing concepts related to measurement. On November 8, 2023, the FASB directed the staff to draft a proposed Concepts Statement chapter for a vote by written ballot. The FASB expects to issue an exposure draft in the fourth quarter of 2023 for a 90-day comment period.
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Appendix C: New and Updated Deloitte U.S. Accounting Publications

Roadmap Series

Leases (December 2023)

Business Combinations (December 2023)

Income Taxes (December 2023)

Revenue Recognition (December 2023)

Noncontrolling Interests (December 2023)

Equity Method Investments and Joint Ventures (December 2023)

SEC Comment Letter Considerations, Including Industry Insights (November 2023)

Consolidation — Identifying a Controlling Financial Interest (November 2023)

Impairments and Disposals of Long-Lived Assets and Discontinued Operations (November 2023)

Hedge Accounting (November 2023)

Environmental Obligations and Asset Retirement Obligations (November 2023)

Goodwill (October 2023)

Share-Based Payment Awards (October 2023)

Carve-Out Financial Statements (September 2023)

Heads Up Newsletters

FASB Issues Final Standard on Crypto Assets (December 15, 2023)

Highlights of the 2023 AICPA & CIMA Conference on Current SEC and PCAOB Developments (December 10, 2023)

#DeloitteESGNow — The Sweeping Impacts of California's Climate Legislation (October 10, 2023; updated December 5, 2023)

FASB Issues Final Standard on Reportable Segment Disclosures (November 30, 2023)

Highlights of Recent PCAOB Standard-Setting Activities (November 10, 2023)

#DeloitteESGNow — FASB Makes Tentative Decisions Related to the Accounting for Environmental Credit Programs (October 25, 2023)

FASB Approves Changing U.S. GAAP Presentation and Disclosure Requirements if Related SEC Regulations Are Removed (October 12, 2023)

EITF Snapshot Newsletter

September 2023

Financial Reporting Alert Newsletter

Financial Reporting Considerations Related to Pension and Other Postretirement Benefits (December 5, 2023)

Industry Spotlight Series

Aerospace & Defense Spotlight — Information Security Considerations for U.S. Government Contractors (December 7, 2023)

Aerospace & Defense Spotlight — Considerations Related to the Estimate-at-Completion Process (December 7, 2023)

Renewables Spotlight — Update on Renewable Power Issues (December 1, 2023)

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