

**NEW YORK STATE BOARD FOR PUBLIC ACCOUNTANCY MEETING AGENDA  
April 29, 2026**

1411 Broadway 10<sup>th</sup> Floor, Regents Room, NYC

10:00 a.m. Motion to move to Executive Session

11:00 a.m. Motion to move to Public Session

• Review and approval of minutes of the January 28, 2026 Board Meeting Minutes	Pages 2 - 5
• Board Member Update	
• Board office update – Experience appeal, website layout proposal, CPA150E programs registration	Page 6
• Legislative and Regulatory Update	Pages 7 - 21
• Education Committee <u>Committee Report</u> <ul style="list-style-type: none"> <li>○ Course syllabus review</li> <li>○ 2025 Pathways report</li> <li>○ Foreign Endorsement</li> <li>○ Monitoring NASBA’s CPE Taskforce recommendations</li> <li>○ NASBA –Proposed Update for UAA Rules</li> </ul>	None Pages 22 - 32 Pages 33 - 40 Pages 41 - 58 None
• Examination Committee <u>Committee Report</u> <ul style="list-style-type: none"> <li>○ Extension Requests, Transfer Scores</li> <li>○ Exam Review Board Survey</li> <li>○ Exam Statistics Q4 2025 and Q1 2026</li> <li>○ Fees</li> <li>○ NASBA discussion on exam with Executive Directors</li> </ul>	Pages 59 - 60 Pages 61 - 63 Pages 64 - 88 Pages 89 - 90 None
• Ad Hoc Education and Practice Committee	None
• Practice Committee <ul style="list-style-type: none"> <li>○ AICPA PEEC Exposure Draft: Proposed Revisions related to alternative practice structures</li> <li>○ AICPA Enforcement proposed changes</li> </ul>	Pages 91 - 145 Pages 146 - 152
• NASBA <ul style="list-style-type: none"> <li>○ Principal Place of Business</li> <li>○ Meetings: Executive Director Conference – Mar 2026; Eastern Regional Meeting – June 2026; Annual Meeting Oct 2026</li> </ul>	Pages 153 - 175 Pages 176 - 181
• New Business	
• Upcoming Meeting Date – July 29, 2026 – Approved video locations	

**NEW YORK STATE BOARD FOR PUBLIC ACCOUNTANCY**

**January 28, 2026**

**Meeting Minutes  
New York State Education Department  
Board Meeting**

295 Main Street, Buffalo Suite 562  
80 Wolf Rd, 3<sup>rd</sup> Floor, Colonie  
370 Woodcliff Drive, Suite 2A, Fairport  
1411 Broadway, 10<sup>th</sup> Floor, MMMM Room, NYC  
333 West Washington Street, Suite 500, Syracuse

Chair Ms. Moran called the meeting to order at 10:05 a.m.

<u>The following members were present:</u>	
Charles Abraham, CPA (NYC)	John Lauchert, CPA (Rochester)
Anthony Basile, CPA (NYC)	Danilsa Lopez, CPA (NYC)
Elizabeth Bush, CPA (Syracuse)	Maria Moran, CPA (Albany)
Ann Burstein Cohen, CPA (Buffalo)	James Schnell, CPA (Rochester)
Gretchen Guenther-Collins, CPA (Albany)	Denise Stefano, CPA (NYC)
Timothy Hammond, CPA (Syracuse)	Shelly Taleporos, CPA (Albany)
Gregory Horton, CPA (Buffalo)	Deborah Todaro, CPA (Buffalo)
Rose Hu, CPA (Buffalo)	Anthony Tucci, CPA (NYC)
<u>Members absent:</u> Crisy Geerholt Charles Pezzino, CPA Thomas Sciametta, CPA	

Others in attendance:

Jennifer Winters, Executive Secretary, NYSED (Albany)  
Julie McLoughlin, NYSED (NYC)

Public Session only:

Flynn Fasso, Ostroff Associates, Inc. (Albany)  
Calvin Harris, NYSSCPA (NYC)

The Board moved into Executive Session at 10:05 a.m., based on a motion made by Ms. Taleporos and seconded by Ms. Hu. The members discussed the disciplinary cases from October through December 2025. The members discussed topics for consideration at the April meeting with Office of Professional Discipline.

Executive Session adjourned at 10:22 a.m. based on a motion made by Ms. Stefano and seconded by Ms. Guenther-Collins. The Chair moved the Board into Public Session at 10:31 a.m. based on a motion by Mr. Lauchert and seconded by Ms. Taleporos.

**Review and Approval of Minutes**

Based on a motion made by Ms. Guenther-Collins and seconded by Ms. Stefano, the Board unanimously

approved the minutes of the October 22, 2025, Board meeting with the one correction of the spelling of the name of Joseph Maffia.

### **Board Member Update**

Ms. Winters noted a new board member, Mark Nickerson, was appointed to the Board effective February 1, 2026. There are currently two openings: one licensed member and a public member position. She asked the Board members to forward any recommendations to her for consideration.

Ms. Winters provided the upcoming Public Accountancy Board meeting schedule and stated that the dates and locations will also be posted on the SharePoint site.

### **Nomination Committee**

The Nomination Committee met on November 13<sup>th</sup> to discuss the unexpected vacancy of the vice chair position.

The board unanimously approved the motion made by Ms. Cohen and seconded by Ms. Hu for the appointment of Ms. Taleporos as vice chair for the current term, January 28<sup>th</sup> through April 30, 2026.

The board unanimously approved the motion made by Ms. Cohen and seconded by Mr. Horton for the appointment of Ms. Moran as chair and Ms. Taleporos as vice chair for the one-year period from May 1, 2026, through April 30, 2027.

### **Board Office Update**

Ms. Winters reported that there has been no change in staffing since the last meeting all positions are filled in the board office. The staff are fully trained and there is no significant delay in processing both post and pre-license applications.

Ms. Winters reported that she met with the web team to begin reviewing the website in preparation for upcoming regulation changes and the associated pathways for licensure. She noted that updates will be needed to ensure the site reflects these changes accurately. Ms. Winters requested that if any board members are interested in reviewing the website, she would welcome the feedback.

An advisory notice was placed on the website regarding the new 120 semester hour pathway for licensure with the noted effective date of November 2026.

### **Legislative and Regulatory Update**

Ms. Winters noted that the Deputy's office did request that the regulations for the signed legislation, which outlines a 120-semester hour bachelor's degree and a two-year experience requirement for licensure, be presented at the June Board of Regents meeting. Due to the diligent work of the Education Committee, and the importance of ensuring that schools and the public are well informed, Ms. Winters requested an earlier date to present to the Board of Regents for consideration.

Mr. Tucci commented that the AICPA and NASBA will need to be clear regarding the education and the model rules with the upcoming changes. Ms. Cohen stated the NASBA education committee will review the CPA Evolution guidance again.

The Regulation will first be reviewed by the Office of Profession leadership prior to being presented to the Board of Regents. Ms. Winters will keep the board informed of any updates.

## Education Committee

Ms. Hu reported that some members of the board's education committee met with the education committee of the New York State Society of CPAs and addressed questions and comments regarding the 120-semester hour legislation. It was noted that NYSED does not dictate which degree an educational institution wants to offer their students, the school can decide the type of degree. Per NSYED:

- Bachelor of Arts requires 120 semester hours with a minimum of 90 liberal art credits
- Bachelor Science requires 120 semester hours with a minimum of 60 liberal art credits
- Bachelor of Business Administration requires 120 semester hours with a minimum of 30 liberal art credits

Once the regulation is finalized, informational sessions will be offered for New York schools outlining the 120 semester hour requirements for licensure qualifying programs. Additionally, a separate session will be held for any school that is interested in learning about the new pathway. There will be selected schools that are from other states that are known to have students become licensed in New York or if they have already expressed interest in understanding the new pathway.

Ms. Hu outlined the comments on the proposed updates to the statement on the standards for CPE programs exposure draft. It was noted that New York has their own standards for our own sponsors; however, we do still accept the sponsors on the national database.

The Education Committee reviewed the CPE requirements for those applicants who are applying under the endorsement pathway. It was reported that there is legislation in one state to eliminate the CPE requirements and advanced discussion in some states to reduce the CPE requirements. The concern is how this could impact applicants applying via the endorsement pathway who need to be competent.

The board unanimously approved the motion made by Ms. Hu and seconded by Ms. Stefano to modify the language rule to state that an endorsement applicant must complete a satisfactory amount of continuing education requirements acceptable to the Department.

The board unanimously approved the motion made by Ms. Hu and seconded by Ms. Moran to have the number of CPE credits required remain consistent with the NY licenses: either 40 in any subject area or 24 in a concentration within the past 12 months.

Ms. Winters noted her appreciation for the Education Committee and all their hard work over the last quarter.

## Examination Committee

Mr. Abraham reported on the examination extension requests from the last board meeting.

The board unanimously approved the motion made by Mr. Abraham and seconded by Ms. Moran to modify the website and application to include language for inclusion of supporting documentation when the exam scores were passed and not substantially equivalent to New York's examination rule for endorsement applicants.

Mr. Abraham reviewed the proposed website changes based on the new regulation and 120 semester hour pathway.

Mr. Abraham presented NASBA's quarterly examination statistics. Ms. Winters noted that some testing sites were impacted due to the significant weather conditions across most of the country that resulted in many test site closures. As a result NASBA, AICPA, and Prometric offered the exam candidates a free rescheduling of the exam for the discipline section into the first few days of February.

Ms. Winters reported that the NASBA discussion on the exam pass rates with the Executive Directors was rescheduled.

### **Ad Hoc Education and Practice Committee**

No activities since the last meeting.

### **Practice Committee**

Ms. Winters noted that the exposure draft for the AICPA proposed revisions related to alternative practice structures was included in the board packet. New York has their own unprofessional conduct rules and does not adopt the AICPA codes. The Practice Committee has not met on this to determine if there is going to be a rule change. The final rule change by the AICPA will be monitored.

Ms. Winters reported that NASBA Private Equity Task Force provided a white paper titled Alternative Practice Structures & Private Equity: Considerations and Questions for Boards of Accountancy. There is an extension to the comment period, and the Practice Committee has not met. In addition, firms are not under the operation of the Board office, but a different department within NYSED.

Ms. Bush reported that the Scope of Practice sub-committee met to determine if a firm was offering restricted services and would need to be registered. The entity owner complied with the recommendations by the subcommittee to rephrase website wording to eliminate any confusion to the public on providing attestation services for an entity that is not a registered public accounting firm.

### **NASBA**

Ms. Winters, Mr. Lauchert, and Mr. Langowski attended the NASBA annual meeting held in October.

Ms. Winters and a NYSED legal representative will be attending the Executive Director & Legal meeting in March.

Two attendees will be able to attend the Eastern Regional meeting in June 2026 and the Annual Meeting in October 2026.

Ms. Winters noted that NASBA will be reviewing the definition of Principal Place of Business as many licensees are employed by one state but work in a different state.

### **New Business**

No new business.

The next board meeting will be held in person in New York City on April 29, 2026.

The public session adjourned at 11:59 a.m. based on a motion made by Ms. Taleporos and seconded by Mr. Schnell.

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Respectfully submitted,

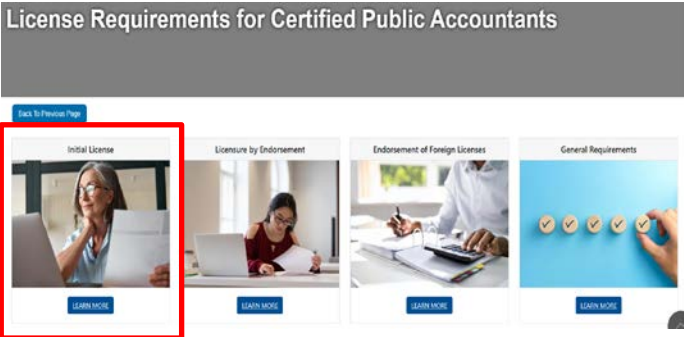
Jennifer B. Winters, CPA  
Executive Secretary



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3

Initial Idea to Update CPA Website to Accommodate Multiple Initial Pathways

### Initial Licensure

- Pathway 120 Old
- Pathway 120 New
- Pathway 150
- Pathway 15 Year

4

### Initial Licensure For Certified Public Accountants – X Pathway

- Certified Public Accountants
- Laws, Rules & Regulations
- Consumer Information
- Etcetera...

5

**Who Should Apply for an Initial License using this pathway?**  
Applicants who have X education/experience.... (This language would be pathway dependent.)

<b>General Requirements</b> (Shared between each of the 4 initial pathway pages)
<b>Fees</b> (Shared between each of the 4 initial pathway pages)
<b>Partial Refunds</b> (Shared between each of the 4 initial pathway pages)
<b>Forms</b> (Shared between each of the 4 initial pathway pages)
<b>Education Requirements</b>
This requirement section would contain pathway specific content
<b>Examination Requirements</b>
This requirement section would contain pathway specific content
<b>Experience Requirements</b>
This requirement section would contain pathway specific content

A potential applicant would start at the CPA home page (1) and click on Licensure Requirements (2), taking them to the Licensure Requirements for CPA page. These 3 pages would remain as is except for changing the Initial Licensure Link.

Selecting the Initial Licensure Option (3) would take them to a new page for the CPA Initial Licensure Pathways (4). This page would have a box for each pathway. Each pathway box would be a link which would lead to a separate licensure Requirements page (5).

Each of these licensure requirements pages would have the pathway in its title. Also, above the requirements will be "Who should apply" and include the pathway specific description for what is needed to apply using it to help applicants make sure they are in the right place.

As time moved on and pathways became obsolete, it would be easy to eliminate pathway boxes and pathway specific licensure requirement pages as necessary.



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

**TO:** The Professional Practice Committee

**FROM:** David H. Hamilton *David H. Hamilton*

**SUBJECT:** Proposed Amendment of Sections 52.13, 70.2, 70.3, 70.4, 70.5, and 70.7 of the Regulations of the Commissioner of Education Relating to the Certified Public Accountant Profession

**DATE:** April 2, 2026

**AUTHORIZATION(S):** *Donna* *Bell*

**SUMMARY**

**Issue for Discussion**

Should the Board of Regents adopt the proposed amendment of sections 52.13, 70.2, 70.3, 70.4, 70.5, and 70.7 of the Regulations of the Commissioner of Education relating to the certified public accountant profession.

**Reason(s) for Consideration**

Required by State statute (Chapter 530 of the Laws of 2025) and review of policy.

**Proposed Handling**

The proposed amendment is presented to the Professional Practice Committee for discussion at the April 2026 Regents meeting. A copy of the proposed rule (Attachment A) is attached.

**Procedural History**

A Notice of Proposed Rule Making will be published in the State Register on April 29, 2026, for a 60-day public comment period. Supporting materials are available upon request to the Secretary of the Board of Regents.

## **Background Information**

Chapter 530 of the Laws of 2025 (Chapter 530), effective November 21, 2026, amends the Education Law by modifying sections 7404 and 7406. Section 7404 establishes and defines the licensure requirements for the certified public accountant (CPA) profession in New York State and section 7406, among other things, sets forth the requirements of practice privileges for out-of-state CPAs.

Chapter 530 also specifies the education, experience, and examination requirements for two pathways to initial CPA licensure. The current pathway to CPA licensure is codified.<sup>1</sup> Additionally, Chapter 530 adds an alternative route to licensure by allowing candidates to earn a bachelor's degree or higher with at least 120 semester hours with two years of relative experience and passage of the CPA examination.

Moreover, Chapter 530 amends the requirements for out-of-state CPAs to obtain a practice privilege.<sup>2</sup> Specifically, the law removes the requirement that out-of-state CPAs be licensed by another state which the Board of Regents has determined to have substantially equivalent licensure requirements, or whose individual licensure qualifications are verified by the Department to be substantially equivalent to New York's requirement. Currently, a CPA may obtain the privilege if the CPA is licensed and in good standing in another state, meets the New York education and experience requirements, and has passed the CPA licensing examination. Finally, Chapter 530 removes gender specific terminology.

## **Proposed Amendment**

The proposed amendment implements Chapter 530 by amending section 52.13 to prescribe program registration requirements for the new alternative 120 semester hour pathway described above. The new 120 semester hour pathway mirrors the core coursework requirements of the 150-semester hour pathway. Specifically, the new pathway will require five courses in accounting (cost and/or managerial accounting, taxation, auditing, financial accounting and reporting, and accounting information systems), and five courses in business (information systems, economics, business law, finance, and data analytics). The new 120 semester hour pathway will also reduce the overall number of required accounting and business credits by six semester hours each (to twenty-seven accounting credits and thirty business credits).

Additionally, the proposed rule amends sections 70.2 (professional study of public accountancy), 70.3 (experience requirements), 70.4 (licensing examinations) to refer to and contemplate the new 120 semester hour pathway.

The proposed rule also amends section 70.7 (practice by certain out-of-state individuals and firms) to conform with Chapter 530. Additionally, consistent with

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<sup>1</sup> Currently, initial CPA licensure candidates must complete 150 hours of higher education, one year of experience, and pass the CPA examination to obtain a CPA license.

<sup>2</sup> A practice privilege allows CPAs that are licensed and in good standing in another state, and whose principal place of business is not in this state, to practice in New York without obtaining a license if they meet certain criteria prescribed in section 70.7 of the Commissioner's regulations.

Chapter 530, gender specific pronouns are removed and replaced with the phrase “such certified public accountant.”

The proposed amendment also makes additional technical and policy-based amendments. First, section 70.2 and 70.3 are amended to remove baccalaureate or higher degree programs in accountancy that are accredited by an acceptable accrediting agency from meeting the educational requirements for licensure.<sup>3</sup> These provisions refer to accreditation by the Association to Advance Collegiate Schools of Business (AACSB). AACSB does not approve programs based on a specific set of course work. Thus, the Department cannot rely on this accrediting body to ensure that applicants are meeting the specific education requirements prescribed in the Commissioner’s regulations. Therefore, the Department will no longer accept this programmatic accreditation body after the transition to the new 150 credit pathway outlined in section 52.13(c) of the Commissioner’s regulations.

Second, in September 2022, the Department adopted amendments to section 70.3 of the Commissioner’s regulations removing the provision which allows public accountants (PAs) to certify acceptable experience for CPAs<sup>4</sup>, however, another provision in this section which allows PAs to supervise experience was not similarly removed. Therefore, this amendment makes this change consistent with the September 2022 amendments.

Finally, the proposed rule amends the continuing education requirements for licensure by endorsement<sup>5</sup> in section 70.5 by removing the requirement that the applicant meet the continuing education requirements of the state where the applicant’s principal place of business is located in the year prior to submission of their application, to instead require a satisfactory amount of continuing education acceptable to the Department, as recommended by the State Board for Public Accountancy.

### **Related Regents Items**

[Jan 2024: Proposed Amendment of Section 70.4 of the Regulations of the Commissioner of Education Relating to Licensing Examinations in the Profession of Public Accountancy](https://www.regents.nysed.gov/sites/regents/files/124brca13.pdf)

(<https://www.regents.nysed.gov/sites/regents/files/124brca13.pdf>)

[Nov 2022: Proposed Technical Amendment of Section 52.13 of the Regulations of the Commissioner of Education Relating to Licensure in the Profession of Public Accountancy](https://www.regents.nysed.gov/sites/regents/files/1122brca14.pdf)

(<https://www.regents.nysed.gov/sites/regents/files/1122brca14.pdf>)

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<sup>3</sup> CPA programs will either need to be registered by the Department or determined to be substantially equivalent to such registered programs.

<sup>4</sup> New York State no longer issues PAs licenses. No new PA licenses have been issued since the early 1960s and there are currently only seven public accountants licensed in New York State.

<sup>5</sup> CPA licensure by endorsement allows CPAs licensed and in good standing in another state or country to become licensed in New York State if they have met certain criteria prescribed in section 70.5 of the Commissioner’s regulations.

[Sep 2022: Proposed Amendment of Sections 52.13, 70.2, 70.3 and 70.4 of the Regulations of the Commissioner of Education Relating to Education, Examinations, and Experience Requirements for Licensure in the Profession of Public Accountancy](https://www.regents.nysed.gov/sites/regents/files/922brca19.pdf)  
(<https://www.regents.nysed.gov/sites/regents/files/922brca19.pdf>)

[Jul 2020: Proposed Amendment to Section 70.4 of the Regulations of the Commissioner of Education Relating to Licensing Examinations in the Profession of Public Accountancy](https://www.regents.nysed.gov/sites/regents/files/720brca16.pdf)  
(<https://www.regents.nysed.gov/sites/regents/files/720brca16.pdf>)

### **Recommendation**

Not applicable.

### **Timetable for Implementation**

It is anticipated that the proposed amendment will be presented for permanent adoption at the September 2026 Regents meeting, after publication of the proposed amendment in the State Register and expiration of the 60-day public comment period required under the State Administrative Procedure Act. If adopted at the September 2026 meeting, the proposed amendment will become effective on November 21, 2026.

**Attachment A**

AMENDMENT TO THE REGULATIONS OF THE COMMISSIONER OF EDUCATION

Pursuant to sections 207, 6504, 6506, 6507, 7404, 7406 and of the Education Law and Chapter 530 of the Laws of 2025

1. Subdivision (b) of section 52.13 of the Regulations of the Commissioner of Education is amended to read as follows:

(b) CPA-150 semester hours in effect prior to August 1, 2027.

(1)...

(2)...

2. Subdivision (c) of section 52.13 of the Regulations of the Commissioner of Education is amended to read as follows:

(c) CPA-150 semester hours in effect on or after August 1, 2027.

(1)...

(2)...

3. Subdivision (d) of section 52.13 of the Regulations of the Commissioner of Education is added to read as follows:

(d) CPA-120 semester hours in effect on or after November 21, 2026.

(1) Definitions. As used in this subdivision:

(i) On or after November 21, 2026, *professional accountancy content area* shall mean curricular content in professional accountancy that includes but is not limited to each of the subjects identified in clauses (a) through (e) of this subparagraph and may also include but need not be limited to the subjects identified in clauses (f) through (i) of this subparagraph:

(a) financial accounting and reporting;

- (b) cost or managerial accounting;
- (c) taxation;
- (d) auditing and attestation services;
- (e) accounting information systems;
- (f) fraud examination;
- (g) internal controls and risk assessment;
- (h) accounting ethics; and
- (i) accounting data analytics.

(ii) On or after November 21, 2026, *general business content area* shall mean curricular content relating to the development of knowledge in traditional business principles and technical skills. Curricular content in general business shall include content in clauses (a) through (e) of this subparagraph and may also include but is not limited to subjects in clauses (f) through (m) of this subparagraph:

- (a) information technology and systems;
- (b) business law;
- (c) business data analytics;
- (d) economics;
- (e) finance;
- (f) management;
- (g) marketing;
- (h) operations management;
- (i) organizational behavior;
- (j) business strategy;
- (k) quantitative methods;

(l) business statistics; and

(m) computer science.

(2) Curriculum. On or after November 21, 2026, in addition to meeting all applicable provisions of this Part, to be registered as a program leading to licensure in public accountancy that meets the requirements in section 70.2 of this Title, such program shall be a baccalaureate or higher program in accountancy or its equivalent that, by requisites or prerequisites, shall ensure completion of at least 120 semester hours or its equivalent, including a minimum of 27 semester hours or its equivalent in the professional accounting content area and a minimum of 30 semester hours or its equivalent in the general business content area.

4. Subdivision (b) of section 70.2 of the Regulations of the Commissioner of Education are amended to read as follows:

(b)

(1) To meet the professional educational requirements for licensure, the applicant shall present satisfactory evidence of completion of a baccalaureate or higher degree program in accountancy that is registered by the Department pursuant to section 52.13 of this Title, [or a baccalaureate or higher degree program in accountancy that is accredited by an acceptable accrediting agency,] or a baccalaureate or higher degree program, or its foreign equivalent, that is deemed to be the substantial equivalent of a registered [or accredited] program, as determined by the Department.

(2) An applicant who applies to the Department for licensure with a curriculum of 150 semester hours on or after August 1, 2009 shall be required to have satisfactorily completed a curriculum of at least 150 semester hours in a program described in [paragraph (1)] section 52.13(b) of this [subdivision] Title, except that an applicant who

applies for licensure on or after August 1, 2009, but prior to August 1, 2027, and was licensed in another state prior to August 1, 2009 may meet the education requirements by having satisfactorily completed a curriculum of at least 120 semester hours in a program described in [paragraph (1)] section 52.13 (a) of this [subdivision] Title, provided, however, that such applicant shall meet all requirements for licensure, prior to August 1, 2027. An applicant who was not licensed by August 1, 2027, shall be required to have satisfactorily completed a curriculum of at least 150 semester hours pursuant to section 52.13 (c) of this Title.

(3) An applicant who applies to the Department for licensure with a curriculum of 120 semester hours prior to August 1, 2009 shall be required to have satisfactorily completed a curriculum of at least 120 semester hours in a program prescribed in [paragraph (1)] section 52.13 (a) of this [subdivision] Title prior to August 1, 2009 and have submitted the required application forms for licensure to the Department prior to August 1, 2009, provided, however, that such applicant shall meet all requirements for licensure prior to August 1, 2027. An applicant who applies to the Department for licensure with a curriculum of 120 semester hours on or after November 21, 2026 shall be required to have satisfactorily completed a curriculum of at least 120 semester hours pursuant to section 52.13(d) of this Title.

5. Subdivisions (a) and (b) of section 70.3 of the Regulations of the Commissioner of Education are amended to read as follows:

(a) An applicant who has satisfied the requirements as to education shall meet the experience requirement for licensure as a certified public accountant by submitting documentation, satisfactory to the Board of Regents, of completion of the following experience requirements:

(1) One year of acceptable full-time experience, or the equivalent thereof, shall be required for an applicant who has met the professional education requirements for licensure in section 70.2 of this Part through completion of a curriculum of at least 150 semester hours in a baccalaureate or higher degree program in accountancy, or its foreign equivalent, in accountancy that is registered by the Department pursuant to section 52.13 (b) or (c) of this Title, accredited by an acceptable accrediting agency, or determined by the Department to be the substantial equivalent of a registered [or accredited] program.

(2) Two years of acceptable experience, or the equivalent thereof, shall be required for an applicant who has met the professional education requirements for licensure in section 70.2 of this Part through completion of a curriculum of at 120 semester hours in a baccalaureate or higher degree program in accountancy, or its foreign equivalent, that is registered by the Department pursuant to section 52.13 (a) or (d) of this Title, accredited an acceptable accrediting agency, or determined by the Department to be the substantial equivalent of a registered [or accredited] program.

(3) For purposes of this subdivision, one year of full-time experience shall mean an aggregate total of 12 calendar months of full-time employment and two years of full-time experience shall mean an aggregate total of 24 calendar months of full-time employment. Full-time shall be defined as a five-day work week, with at least 35 hours of experience per week, excluding overtime. The State Board for Public Accountancy may also credit an applicant for part-time experience in the amount of one week of experience for every two weeks of acceptable part-time experience earned. Part-time shall be defined as at least 20 hours of experience per week.

(4) ....

(b) Acceptable experience in the practice of public accountancy shall be limited to experience in providing accounting services or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills under the supervision of a certified public accountant licensed in the United States [or a public accountant licensed in New York].

6. Subdivisions (c) and (d) of section 70.4 of the Regulations of the Commissioner of Education are amended to read as follows:

(c) Retention of credit. [On or before December 31, 2023, the retention period on an examination approved pursuant to subdivision (a) of this section shall be for a period of 18-months. Such 18-month retention period shall be computed in a manner determined by the Department.] On or after January 1, 2024, the retention period on an examination approved pursuant to subdivision (a) of this section shall be for a period of 30-months. Such 30-month retention period shall be computed in a manner determined by the Department.

(1) Extension requests. The Department may in its discretion provide an applicant with an extension to the retention period prescribed in subdivision (c) of this section. An extension may be granted upon a finding by the Department of extenuating circumstances outside the applicant's control. The length of an extension shall be determined by the Department as it relates to the length of the extenuating circumstances experienced by the applicant. The Department may consult with the State Board for Public Accountancy on the appropriateness of granting extension requests.

(d) Admission to the examination.

(i) Prior to [August 1, 2027] November 21, 2026, for admission to the licensing examination as a New York State candidate, the candidate shall meet all education requirements including, but not limited to, completion of a minimum of 120 semester hours of study in an acceptable accredited college or university which shall include at least one course in each of the mandatory professional accounting content areas defined in [subparagraph (i) of paragraph (1) of subdivision (b) of] section 52.13**(b)(1)(i)** of this Title, or its equivalent as determined by the Department;

(ii) On or after [August 1, 2027] November 21, 2026, for admission to the licensing examination as a New York State candidate, the candidate shall meet all education requirements including, but not limited to, completion of a minimum of 120 semester hours of study in an acceptable accredited college or university which shall include at least one course in each of the mandatory professional accounting and business content areas defined in [subparagraphs (i) and (ii) of paragraph (1) of subdivision (c) of] section 52.13**(c)(1) and 52.13(d)(1)** of this Title, or its equivalent as determined by the Department.

7. Subparagraph (iv) of paragraph (4) of subdivision (a) of section 70.5 of the Regulations of the Commissioner of Education is amended to read as follows:

(iv) certification by the applicant that he or she has completed [the continuing education requirements of the state where the applicant's principal place of business is located in the year prior to submission of the application form] a satisfactory amount of continuing education acceptable to the Department. The State Board for Public Accountancy shall recommend to the Department the appropriateness of the continuing professional education that must be completed in order to satisfy this requirement; and

8. Subdivision (b) of section 70.7 of the Regulations of the Commissioner of Education are amended to read as follows:

(b) Practice by certain out-of-state individuals.

(1) An individual who holds a certificate or license as a certified public accountant issued by another state, who is in good standing in the state where certified or licensed, and whose principal place of business is not in this state may practice public accountancy in this state without obtaining a license pursuant to section 7404 of the Education Law, if the certified public accountant:

(i) [the Department has determined that the other state has education, examination, and experience requirements for certification or licensure that are substantially equivalent to or exceed the requirements for licensure in this state] practices public accountancy in another state that is such certified public accountant's principal place of business;[or]

(ii) [the Department has verified that the individual possesses licensure qualifications that are substantially equivalent to or exceed the requirements for licensure in this state] has completed either of the professional education and experience requirements as prescribed in paragraphs (2) and (3) of subdivision 1 of section 7404 of the Education Law; and

(iii) has passed the licensing examination.

(2) ...

(3) ...

(4) ...

(5) ...

(6) In the event the license from the state of the certified public accountant's principal place of business is no longer valid or in good standing, or that the certified public accountant has had any final disciplinary action taken by the licensing or disciplinary authority of any other state concerning the practice of public accountancy that has resulted in any of the dispositions specified in subparagraphs (i) or (ii) of this paragraph, the certified public accountant shall so notify the Department, on a form prescribed by the Department, and shall immediately cease offering to perform or performing such services in this state individually and on behalf of [his or her] such certified public accountant's firm, until [he or she] the certified public accountant has received from the Department written permission to do so:

(i) the suspension or revocation of [his or her] such certified public accountant's license; or

(ii) other disciplinary action against [his or her] such certified public accountant's license that arises from:

(a) ...

(b) ...

(c) ....

(7) Any certified public accountant who, within the seven years immediately preceding the date on which [he or she] such certified public accountant wishes to practice in New York, has been subject to any of the actions specified in subparagraphs (i), (ii), (iii), or (iv) of this paragraph shall so notify the Department, on a form prescribed by the Department, and shall not practice public accountancy in this state pursuant to Education Law section 7406(2) and this section, until [he or she] such certified public accountant has received from the Department written permission to do so. In

determining whether the certified public accountant shall be allowed to practice in this state, the Department shall follow the procedure to determine whether an applicant for licensure is of good moral character. Anyone failing to provide the notice required by this paragraph shall be subject to the personal and subject matter jurisdiction and disciplinary authority of the Board of Regents as if the practice privilege is a license, and an individual with a practice privilege is a licensee, and may be deemed to be practicing in violation of Education Law section 6512:

(i) has been the subject of any final disciplinary action taken against [him or her] such certified public accountant by the licensing or disciplinary authority of any other jurisdiction with respect to any professional license or has any charges of professional misconduct pending against [him or her] such certified public accountant in any other jurisdiction; or

(ii) has had [his or her] such certified public accountant's license in another jurisdiction reinstated after a suspension or revocation of said license; or

(iii) has been denied issuance or renewal of a professional license or certificate in any other jurisdiction for any reason other than an inadvertent administrative error; or

(iv) has been convicted of a crime or is subject to pending criminal charges in any jurisdiction.

(8) Notwithstanding paragraph (1) of this subdivision or any other inconsistent law or rule to the contrary, a certified public accountant licensed by another state and in good standing, who otherwise meets the practice privilege requirements under this section and files an application for licensure under Education Law section 7404, may continue to practice under such privilege for a period coterminous with the period during which [his or her] such certified public accountant's application for licensure remains

pending with the Department, including any period after the certified public accountant establishes a principal place of business in New York, while [his or her] such certified public accountant's application is pending.

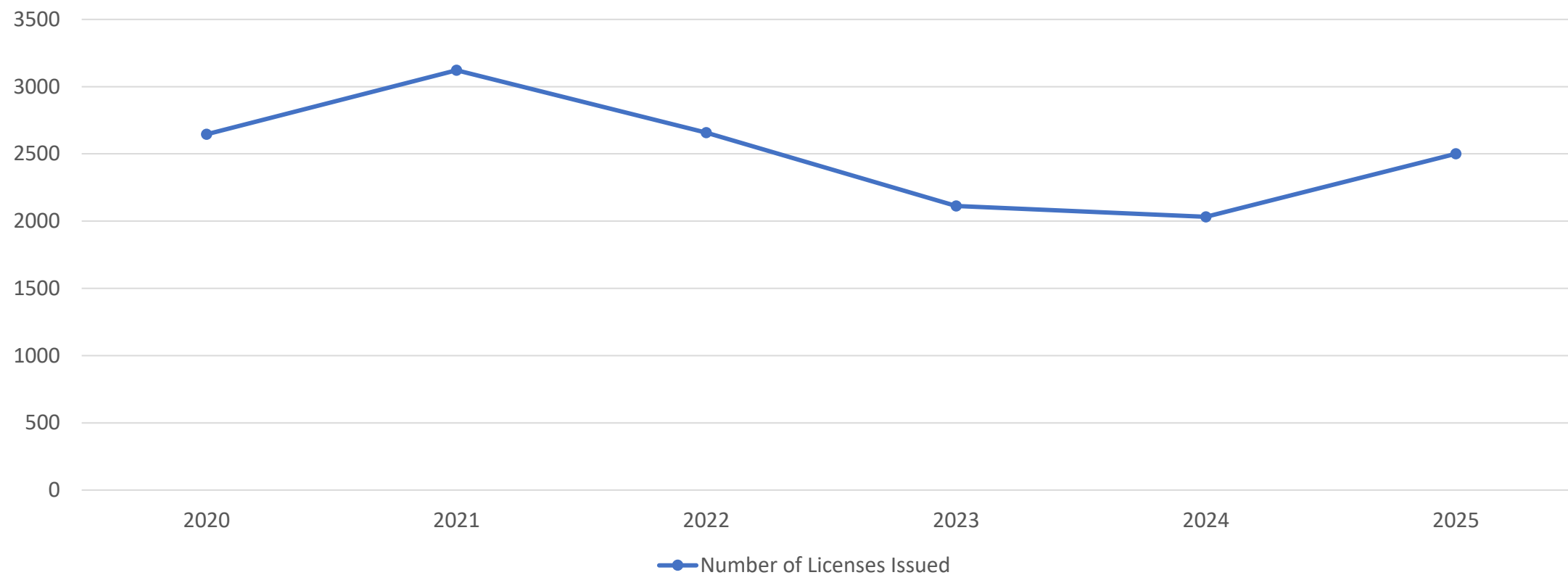
# Licensing Statistics

## Overall Summary

Year	Number of licenses issued
2020	2646
2021	3122
2022	2658
2023	2113
2024	2032
2025	2501

# Licensing Statistics

Number of Licenses Issued



# Summary of Pathways by Year

	2024		2025	
Pathway Type	Number type	% of total	Number type	% of total
150	1797	88.4%	2216	88.6%
120 (GF)	19	0.9%	24	1.0%
120 (Lic Other State)	0	0%	0	0%
Endorsement	189	9.3%	244	9.8%
Foreign Endorsement	14	0.7%	6	0.2%
15 year	13	0.6%	11	0.4%
Totals	2032		2501	

# Summary of Pathways by Year

	2022		2023	
Pathway Type	Number type	% of total	Number type	% of total
150	2372	89.2%	1887	89.3%
120 (GF)	39	1.5%	23	1.1%
120 (Lic Other State)	1	0%	1	0%
Endorsement	220	8.3%	181	8.6%
Foreign Endorsement	18	0.7%	12	0.6%
15 year	8	0.3%	9	0.4%
Totals	2658		2113	

# Summary of Pathways by Year

	2020		2021	
Pathway Type	Number type	% of total	Number type	% of total
150	2356	89.0%	2790	89.4%
120 (GF)	51	1.9%	64	2.0%
120 (Lic Other State)	1	0%	0	0%
Endorsement	216	8.2%	228	7.3%
Foreign Endorsement	17	0.6%	27	0.9%
15 year	5	0.2%	13	0.4%
Totals	2646		3122	

# Summary of Pathways by Type

Pathway Type	2020	2021	2022	2023	2024	2025
150	2356	2790	2372	1887	1797	2216
120 (GF)	51	64	39	23	19	24
120 (Lic Other State)	1	0	1	1	0	0
Endorsement	216	228	220	181	189	244
Foreign Endorsement	17	27	18	12	14	6
15 year	5	13	8	9	13	11
Totals	2646	3122	2658	2113	2032	2501

# Summary of Pathways by % of Application

Pathway Type	2020	2021	2022	2023	2024	2025
150	89.0%	89.4%	89.2%	89.3%	88.4%	88.6%
120 (GF)	1.9%	2.0%	1.5%	1.1%	0.9%	1.0%
120 (Lic Other State)	0%	0%	0%	0%	0%	0%
Endorsement	8.2%	7.3%	8.3%	8.6%	9.3%	9.8%
Foreign Endorsement	0.6%	0.9%	0.7%	0.6%	0.7%	0.2%
15 year	0.2%	0.4%	0.3%	0.4%	0.6%	0.4%
Totals	2646	3122	2658	2113	2032	2501

# Education Review Type – 150 Semester Hour

Manual Transcript Review		
Year	Number of review type	% of 150 pathway total
2020	1145	48.6%
2021	1538	55.1%
2022	1306	55.1%
2023	1150	60.9%
2024	1084	60.3%
2025	1373	62.0%

NYS Lic Qualifying Program		
Year	Number of review type	% of 150 pathway total
2020	217	9.2%
2021	210	7.5%
2022	177	7.5%
2023	134	7.1%
2024	167	9.3%
2025	205	9.3%

# Education Review Type – 150 Semester Hour

AACSB w/Masters in Accounting		
Year	Number of review type	% of 150 pathway total
2020	622	26.4%
2021	778	27.9%
2022	671	28.3%
2023	490	26.0%
2024	498	27.7%
2025	635	28.7%

NASBA 150 Review*		
Year	Number of review type	% of 150 pathway total
2020	328	13.9%
2021	215	7.7%
2022	189	8.0%
2023	108	5.7%
2024	45	2.5%
2025	3	0.1%

\*NASBA Reviews for the full 150 was discontinued in 2024 for any new files.

NASBA education on file prior to 2024 discontinuance was accepted.

# 15 Year Pathway Analysis

<b>Degree Type</b>	<b>Degree title</b>	<b># of Applicants</b>
<b>Bachelor Degree</b>	<b>Accounting</b>	<b>8</b>
<b>Bachelor Degree</b>	<b>Finance and History</b>	<b>1</b>
<b>Bachelor Degree</b>	<b>Business Administration</b>	<b>1</b>
<b>Bachelor Degree And Master Degree</b>	<b>BS - Accounting / MS - Accounting Tax Concentration</b>	<b>1</b>

Note – Education was self-reported on Application Form 1

# Foreign Endorsement Analysis

<b>Mutual Recognition Agreement Country</b>	<b># of Applicants</b>
<b>South African Institute of Chartered Accountants</b>	<b>4</b>
<b>CPA Canada (Manitoba)</b>	<b>1</b>
<b>CPA Canada (Alberta)</b>	<b>1</b>

# NASBA



## **Accounting Bodies for United States, Canada and Mexico Agree to Extend Mutual Recognition Agreement**

Professional bodies representing the accounting profession in the United States, Canada and Mexico have signed a memorandum of understanding to extend their longstanding agreement to ease cross-border practice.

An extension of the tripartite Mutual Recognition Agreement (MRA) was signed last month by officials of the U.S. International Qualifications Appraisal Board (representing the American Institute of CPAs and National Association of State Boards of Accountancy), CPA Canada, and Mexico's Instituto Mexicano de Contadores Públicos (IMCP) and Comité Mexicano para la Práctica Internacional de la Contaduría (CMPIC). The agreement extends the existing MRA through Dec. 31, 2028.

"This agreement reflects decades of collaboration among our organizations," said NASBA President and CEO Daniel J. Dustin, CPA. "It supports qualified professionals who want to

practice across borders, while reinforcing the strong standards that define the CPA license. Just as important, it preserves the authority of state boards and our shared commitment to protecting the public.”

“This agreement protects the cross-border practice of U.S. CPAs and their counterparts in Canada and Mexico, and it ensures businesses across North America can tap the broadest range of qualified accounting professionals and specialists,” said Jim Knafo, the AICPA’s director of llobal alliances and CEO of the Global Accounting Alliance.

The Mutual Recognition Agreement creates a streamlined path for cross-border professionals to work internationally with fewer administrative hurdles. In general, CPAs in the United States and Canada, and CPCs in Mexico can obtain professional mobility to work across North America if they meet certain eligibility requirements and remain in good standing in their home jurisdictions.

More information about international mutual recognition agreements can be found on NASBA’s [resource page](#) on the topic.

## VIEW NOW

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### About NASBA

Since 1908, the National Association of State Boards of Accountancy (NASBA) has served as a forum for the nation’s Boards of Accountancy, which administer the Uniform CPA Examination, license approximately 653,000 certified public accountants and regulate the practice of public accountancy in the United States.

NASBA’s mission is to enhance the effectiveness and advance the common interests of the Boards of Accountancy in meeting their regulatory responsibilities. The Association promotes the exchange of information among accountancy boards, serving the needs of the 55 U.S. jurisdictions.

NASBA is headquartered in Nashville, TN, with operations in San Juan, PR. To learn more about NASBA, visit [www.nasba.org](http://www.nasba.org).

## About the American Institute of CPAs

The American Institute of CPAs (AICPA) is the world's largest member association representing the CPA profession, with 397,000 members and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education, and consulting. A founding member of the Association of International Certified Professional Accountants, the AICPA sets ethical standards for the profession, attestation standards, and U.S. auditing standards for private companies, not-for-profit organizations, and federal, state, and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, partners across the profession to build future talent, and drives continuing education to advance the vitality, relevance, and quality of the profession.

NASBA | 150 Fourth Avenue North | Suite 700 | Nashville, TN | 37219-2417

Phone: 615-880-4200 | Website: [www.nasba.org](http://www.nasba.org)

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**Memorandum of Understanding Extending and Amending the Mutual Recognition Agreement (MRA) dated as of November 1, 2017**

*between*

**Instituto Mexicano de Contadores Públicos (IMCP)**

*and*

**Comité Mexicano para la Práctica Internacional de la Contaduría (CMPIC)**

*and*

**Chartered Professional Accountants of Canada (CPA Canada)**

*and*

**NASBA/AICPA International Qualifications Appraisal Board (IQAB)**

*Representing*

**The National Association of State Boards of Accountancy (NASBA)**

*and*

**The American Institute of Certified Public Accountants (AICPA)**

Each of CPA Canada, IMCP, CMPIC, NASBA and AICPA, are hereinafter referred to as a **"Party"** and collectively, the **"Parties"**).

**Introduction**

The Parties entered into a Mutual Recognition Agreement dated November 1, 2017 (the **"MRA"**). The initial term of the MRA expired on November 1, 2022; however, pursuant to an Amendment to the Mutual Recognition Agreement (the **"Amendment"**) executed in March of 2023, the Parties extended the term of the MRA to December 31, 2025. While CPA Canada entered into the MRA as extended by the Amendment for itself and on behalf of the provincial, territorial and Bermudian regulatory bodies of Chartered Professional Accountants (each, a **"PTB"** and collectively, the **"PTBs"**), CPA Canada is agreeing to the terms of this binding Memorandum of Understanding (**"MOU"**) for itself alone.

This MOU documents the Parties' intentions to further extend the term of the MRA in accordance with Section 4 thereof and to make certain amendments to the MRA as set out below.

For good and valuable consideration (the receipt and sufficiency of which is hereby

acknowledged), The Parties therefore agree as follows:

### **Interpretation**

References in the MRA and this MOU to a "Party" shall mean references to CPA Canada for itself alone, each PTB that signs a separate Ratification Agreement (as defined below) and the other Parties.

### **Ratification of PTBs**

Each respective PTB may individually elect to extend the MRA and continue to obtain the benefit of reciprocity pursuant to the MRA by signing a separate ratification agreement in the form provided by CPA Canada (each, a "**Ratification Agreement**"). The Parties acknowledge and agree that, as of and from the Effective Date, the MRA and this MOU applies only to members whose PTB has signed a Ratification Agreement.

### **Effective Date**

This MOU is effective as of February 10, 2026 ("**Effective Date**").

### **Extension of Term**

Pursuant to section 4 of the MRA, the Parties hereby agree to extend the term of the MRA from the Effective Date to the 31<sup>st</sup> day of December, 2028.

### **Additional Amendments**

The Parties agree that, as of and from the Effective Date, the MRA is amended as follows:

All references in the MRA to the "Canadian International Qualifications Appraisal Board" and "Canadian IQAB" are deleted and replaced with the "Canadian International Qualifications Appraisal Committee" and "Canadian IQAC".

All references in the MRA to "NAFTA" are deleted and replaced with "CUSMA".

The first paragraph of the MRA under the heading "Introduction", including footnote 1, is deleted and replaced with the following paragraph:

"The Canada-United States-Mexico Agreement (CUSMA) came into force on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA). Prompted by these Free Trade Agreements and by a common commitment to eliminate

impediments to reciprocity, the US IQAB, representing the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA), the Comité Mexicano para la Práctica Internacional de la Contaduría (COMPIC), the Instituto Mexicano de Contadores Públicos, A.C. (IMCP) and CPA Canada, representing itself and the provincial and territorial bodies of Canadian Chartered Professional Accountants known collectively as the "Parties" to this document have achieved consensus on the principles for a Mutual Recognition Agreement under the terms of annex 15-C of CUSMA."

The heading under Appendix 1A, Part 1 is deleted and replaced with the following heading: **"Eligibility Requirements for Holders of a Canadian CPA Credential"**.

The first paragraph of Appendix 1A – Part 1 is deleted and replaced with the following paragraph: "A holder of a Canadian CPA credential may be eligible to obtain the US CPA credential via this agreement if: (i) they are a member in good standing with their Provincial, Territorial or Bermudian Body (PTB), provided that such PTB has signed a Ratification Agreement, and (ii) they meet the additional criteria set out in each of the following sections and applicable state law."

The heading under Appendix 1B – Part 2 is deleted and replaced with the following heading: **"Eligibility Requirements for Holders of a Canadian CPA Credential"**.

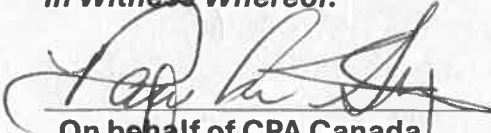
The first paragraph of Appendix 1B – Part 2 is deleted and replaced with the following paragraph: "A holder of a Canadian CPA credential may be eligible to obtain the Mexican CPC credential via this agreement if: (i) they are a member in good standing with their PTB, provided that such PTB has signed a Ratification Agreement, and (ii) they meet the additional criteria set out in each of the following sections.

#### **General Provisions**

Except as expressly provided in this MOU, all of the terms and provisions of the MRA are and will remain in full force and effect and are hereby ratified and confirmed by the Parties.

Signature page follows.

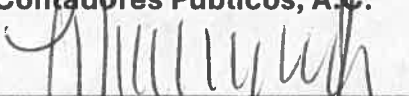
**In Witness Whereof:**

  
On behalf of CPA Canada

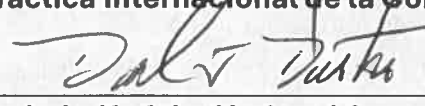
Feb 10, 2026  
Date

  
On behalf of Instituto Mexicano de Contadores Públicos, A.C.

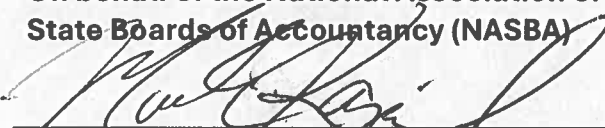
2/10/26  
Date

  
On behalf of Comité Mexicano para la Práctica Internacional de la Contaduría

2/10/26  
Date

  
On behalf of the National Association of State Boards of Accountancy (NASBA)

2/10/2026  
Date

  
On behalf of the American Institute of Certified Public Accountants (AICPA)

2/10/26  
Date

  
On behalf of the International Qualifications Appraisal Board (IQAB)

2/10/26  
Date

## Foreign Endorsement – CPA Canada

<https://www.op.nysed.gov/professions/certified-public-accountants/endorsement-foreign-licenses#what-happens-if-the-mutual-recognition-agreement-expires>

# Endorsement of Foreign Licenses for Certified Public Accountants

Who is Eligible for Endorsement of a Foreign License?

How do I apply for Licensure by Foreign Endorsement?

What happens if the Mutual Recognition Agreement expires?

The applicant must become licensed in New York State prior to the expiration of the Mutual Recognition Agreement as the foreign license would no longer be considered in good standing. Please submit all application documents in advance to allow ample time for the processing, review, and evaluation of the licensure application.

**Note:** The following provincial CPA bodies have formally withdrawn their membership from CPA Canada on the dates listed below:

### **Effective December 31, 2024**

- CPA Ontario
- CPA Quebec

### **Effective April 1, 2026**

- CPA Newfoundland & Labrador
- CPA New Brunswick
- CPA Nova Scotia
- CPA Prince Edward Island

Therefore, those licensed by these Canadian provinces are no longer eligible for licensure via foreign endorsement.

# CPE Task Force Update

AMY TONGATE  
DIRECTOR, COMPLIANCE SERVICES

# Introduction and Context

# Need for the CPE Taskforce

## ➤ Challenges Facing the Profession

State legislatures, regulators, and licensees are actively questioning the current CPE model for CPAs — particularly the long-standing “40 hours/year” standard and its focus on compliance over competence.

## ➤ Changes in Technology

Rapid changes in technology (including AI and advanced research tools), evolving business models, and rising public expectations require CPAs to maintain and demonstrate relevant, up-to-date capabilities.

## ➤ Context-Driven Skill Requirements

The skill and ability needs for public practitioners, industry professionals, including for-profit, nonprofit, and government, are all different based on areas of focus and even considering the size of organization.

## ➤ Future-Ready CPE Framework

The profession needs an evidence-informed, future-ready framework for ongoing learning that sustains public trust.





# Overview of the Joint Task Force

## ➤ Formation and Purpose

NASBA and the AICPA created the taskforce in 2025 to review and improve CPA continuing education requirements for relevance and effectiveness.

## ➤ Stakeholder Involvement

Members include representatives from both organizations' leadership as well as representation from Accountancy Boards, CPA firms, state CPA societies, academia and the public for broad perspectives.

## ➤ Goals and Challenges

The task force aims to protect the public and modernize CPE amid changing technology and legislative pressures.

# Task Force Purpose

# Task Force Purpose



## ➤ **Assessment of Current Framework**

The task force evaluates the existing CPE framework using a data-driven, evidence-based approach to identify effectiveness and gaps.

## ➤ **Future-Focused CPE Framework**

The group aims to recommend a consistent, forward-looking model that could be adopted across jurisdictions.

## ➤ **Stakeholder Input and Research**

Leveraging research and feedback from stakeholders ensures a proposed CPE model addresses real-world needs and challenges.

## ➤ **Ensuring Relevance and Enforcement**

The task force seeks to make CPE requirements measurable, enforceable, and aligned with public protection goals.

# Scope and Objectives

# Scope of Work

## ➤ Review and Compare Requirements

Review existing CPE requirements for CPAs across all jurisdictions compare against other licensed professions' requirements

## ➤ Define Capabilities and Knowledge

Define essential CPA capabilities and knowledge areas for ongoing learning.

## ➤ Evaluate Alternative Learning Models

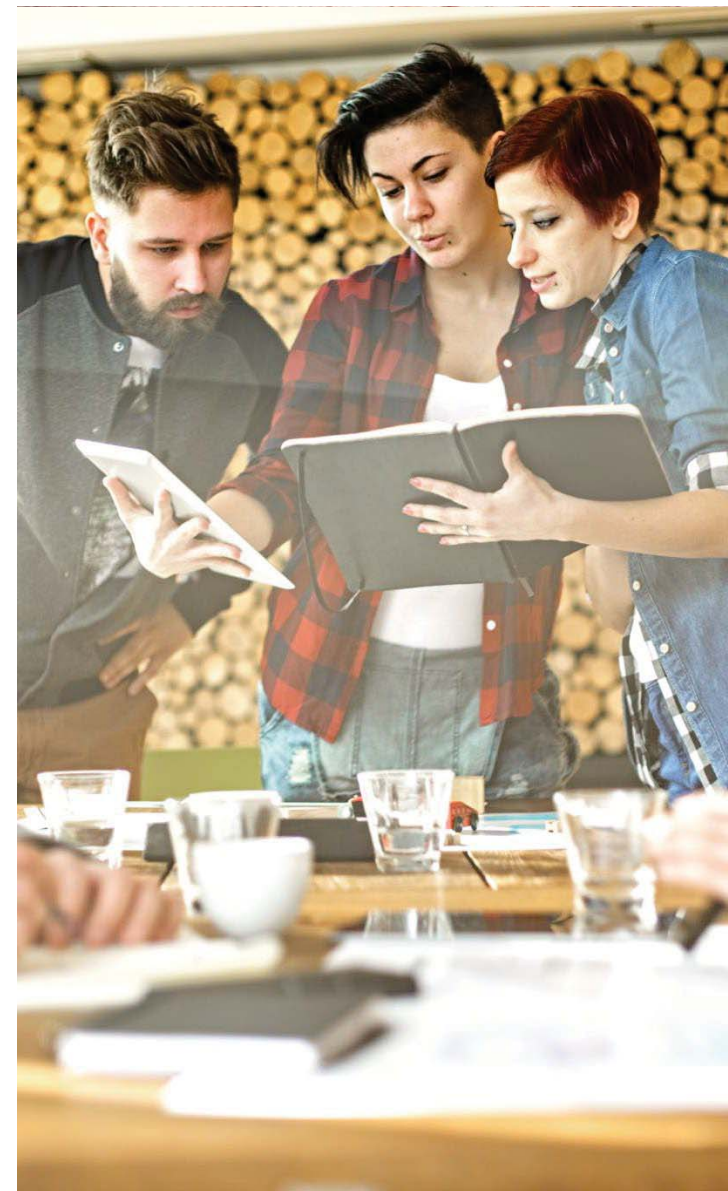
Evaluate hours-based, outcomes-based, and hybrid models to enhance ongoing CPA education and recommend future frameworks that are measurable and enforceable.

## ➤ Stakeholder Engagement

Engage CPAs, boards, societies, firms, academia, and the public ensures broad input and consensus.

## ➤ Out of Scope Areas

Excludes statutory negotiations with individual jurisdictions, course catalog design, licensure or exam requirements overhauls, and communication strategy development.



# Objectives and Deliverables

## ➤ Summary and Research

Produce a concise summary of CPE requirements, research insights, and stakeholder perspectives.

## ➤ Profession-wide Study

Conduct a study to identify essential knowledge and skills CPAs should maintain or enhance.

## ➤ Future Framework Design

Define capabilities and recommend a future-state framework with pros and cons of different models.

## ➤ Implementation and Messaging

Propose short-term enhancements, draft implementation guidance, and develop clear messaging.



# Key Questions



## ➤ **CPE Adequacy for Public Protection**

Assessing how much Continuing Professional Education is sufficient to ensure public safety and trust.

## ➤ **Meaningful Learning vs. Hours**

Evaluating whether the number of CPE hours truly translates into improved learning and job performance.

## ➤ **Skills and Ability Needs by Role**

Understanding how skill and ability requirements vary based on different job roles and work environments within the profession.

## ➤ **Measurable and Enforceable Framework**

Exploring CPE requirements that can be measured and enforced uniformly across different jurisdictions.

# Research and Methodology



# Research Strategy

## ➤ Comprehensive Profession-wide Study

Engaging an independent vendor to conduct job task analysis and stakeholder focus groups ensures thorough research.

## ➤ Benchmarking for Context

Benchmarking against other professions and jurisdictions provides valuable insights and comparative context.

## ➤ Rigorous, Data-Driven Approach

Ensuring research is empirical and objective leads to actionable findings for a future-ready CPE framework.



# Stakeholders Engaged

## ➤ Internal Stakeholders

Engaging licensed CPAs, state boards, CPA societies, and CPA firms ensures representation across practice areas and firm sizes.

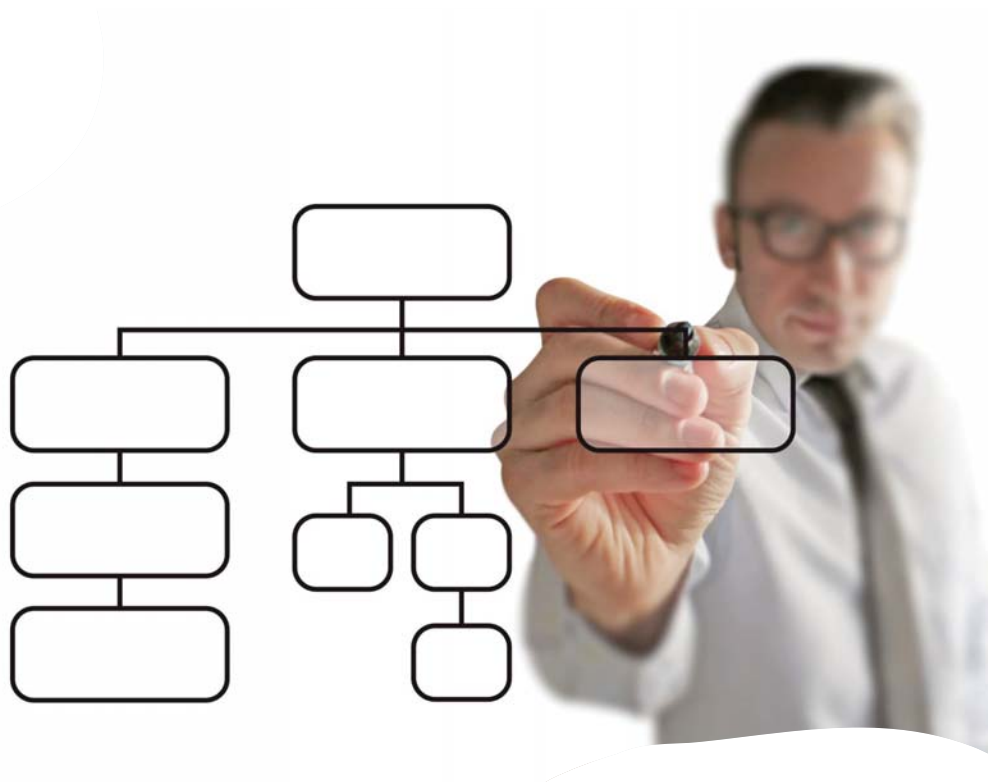
## ➤ External Stakeholders

Involving academia, consumers, business owners, investors, policymakers, and regulators broadens perspectives to reflect varied interests.

## ➤ Engagement Methods

Implementing surveys, focus groups, and ongoing communication to gather feedback and build consensus for the future CPE framework.

# RFP Status



## ➤ RFP Issuance and Deadlines

The RFP was issued on February 20, 2026, with proposals received by March 6, 2026.

## ➤ Vendor Selection Process

Vendor selection is targeted for March 31, 2026, ensuring timely progression of the project.

## ➤ Research and Recommendations

The selected vendor will conduct research, analyze data, and provide recommendations to the task force.

## ➤ Commitment to Transparency

The RFP process emphasizes transparency, rigor, and stakeholder engagement throughout the project.

# Expected Deliverables and Outcomes



# Expected Deliverables

## ➤ Environmental Scan and Research

Deliver comprehensive environmental scan and research summary to inform CPE modernization decisions.

## ➤ Capability and Knowledge Framework

Define a capability and knowledge framework tailored specifically for CPAs' continuing professional education.

## ➤ CPE Model Recommendations

Recommend a future-state CPE model with options, trade-offs, and short-term improvement suggestions.

## ➤ Messaging and Stakeholder Communication

Develop clear messaging to explain benefits of changes to CPAs, regulators, legislators, and public.

# What Boards and Societies Should Expect

## ➤ Evidence-Based Recommendations

Focus on evidence-based recommendations, ensuring all changes are data-driven and practical.

## ➤ State Board and State Society Collaboration

Involvement of the state boards of accountancy and state CPA societies through the data collection and feedback on the future framework

## ➤ Focus on Public Protection

Prioritization of public protection and that a framework recommendation is practical and feasible.

## ➤ Modernization over Deregulation

Modernization of CPE requirements, maintaining the Board of Accountancy public protection role, rather than deregulating.

## ➤ Ongoing Communication

Communication consistently to address concerns and gathering feedback throughout the process for transparency.



# CPE Taskforce Timeline

PHASE	KEY ACTIVITIES	TIMELINE
<b>Project Planning</b>	Charter, Desk research, environmental scan, issue RFPs, onboard consultant	2026 Q1
<b>Data Collection</b>	Launch study, surveys, focus groups, Touch points at AICPA ENGAGE and NASBA Regional Meetings	2026 Q2
<b>Framework Development</b>	Review findings, framework dev, develop recommendations, touchpoint at AICPA/NASBA Summit	2026 Q3
<b>Standard Development</b>	Draft model language and implementation guidance, NASBA/AICPA Board Vote to expose, public comment period	2026 Q4
<b>Post-Task Force Implementation</b>	Publish UAA 10th Edition, education/awareness campaign, promote uniform adoption	2027

## Examination Committee Report

### ITEM 1

#### Report on examination extension requests since the last board meeting:

There were 8 examination extension requests from Jan to Mar 2026 where a final decision was made. This number excludes requests that were made but lacked the required supporting documentation. The review of the cases is noted below.

**Approvals:** Extension requests approved: None

Reason	# of Requests	# of Committee Reviews
Totals		

**Disapprovals:** Extension requests that were not approved:

Reason	# of Requests	# of Committee Reviews
Death of family member	1	
Request retroactive reinstatement	4	
Out of state Credit Relief extension	1	
Score Appeal and Extension (from 2004)	1	
No Basis	1	
Totals	8	

### ITEM 2

Board of Regents denial of examination candidate from May 2022, reported to the board at our July 2022 board meeting ([public document](#)). The applicant has now transferred her exam scores to another state. The other state requested that NASBA mark the exam as “Passed” in the test system, even though the candidate was a NY jurisdiction candidate. The applicant contacted the AICPA’s Director of Examinations.

The AICPA Director of Examinations contacted the NY board and the other jurisdiction inquiring about the candidate. The NY board was unable to provide details as the Board office did not have

a third party authorization on file. However, the Board office was able to provide the public document noted above.

Under the NY jurisdiction, the examination status shows “No Credit” as the sections have expired. Due to the long look back period of >7 years with the COVID extension granted by other states. The original jurisdiction (NY) does not deem the scores as passed. However, the other state where the exam candidate did not sit requested NASBA to modify the examination system. As that other state did the look back. This is an area of concern.

NASBA has indicated that the applicant would need to apply as an exam candidate in the other jurisdiction and the scores would be transferred to them. In the test system, it is unknown how the exams would be displayed as our jurisdiction would have them as expired. Some of the concerns may be circumvention of jurisdictional rules; ambiguity in official records of the test system; expired exam sections can be revived at any time through jurisdictional changes; and creates an environment of license shopping.

**INSTRUCTIONS:**

The CPA Examination Review Board (ERB) requests your participation in the following annual survey by close of business on **Friday, April 17, 2026**. Your responses support the ERB with planning the annual review of the reliability of the Uniform CPA Examination and International Qualifications Examination on behalf of the Boards of Accountancy in support of their reliance on the Uniform CPA Exam for licensing certified public accountants. Thanks in advance for your participation and valuable input.

**Question Title****1. Please provide the following:**

Name:

State Board Role/Title:

State/Board: -- select state --

**\* 2. Are you aware of any candidate denied testing accommodation since October 1, 2025?****Yes**

No

**3. Share your knowledge and thoughts.**

**No concerns, it was appropriate to not allow the request without proper documentation.**

**\* 4. Are you aware of CPA Exam related security incidents\* in your state or another state since October 1, 2025. \*The term 'security incidents' is associated with candidate cheating or content sharing, test center security infractions, or breach of candidate PII from a state board database.**

Yes

**No****5. Share your knowledge and thoughts.****None.**

**\* 6. Are you aware of any issues specific to CPA Exam development, scoring, administration, or security occurring since October 1, 2025?**

**Yes**

No

**7. Share your knowledge and thoughts.**

**At each board meeting, the NY Board monitor the pass rates. The Board continues to be concerned with the very low pass rates of FAR and BAR. There needs to be a real independent review on this matter. If the AICPA continues to set this very low pass rate, the**

**board notes the following concerns: it may be perceived as a barrier to entry; serious structural integrity issues; is the exam testing beyond the supposed competency level; are the simulations too complex; academic alignment is incompatible, etc. Opposite concerns with the TCP section, the Board expresses concern that exam candidates are flocking to it as the pass rate continues to be much higher than BAR and ISC. However, the Board is concerned that the candidates may not be taking it not for their area of practice but rather for the ease of passing a discipline.**

**\* 8. Do you have any concerns regarding the delivery of the CPA Examination at a domestic or international Prometric test center?**

Yes

**No**

**9. Share your knowledge and thoughts.**

**10. Share any other issues, concerns or positive feedback related to the CPA Exam that you may have.**

**We highly encourage that the discipline sections move to continuous testing.**

**\* 11. Has your board performed a Prometric site visit since October 1, 2025?**

Yes

**No**

**12. If Yes, please list the site number(s) and date(s) of each visit below. (list dates as DD/MM/YY)**

**Not applicable**

**13. Are you interested in participating in ERB selected Prometric site visits during the current review period?**

**Yes**

No

**14. If Yes, please provide contact information for outreach and scheduling.  
Board member Denise Stefano**

**15. If you would like to discuss issues or concerns related to the CPA Exam with a member of the CPA Exam Review Board, please provide your contact information below.**

**Not applicable.**



## Overall Statistics by Jurisdiction

Year-Quarter: 2025-Q4

Summary of Examination data for each Jurisdiction with 15\* or more candidates.

Jurisdiction	Total Candidates	Total Exam Sections	Sections FT	Sections RE	Average Pass Rate	Average Score	Average Age
Alabama	469	573	393	180	57.4%	72.9	25.8
Alaska	1,234	1,473	954	519	53.0%	72.2	31.9
Arizona	459	587	356	231	50.6%	70.9	29.7
Arkansas	317	408	271	137	56.6%	72.8	26.2
California	4,965	6,084	3,691	2,393	50.8%	71.0	29.7
Colorado	536	668	428	240	53.1%	72.7	28.8
Connecticut	501	610	335	275	45.7%	69.5	27.6
Delaware	89	101	55	46	38.6%	66.5	34.2
District of Columbia	95	114	72	42	59.6%	72.4	27.6
Florida	1,594	1,906	1,256	650	54.2%	71.9	29.1
Georgia	1,090	1,325	829	496	50.6%	70.5	28.7
Guam	1,802	2,122	1,384	738	53.4%	71.5	29.0
Hawaii	127	172	102	70	50.6%	72.0	29.1
Idaho	182	238	155	83	56.7%	72.7	30.0
Illinois	1,887	2,360	1,423	937	52.8%	71.2	27.2
Indiana	631	805	464	341	47.3%	70.6	27.6
Iowa	296	363	225	138	58.4%	73.9	25.6
Kansas	91	111	75	36	64.0%	75.4	27.5
Kentucky	270	322	199	123	51.2%	70.0	28.4
Louisiana	311	366	226	140	49.7%	70.5	28.7
Maine	382	480	285	195	52.5%	71.7	34.0



<b>Jurisdiction</b>	<b>Total Candidates</b>	<b>Total Exam Sections</b>	<b>Sections FT</b>	<b>Sections RE</b>	<b>Average Pass Rate</b>	<b>Average Score</b>	<b>Average Age</b>
Maryland	469	558	315	243	42.1%	67.7	29.5
Massachusetts	1,193	1,449	898	551	56.4%	73.3	26.4
Michigan	945	1,174	698	476	49.1%	70.7	27.6
Minnesota	616	774	467	307	55.6%	72.6	26.2
Mississippi	197	228	123	105	47.4%	70.9	27.6
Missouri	654	798	469	329	48.1%	70.8	26.5
Montana	673	848	583	265	56.6%	73.2	29.0
Nebraska	187	234	158	76	61.1%	74.0	25.6
Nevada	226	283	150	133	45.2%	69.0	30.2
New Hampshire	200	240	111	129	44.2%	69.9	34.1
New Jersey	1,054	1,319	696	623	46.6%	69.4	28.3
New Mexico	84	109	54	55	39.4%	69.3	33.2
New York	3,868	4,720	2,729	1,991	51.5%	71.3	27.8
North Carolina	950	1,170	766	404	54.4%	71.7	27.4
North Dakota	263	314	209	105	46.2%	69.9	28.2
Ohio	1,193	1,490	891	599	51.3%	71.0	27.0
Oklahoma	303	367	224	143	49.6%	71.0	28.5
Oregon	367	455	304	151	58.0%	73.8	29.7
Pennsylvania	1,556	1,840	1,157	683	48.9%	70.2	27.4
Puerto Rico	304	345	182	163	38.6%	66.2	28.3
Rhode Island	88	113	58	55	49.6%	70.8	28.9
South Carolina	253	313	188	125	47.9%	71.0	28.7
South Dakota	66	77	55	22	55.8%	71.0	27.0



<b>Jurisdiction</b>	<b>Total Candidates</b>	<b>Total Exam Sections</b>	<b>Sections FT</b>	<b>Sections RE</b>	<b>Average Pass Rate</b>	<b>Average Score</b>	<b>Average Age</b>
Tennessee	721	878	577	301	57.7%	73.3	27.6
Texas	2,914	3,583	2,090	1,493	49.0%	70.4	29.6
Utah	514	638	418	220	61.6%	74.8	29.3
Vermont	93	117	71	46	57.3%	72.6	28.7
Virginia	1,107	1,375	778	597	49.7%	71.1	29.7
Washington	1,956	2,346	1,605	741	55.7%	73.0	31.2
West Virginia	86	105	66	39	45.7%	68.9	27.9
Wisconsin	425	515	344	171	54.6%	72.5	25.9
Wyoming	33	41	28	13	48.8%	68.4	28.4

*\*30 or more candidates is the cutoff for the annual performance report.*

## Quarterly CPA Examination Report: Overall Performance - All

Jurisdiction: Overall

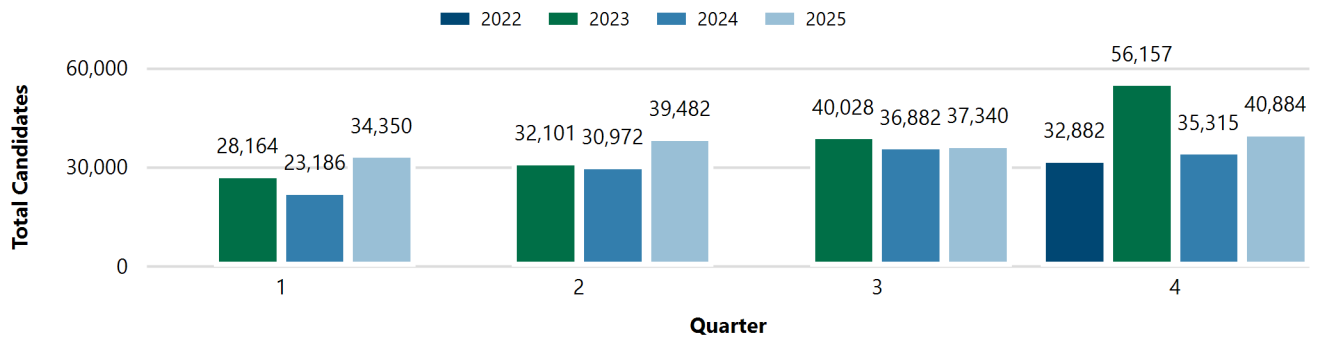
	Exam Type			Exam Section					
	Overall	FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	40,884	27,542	16,143	12,078	15,612	9,905	1,536	2,833	4,678
Sections	50,004	30,640	19,364	13,403	17,020	10,534	1,536	2,833	4,678
% Pass	51.7%	59.5%	39.4%	48.8%	40.2%	60.7%	39.7%	66.7%	76.7%
Average Score	71.3	73.0	68.7	71.8	65.8	74.4	69.0	78.2	80.3
Average Age	28.7	27.7	30.2	28.8	28.6	28.6	31.4	27.3	28.6

	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2025	2024	2023	2022	<22	22-23	24-25	26-27	28-29	30+
Candidates	17,961	20,238	2,685	29,369	5,554	5,963	10,103	2,944	2,153	562	851	10,790	7,721	4,984	3,635	13,172
Sections	21,733	24,935	3,336	35,978	6,902	7,124	11,640	3,493	2,584	702	1,060	13,274	9,214	6,055	4,407	15,935
% Pass	48.5%	54.0%	55.9%	50.6%	55.3%	54.1%	46.6%	56.2%	45.0%	39.3%	67.7%	59.9%	50.2%	49.2%	49.7%	46.2%
Average Score	70.1	72.3	72.7	70.9	72.8	72.2	67.3	73.2	69.8	68.0	76.1	73.8	70.6	70.6	70.8	69.8
Average Age	29.1	28.4	27.8	28.3	28.3	30.9	27.0	28.1	29.8	30.2	20.9	22.5	24.4	26.5	28.5	37.7

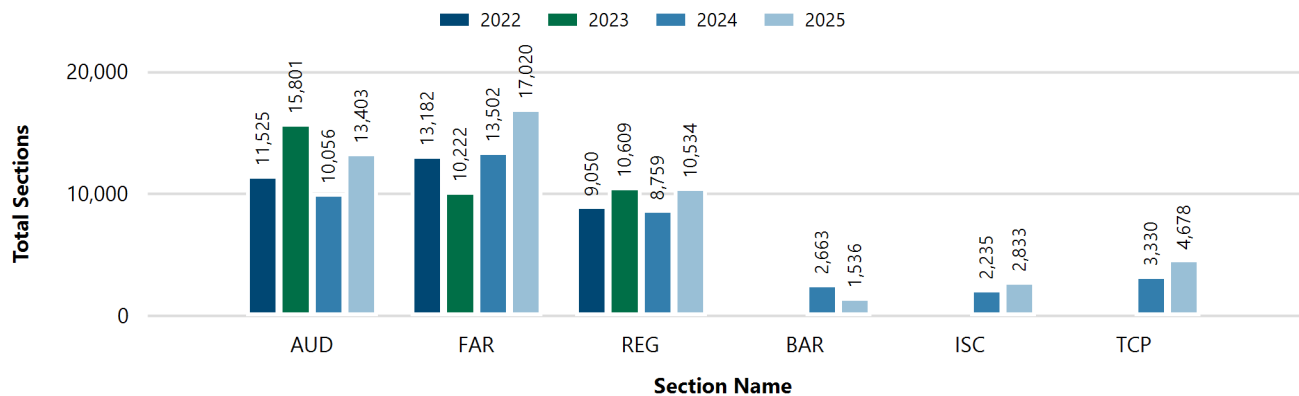
### Total Candidates by Quarter

Number of unique candidates per quarter who have taken at least one section of the Examination.



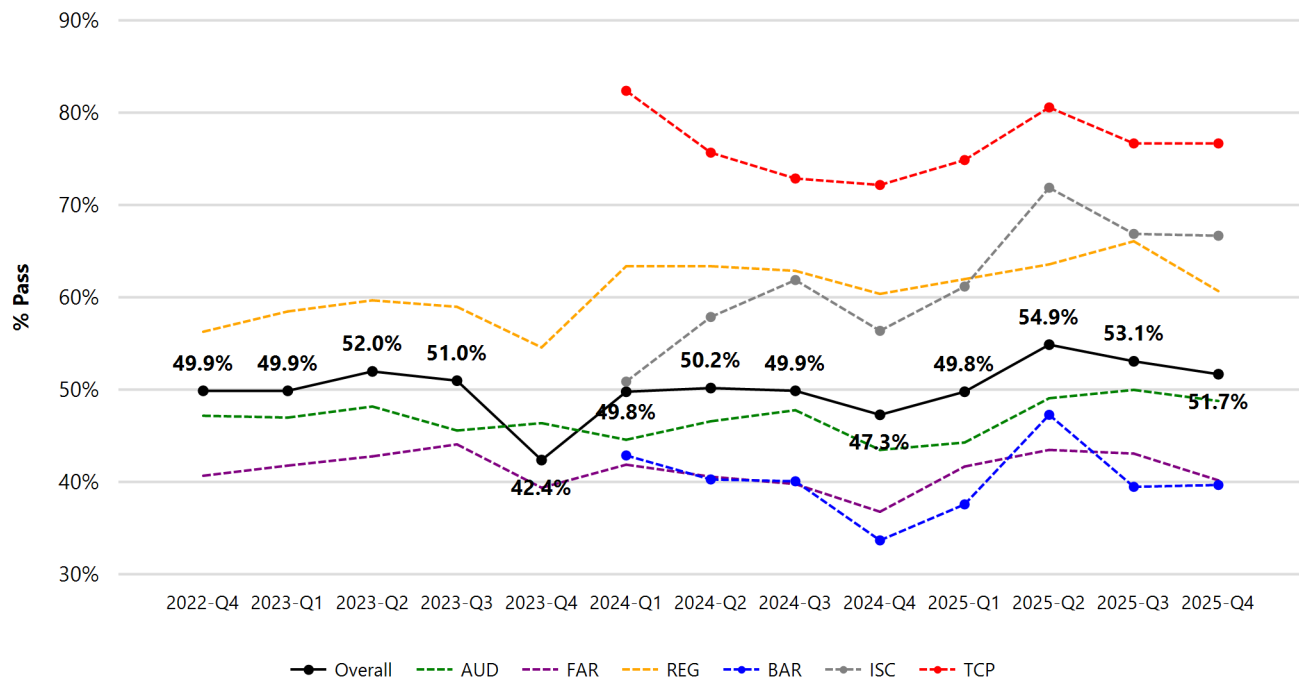
### Total Sections by Section Type\*

The total of Examination sections for which candidates received scores in the current quarter and the same quarter over the past 4 years.



### % Pass

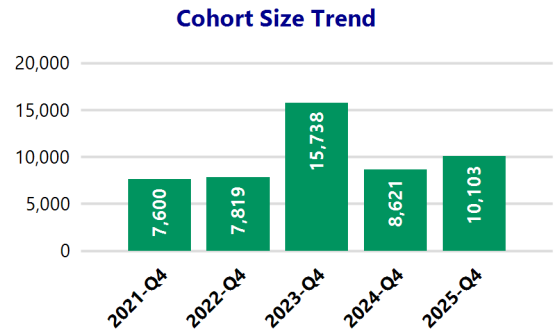
The percentage of sections that were passed in each quarter for the past three years. AUD, FAR and REG after 2023 represent the new core sections.



Year-Quarter	Overall Pass Rate	AUD	FAR	REG	BAR	ISC	TCP
2025-Q4	51.7%	48.8%	40.2%	60.7%	39.7%	66.7%	76.7%
2025-Q3	53.1%	50.0%	43.1%	66.1%	39.5%	66.9%	76.7%
2025-Q2	54.9%	49.1%	43.5%	63.6%	47.3%	71.9%	80.6%
2025-Q1	49.8%	44.3%	41.7%	62.0%	37.6%	61.2%	74.9%
2024-Q4	47.3%	43.5%	36.8%	60.4%	33.7%	56.4%	72.2%
2024-Q3	49.9%	47.8%	39.8%	62.9%	40.1%	61.9%	72.9%
2024-Q2	50.2%	46.6%	40.6%	63.4%	40.3%	57.9%	75.7%
2024-Q1	49.8%	44.6%	41.9%	63.4%	42.9%	50.9%	82.4%
2023-Q4	42.4%	46.4%	39.4%	54.6%	-	-	-
2023-Q3	51.0%	45.6%	44.1%	59.0%	-	-	-
2023-Q2	52.0%	48.2%	42.8%	59.7%	-	-	-
2023-Q1	49.9%	47.0%	41.8%	58.5%	-	-	-
2022-Q4	49.9%	47.2%	40.7%	56.3%	-	-	-

## Quarterly CPA Examination Report: Overall Performance - First Time Jurisdiction: Overall

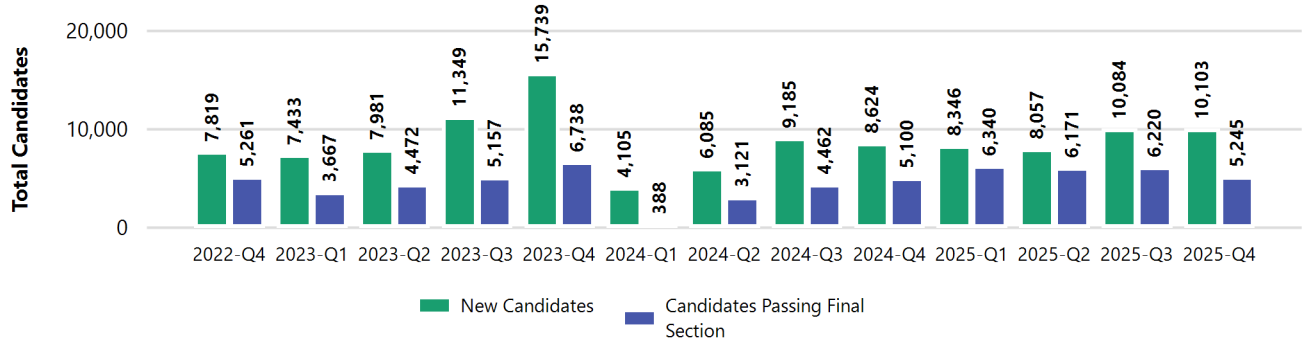
	Overall	Exam Type		Exam Section					
		FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	-	27,542	-	7,197	8,915	7,094	977	2,302	4,155
Sections	-	30,640	-	7,197	8,915	7,094	977	2,302	4,155
% Pass	-	59.5%	-	55.6%	43.9%	68.5%	45.9%	73.0%	80.1%
Average Score	-	73.0	-	72.7	65.5	76.4	69.6	79.6	81.3
Average Age	-	27.7	-	27.4	27.5	27.7	30.6	26.8	28.3



	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2025	2024	2023	2022	<22	22-23	24-25	26-27	28-29	30+
Candidates	11,675	13,988	1,879	19,629	3,750	4,163	10,103	2,944	2,153	562	793	8,902	4,918	3,128	2,284	7,613
Sections	12,856	15,632	2,152	21,791	4,213	4,636	11,640	3,493	2,584	702	935	10,121	5,332	3,416	2,502	8,288
% Pass	55.6%	62.1%	63.6%	58.4%	64.1%	60.6%	46.6%	56.2%	45.0%	39.3%	69.6%	64.8%	56.9%	56.6%	57.1%	55.4%
Average Score	71.5	74.1	74.4	72.6	74.9	73.6	67.3	73.2	69.8	68.0	76.8	74.9	72.0	72.2	72.1	71.6
Average Age	28.0	27.5	27.0	27.3	27.0	30.0	27.0	28.1	29.8	30.2	20.9	22.5	24.4	26.5	28.5	37.2

### New Candidates vs. Candidates Passing Final Section

The number of new unique candidates taking their very first Examination section versus the total number of unique candidates who passed their fourth and final section in a quarter.



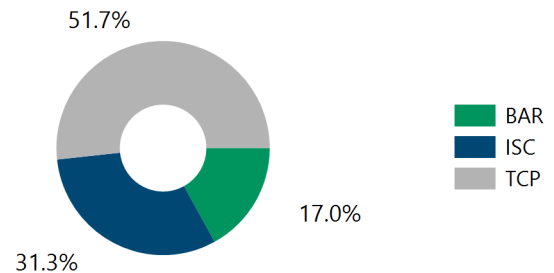
### Degree Type

Highest degree listed for a candidate

	Candidates	% Total
Bachelor's Degree	24,691	60.4%
Advanced Degree	6,565	16.1%
Enrolled/Other	9,628	23.5%

### Disciplines

Breakdown of what percentage of candidates are taking which disciplines



**Notes**

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
4. A cohort is the year in which a candidate enters the CPA Exam pipeline. The candidate's cohort is determined by the very first section attempt on the CPA Examination.
5. The CPA Exam introduced a new Exam on January 1, 2024. AUD, FAR, and REG after 2023 represent the new core sections.

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Year-Quarter: 2025-Q4

Quarterly CPA Examination Report: Overall Performance - All

Jurisdiction: New York

	Exam Type			Exam Section					
	Overall	FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	3,868	2,512	1,652	1,128	1,446	903	145	293	431
Sections	4,720	2,729	1,991	1,274	1,602	975	145	293	431
% Pass	51.5%	60.2%	39.5%	50.2%	40.1%	59.9%	37.2%	65.9%	73.5%
Average Score	71.3	73.2	68.6	71.9	65.9	74.1	69.9	77.7	79.2
Average Age	27.8	26.7	29.4	28.2	27.3	28.0	30.8	26.9	28.0

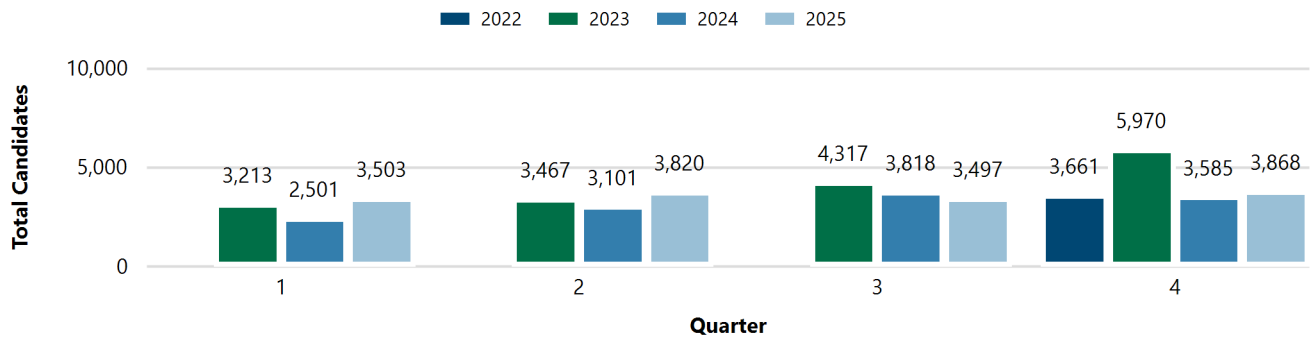
Jurisdiction Ranking

<b>25</b> Overall Pass Rate	<b>24</b> Overall Avg. Score
<b>25</b> Core Pass Rate	<b>36</b> Discipline Pass Rate

	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2025	2024	2023	2022	<22	22-23	24-25	26-27	28-29	30+
Candidates	1,679	1,990	199	2,441	956	471	858	277	194	52	86	1,179	723	437	344	1,119
Sections	2,044	2,438	238	2,977	1,189	554	973	326	244	69	102	1,437	882	523	425	1,341
% Pass	48.8%	53.3%	56.3%	50.0%	54.6%	52.7%	47.5%	57.4%	40.6%	34.8%	63.7%	60.8%	44.1%	48.4%	50.1%	47.1%
Average Score	70.1	72.1	72.9	70.5	72.7	72.6	67.0	73.3	69.1	67.3	73.6	73.7	69.3	70.4	71.2	70.2
Average Age	28.2	27.7	26.5	27.6	26.7	31.5	25.7	27.5	28.5	29.1	21.0	22.5	24.4	26.4	28.5	36.9

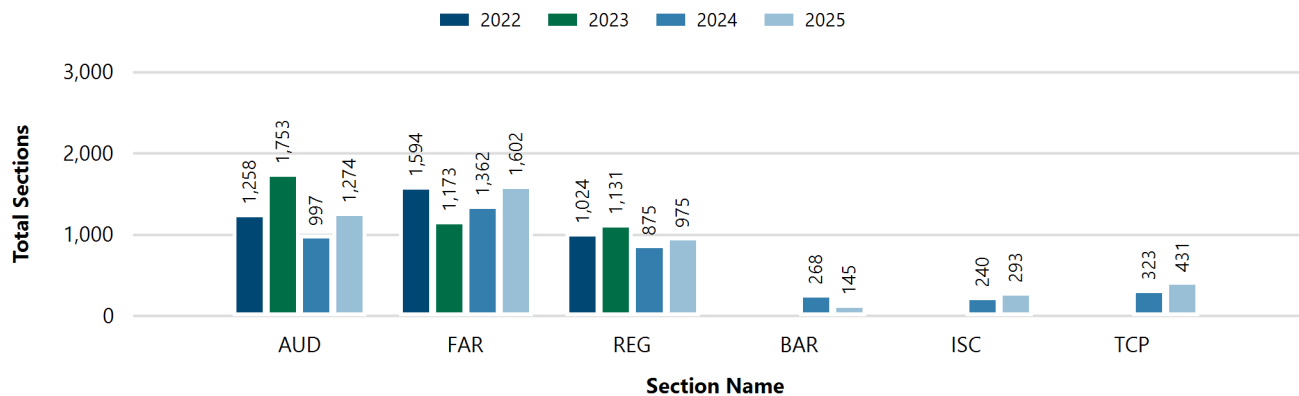
Total Candidates by Quarter

Number of unique candidates per quarter who have taken at least one section of the Examination.



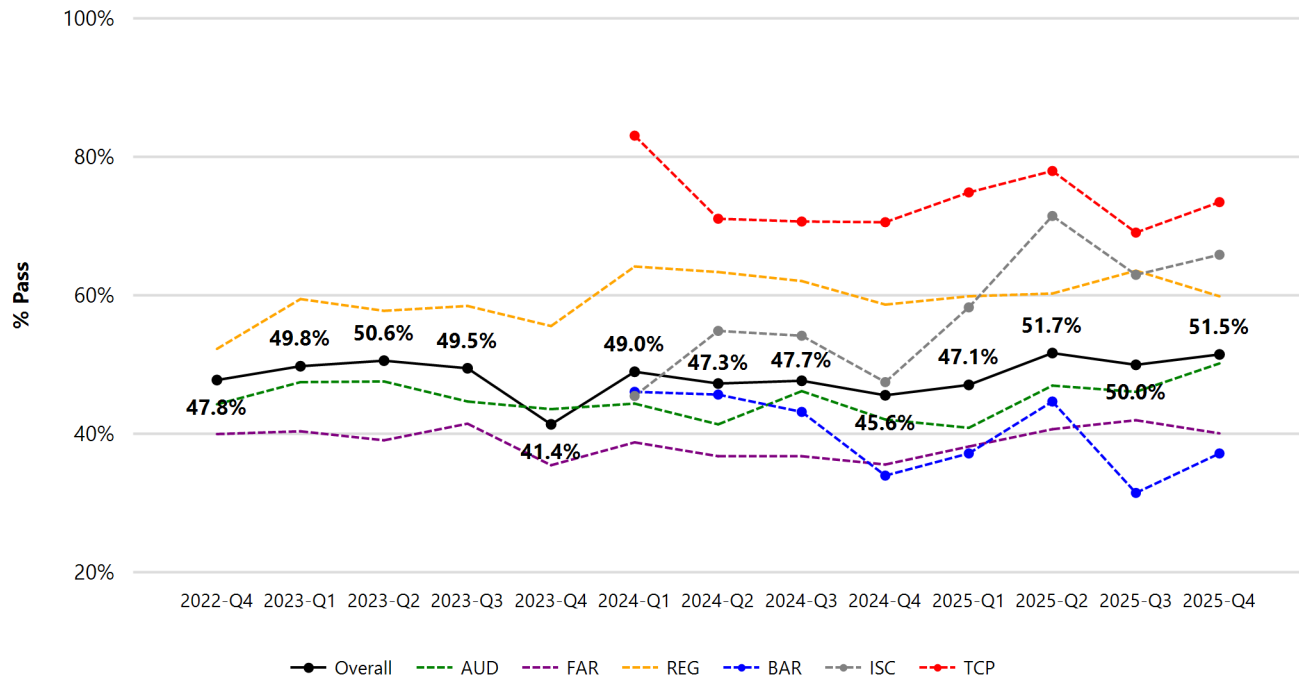
Total Sections by Section Type\*

The total of Examination sections for which candidates received scores in the current quarter and the same quarter over the past 4 years.



### % Pass

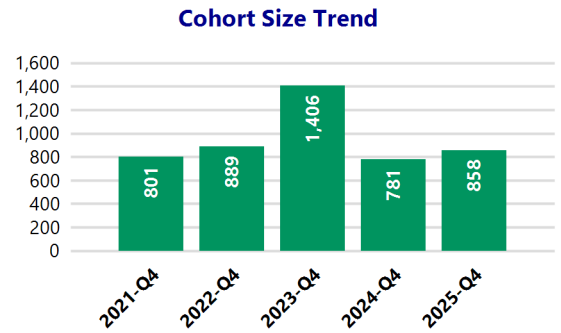
The percentage of sections that were passed in each quarter for the past three years. AUD, FAR and REG after 2023 represent the new core sections.



Year-Quarter	Overall Pass Rate	AUD	FAR	REG	BAR	ISC	TCP
2025-Q4	51.5%	50.2%	40.1%	59.9%	37.2%	65.9%	73.5%
2025-Q3	50.0%	46.1%	42.0%	63.6%	31.5%	63.0%	69.1%
2025-Q2	51.7%	47.0%	40.7%	60.3%	44.7%	71.5%	78.0%
2025-Q1	47.1%	40.9%	38.2%	59.9%	37.2%	58.3%	74.9%
2024-Q4	45.6%	42.1%	35.6%	58.7%	34.0%	47.5%	70.6%
2024-Q3	47.7%	46.2%	36.8%	62.1%	43.2%	54.2%	70.7%
2024-Q2	47.3%	41.4%	36.8%	63.4%	45.7%	54.9%	71.1%
2024-Q1	49.0%	44.4%	38.8%	64.2%	46.1%	45.5%	83.1%
2023-Q4	41.4%	43.6%	35.5%	55.6%	-	-	-
2023-Q3	49.5%	44.7%	41.5%	58.5%	-	-	-
2023-Q2	50.6%	47.6%	39.1%	57.8%	-	-	-
2023-Q1	49.8%	47.5%	40.4%	59.5%	-	-	-
2022-Q4	47.8%	44.3%	40.0%	52.3%	-	-	-

## Quarterly CPA Examination Report: Overall Performance - First Time Jurisdiction: New York

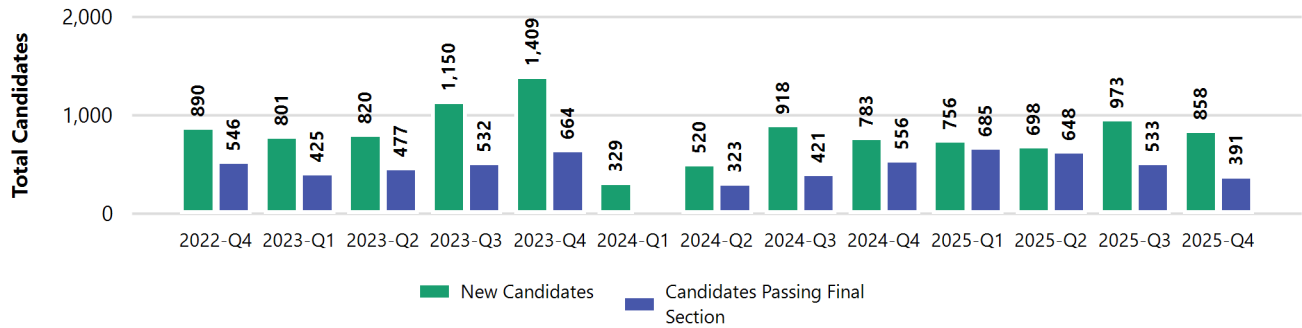
	Exam Type			Exam Section					
	Overall	FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	-	2,512	-	626	780	625	83	238	377
Sections	-	2,729	-	626	780	625	83	238	377
% Pass	-	60.2%	-	58.5%	45.4%	67.4%	45.8%	72.3%	77.5%
Average Score	-	73.2	-	73.2	65.8	76.3	70.9	79.4	80.3
Average Age	-	26.7	-	26.8	26.0	26.7	30.3	26.3	27.7



	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2025	2024	2023	2022	<22	22-23	24-25	26-27	28-29	30+
Candidates	1,043	1,322	147	1,573	652	287	858	277	194	52	78	964	434	257	198	590
Sections	1,132	1,440	157	1,703	715	311	973	326	244	69	85	1,065	455	278	214	627
% Pass	58.0%	61.6%	63.1%	58.2%	65.0%	60.1%	47.5%	57.4%	40.6%	34.8%	68.2%	66.8%	53.0%	57.6%	56.5%	55.5%
Average Score	72.1	73.9	74.9	72.2	75.3	74.1	67.0	73.3	69.1	67.3	74.5	75.2	70.6	72.3	72.9	72.1
Average Age	27.0	26.6	25.7	26.5	25.4	30.9	25.7	27.5	28.5	29.1	21.0	22.5	24.4	26.4	28.5	36.1

### New Candidates vs. Candidates Passing Final Section

The number of new unique candidates taking their very first Examination section versus the total number of unique candidates who passed their fourth and final section in a quarter.



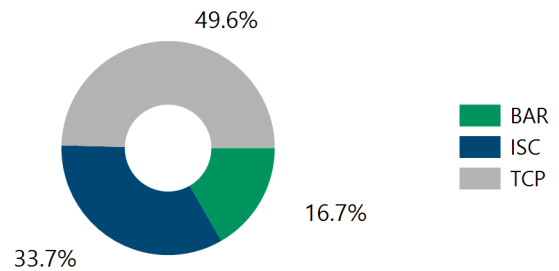
### Degree Type

Highest degree listed for a candidate

	Candidates	% Total
Bachelor's Degree	2,315	59.9%
Advanced Degree	571	14.8%
Enrolled/Other	982	25.4%

### Disciplines

Breakdown of what percentage of candidates are taking which disciplines



**Notes**

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
4. A cohort is the year in which a candidate enters the CPA Exam pipeline. The candidate's cohort is determined by the very first section attempt on the CPA Examination.
5. The CPA Exam introduced a new Exam on January 1, 2024. AUD, FAR, and REG after 2023 represent the new core sections.

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Quarterly CPA Examination Report: Overall Performance - All

Jurisdiction: Overall

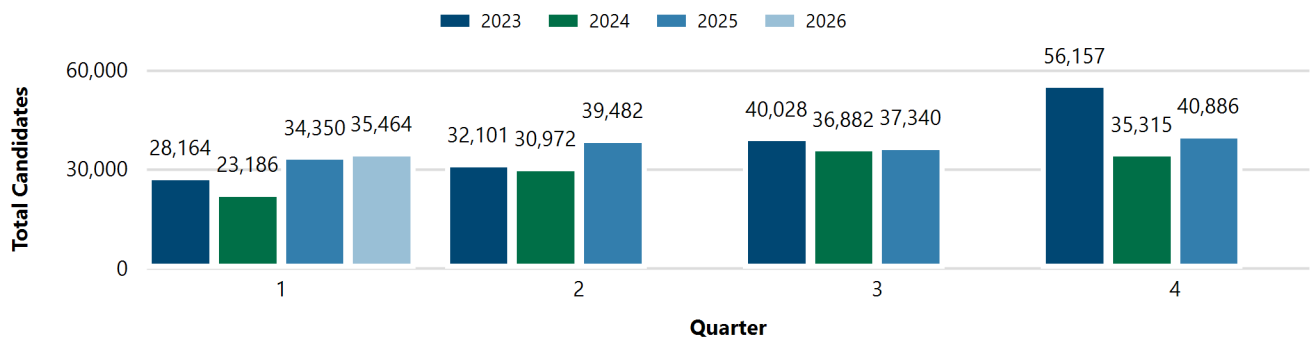
	Exam Type			Exam Section					
	Overall	FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	35,464	24,087	13,186	9,931	13,222	8,460	1,034	2,370	4,475
Sections	41,737	26,479	15,258	10,848	14,165	8,845	1,034	2,370	4,475
% Pass	54.6%	63.0%	40.0%	47.8%	43.5%	66.6%	41.3%	66.8%	79.3%
Average Score	72.2	74.2	68.8	71.5	66.9	75.7	70.9	78.1	81.1
Average Age	28.6	27.5	30.5	29.0	28.4	28.5	31.9	27.1	28.5

	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2026	2025	2024	2023	<22	22-23	24-25	26-27	28-29	30+
Candidates	15,455	17,570	2,439	25,154	4,953	5,358	9,394	2,029	468	393	1,120	9,846	5,824	4,247	3,019	11,536
Sections	18,148	20,659	2,930	29,621	5,922	6,194	10,963	2,291	532	480	1,360	11,854	6,578	4,911	3,560	13,426
% Pass	50.9%	57.3%	59.0%	53.5%	58.9%	55.9%	52.7%	59.2%	51.5%	41.3%	71.5%	65.2%	52.2%	49.8%	49.7%	47.8%
Average Score	70.9	73.2	73.7	71.7	74.0	72.7	69.6	74.3	72.2	69.1	77.4	75.4	71.1	70.9	70.9	70.2
Average Age	28.9	28.4	27.8	28.3	27.9	30.7	26.5	28.2	29.8	29.9	20.9	22.5	24.4	26.5	28.5	37.7

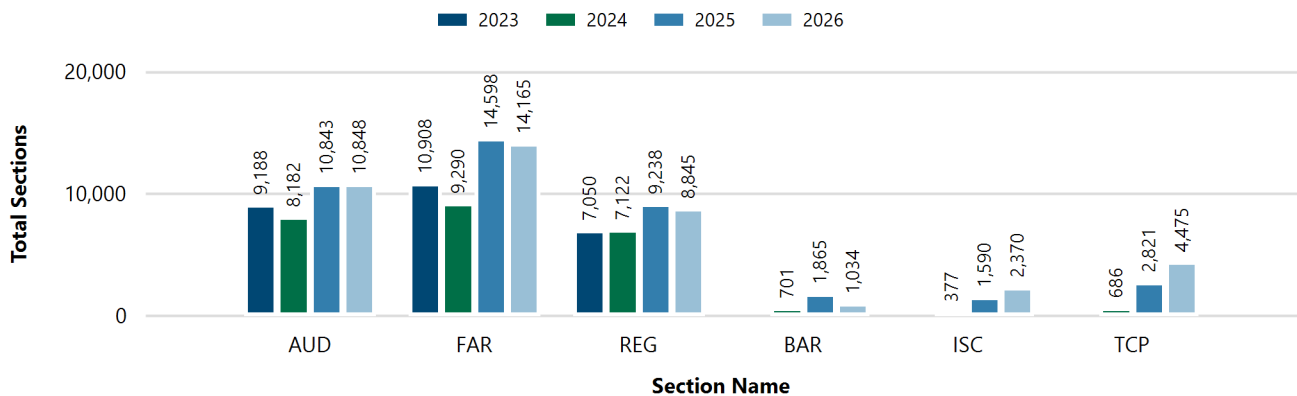
Total Candidates by Quarter

Number of unique candidates per quarter who have taken at least one section of the Examination.



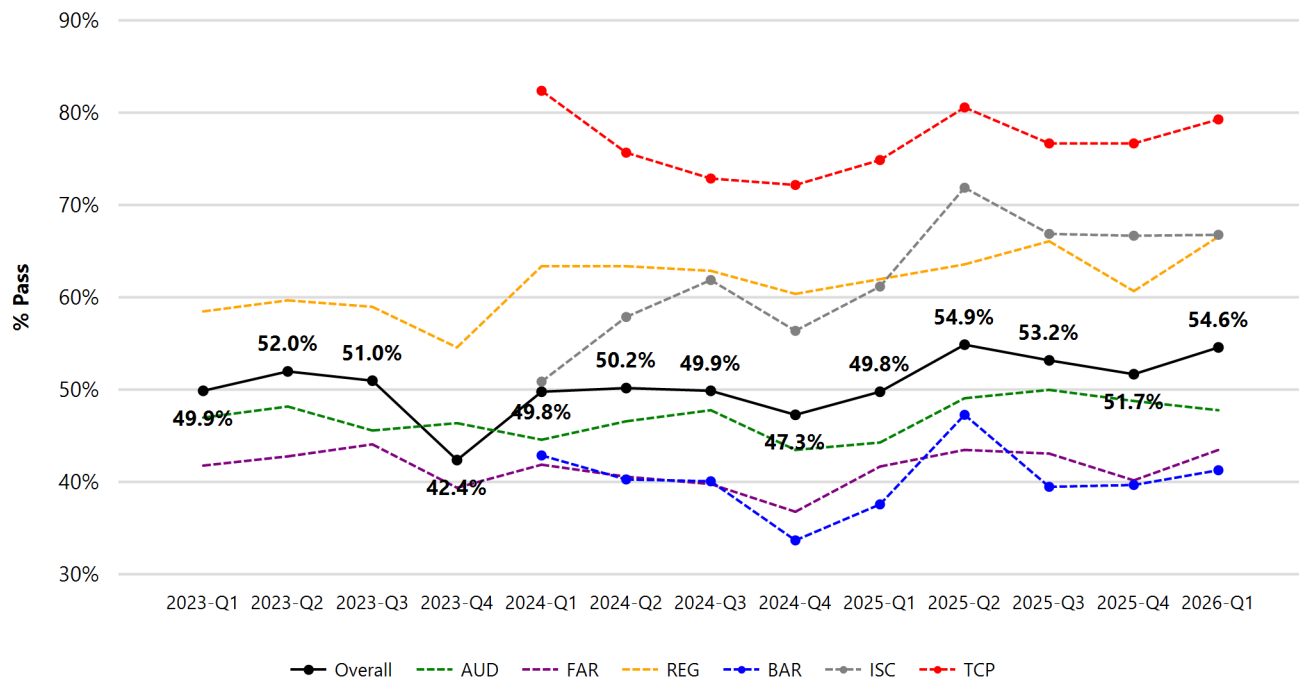
Total Sections by Section Type\*

The total of Examination sections for which candidates received scores in the current quarter and the same quarter over the past 4 years.



### % Pass

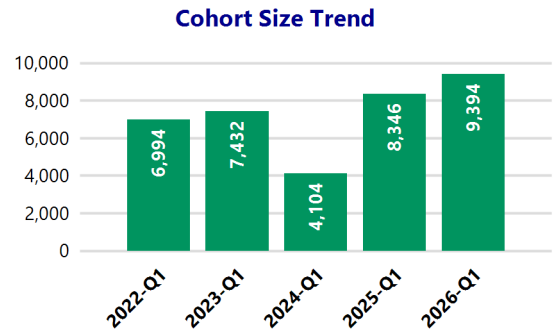
The percentage of sections that were passed in each quarter for the past three years. AUD, FAR and REG after 2023 represent the new core sections.



Year-Quarter	Overall Pass Rate	AUD	FAR	REG	BAR	ISC	TCP
2026-Q1	54.6%	47.8%	43.5%	66.6%	41.3%	66.8%	79.3%
2025-Q4	51.7%	48.8%	40.2%	60.7%	39.7%	66.7%	76.7%
2025-Q3	53.2%	50.0%	43.1%	66.1%	39.5%	66.9%	76.7%
2025-Q2	54.9%	49.1%	43.5%	63.6%	47.3%	71.9%	80.6%
2025-Q1	49.8%	44.3%	41.7%	62.0%	37.6%	61.2%	74.9%
2024-Q4	47.3%	43.5%	36.8%	60.4%	33.7%	56.4%	72.2%
2024-Q3	49.9%	47.8%	39.8%	62.9%	40.1%	61.9%	72.9%
2024-Q2	50.2%	46.6%	40.6%	63.4%	40.3%	57.9%	75.7%
2024-Q1	49.8%	44.6%	41.9%	63.4%	42.9%	50.9%	82.4%
2023-Q4	42.4%	46.4%	39.4%	54.6%	-	-	-
2023-Q3	51.0%	45.6%	44.1%	59.0%	-	-	-
2023-Q2	52.0%	48.2%	42.8%	59.7%	-	-	-
2023-Q1	49.9%	47.0%	41.8%	58.5%	-	-	-

## Quarterly CPA Examination Report: Overall Performance - First Time Jurisdiction: Overall

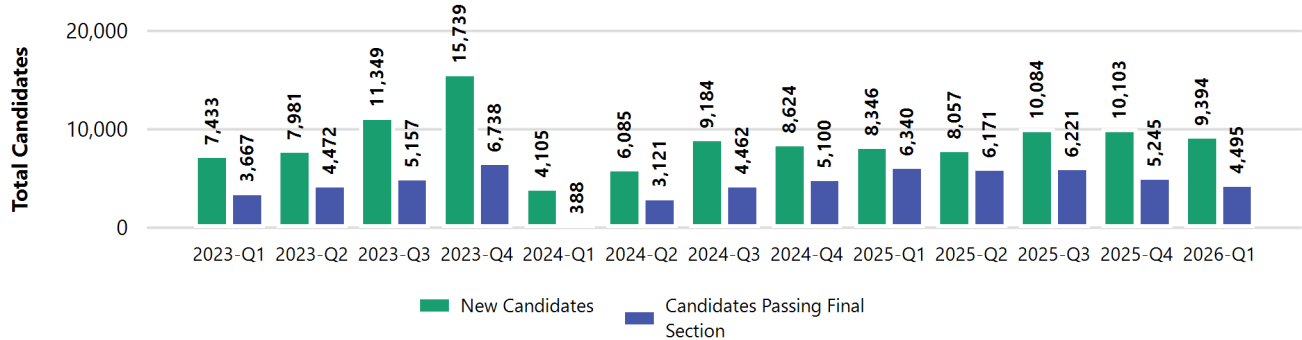
	Overall	Exam Type		Exam Section					
		FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	-	24,087	-	5,990	7,870	6,224	618	1,877	3,900
Sections	-	26,479	-	5,990	7,870	6,224	618	1,877	3,900
% Pass	-	63.0%	-	56.8%	48.8%	72.7%	45.6%	74.1%	83.2%
Average Score	-	74.2	-	73.1	67.4	77.5	71.0	79.7	82.2
Average Age	-	27.5	-	27.3	27.2	27.5	31.4	26.6	28.2



	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2026	2025	2024	2023	<22	22-23	24-25	26-27	28-29	30+
Candidates	10,154	12,158	1,775	16,931	3,428	3,728	9,394	2,029	468	393	1,040	8,285	3,786	2,583	1,800	6,632
Sections	11,128	13,349	2,002	18,572	3,841	4,066	10,963	2,291	532	480	1,214	9,469	4,017	2,735	1,925	7,086
% Pass	59.1%	65.7%	66.9%	61.8%	68.8%	63.2%	52.7%	59.2%	51.5%	41.3%	74.4%	70.1%	59.2%	57.2%	58.5%	57.3%
Average Score	72.6	75.3	75.7	73.7	76.6	74.4	69.6	74.3	72.2	69.1	78.1	76.7	72.6	72.4	72.9	72.2
Average Age	27.7	27.5	26.7	27.2	26.5	29.8	26.5	28.2	29.8	29.9	20.9	22.5	24.4	26.5	28.5	37.3

### New Candidates vs. Candidates Passing Final Section

The number of new unique candidates taking their very first Examination section versus the total number of unique candidates who passed their fourth and final section in a quarter.



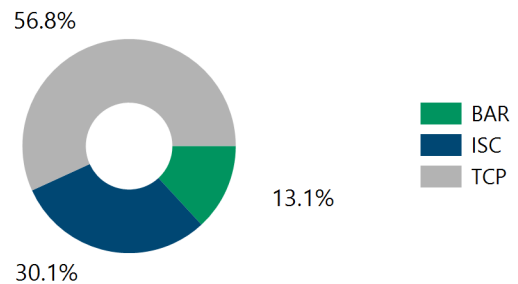
### Degree Type

Highest degree listed for a candidate

	Candidates	% Total
Bachelor's Degree	21,107	59.5%
Advanced Degree	5,368	15.1%
Enrolled/Other	8,989	25.3%

### Disciplines

Breakdown of what percentage of candidates are taking which disciplines



**Notes**

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2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
4. A cohort is the year in which a candidate enters the CPA Exam pipeline. The candidate's cohort is determined by the very first section attempt on the CPA Examination.
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## Overall Statistics by Jurisdiction

Year-Quarter: 2026-Q1

Summary of Examination data for each Jurisdiction with 15\* or more candidates.

Jurisdiction	Total Candidates	Total Exam Sections	Sections FT	Sections RE	Average Pass Rate	Average Score	Average Age
Alabama	430	559	418	141	63.3%	74.3	25.6
Alaska	1,153	1,335	863	472	56.3%	73.1	31.8
Arizona	393	472	280	192	50.8%	71.2	29.4
Arkansas	265	334	218	116	61.4%	74.6	26.0
California	4,674	5,510	3,308	2,202	50.7%	70.9	29.8
Colorado	485	562	348	214	57.7%	73.6	29.0
Connecticut	369	452	241	211	46.5%	70.5	28.3
Delaware	74	79	36	43	39.2%	67.7	34.1
District of Columbia	96	123	75	48	48.8%	70.3	26.8
Florida	1,306	1,537	986	551	56.5%	73.4	28.6
Georgia	951	1,138	747	391	54.7%	72.1	28.1
Guam	1,634	1,884	1,264	620	54.4%	72.1	28.8
Hawaii	86	114	59	55	51.8%	70.8	28.8
Idaho	132	153	86	67	47.1%	70.9	31.1
Illinois	1,612	1,875	1,281	594	57.5%	72.7	27.3
Indiana	388	424	276	148	55.2%	72.2	27.5
Iowa	288	355	279	76	66.2%	76.0	24.9
Kansas	70	75	50	25	60.0%	73.8	27.7
Kentucky	229	272	168	104	57.4%	72.6	28.0
Louisiana	260	297	167	130	43.8%	68.8	29.1
Maine	323	382	230	152	59.7%	73.3	34.2



<b>Jurisdiction</b>	<b>Total Candidates</b>	<b>Total Exam Sections</b>	<b>Sections FT</b>	<b>Sections RE</b>	<b>Average Pass Rate</b>	<b>Average Score</b>	<b>Average Age</b>
Maryland	386	442	259	183	45.5%	69.0	30.9
Massachusetts	920	1,050	683	367	60.4%	74.2	26.6
Michigan	681	788	471	317	52.9%	71.4	27.7
Minnesota	493	559	360	199	60.8%	73.8	26.2
Mississippi	176	222	134	88	59.5%	75.2	27.1
Missouri	565	688	454	234	57.3%	73.0	26.0
Montana	557	673	438	235	56.5%	73.2	28.6
Nebraska	124	140	103	37	65.7%	77.2	26.1
Nevada	196	226	128	98	48.7%	69.5	31.7
New Hampshire	166	184	75	109	41.3%	68.2	35.4
New Jersey	924	1,098	604	494	46.8%	69.8	28.5
New Mexico	80	89	43	46	47.2%	70.2	32.7
New York	3,479	4,067	2,443	1,624	53.1%	71.8	27.9
North Carolina	823	990	705	285	56.3%	72.9	27.1
North Dakota	223	256	171	85	48.4%	70.0	28.2
Ohio	947	1,088	686	402	55.8%	72.7	26.9
Oklahoma	245	296	183	113	46.6%	70.1	29.2
Oregon	261	290	199	91	58.3%	73.2	30.7
Pennsylvania	1,285	1,482	957	525	51.8%	71.1	27.2
Puerto Rico	252	282	140	142	44.7%	66.8	28.7
Rhode Island	70	80	48	32	48.8%	71.2	29.3
South Carolina	230	278	175	103	57.2%	72.7	27.1
South Dakota	61	67	52	15	62.7%	72.4	27.0



<b>Jurisdiction</b>	<b>Total Candidates</b>	<b>Total Exam Sections</b>	<b>Sections FT</b>	<b>Sections RE</b>	<b>Average Pass Rate</b>	<b>Average Score</b>	<b>Average Age</b>
Tennessee	625	745	488	257	56.5%	73.4	27.5
Texas	2,903	3,580	2,413	1,167	56.2%	72.6	28.6
Utah	444	511	347	164	60.5%	74.3	28.8
Vermont	78	94	56	38	56.4%	73.3	28.0
Virginia	979	1,170	676	494	53.4%	71.9	29.5
Washington	1,654	1,903	1,299	604	60.7%	74.1	31.8
West Virginia	60	70	44	26	50.0%	69.1	28.1
Wisconsin	332	366	249	117	61.5%	74.6	25.6
Wyoming	28	31	16	15	45.2%	67.7	27.4

*\*30 or more candidates is the cutoff for the annual performance report.*



Year-Quarter: 2026-Q1

Quarterly CPA Examination Report: Overall Performance - All

Jurisdiction: New York

	Exam Type			Exam Section					
	Overall	FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	3,479	2,265	1,395	955	1,264	773	104	264	446
Sections	4,067	2,443	1,624	1,052	1,388	813	104	264	446
% Pass	53.1%	62.1%	39.6%	48.6%	40.6%	65.7%	50.0%	62.5%	75.3%
Average Score	71.8	73.9	68.6	71.5	66.1	75.9	73.0	76.9	79.9
Average Age	27.9	26.7	29.6	28.0	27.7	27.7	32.3	26.3	28.1

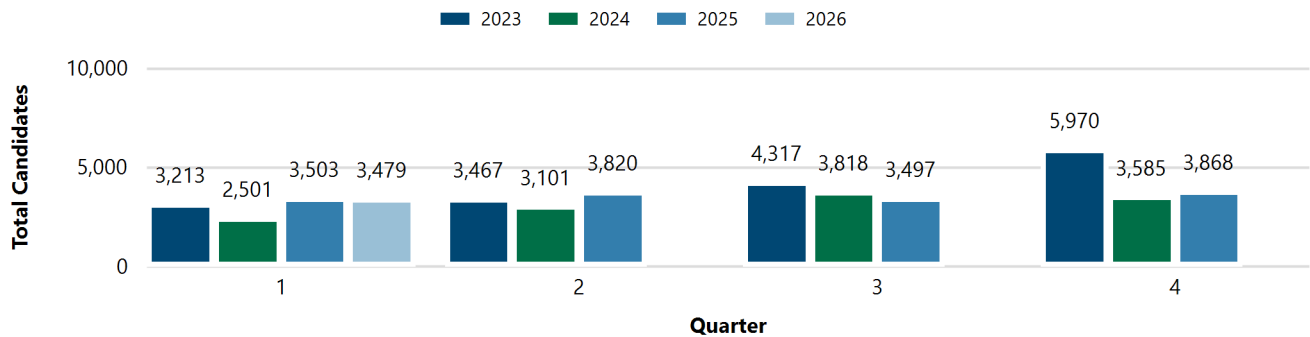
Jurisdiction Ranking

<b>32</b>	<b>32</b>
Overall Pass Rate	Overall Avg. Score
<b>32</b>	<b>34</b>
Core Pass Rate	Discipline Pass Rate

	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2026	2025	2024	2023	<22	22-23	24-25	26-27	28-29	30+
Candidates	1,479	1,797	203	2,196	858	425	787	226	45	51	124	1,055	543	448	308	1,007
Sections	1,725	2,101	241	2,539	1,039	489	904	263	50	61	150	1,232	622	516	372	1,162
% Pass	48.8%	56.0%	59.3%	52.2%	57.3%	49.3%	50.8%	57.0%	50.0%	39.3%	68.7%	62.5%	50.6%	47.9%	48.4%	46.3%
Average Score	70.3	72.9	73.1	71.2	73.2	71.8	68.8	73.9	73.4	67.4	77.3	74.2	71.0	69.4	71.0	70.2
Average Age	28.3	27.7	25.9	27.7	26.5	31.7	25.6	26.8	30.9	29.1	21.0	22.5	24.4	26.5	28.5	37.0

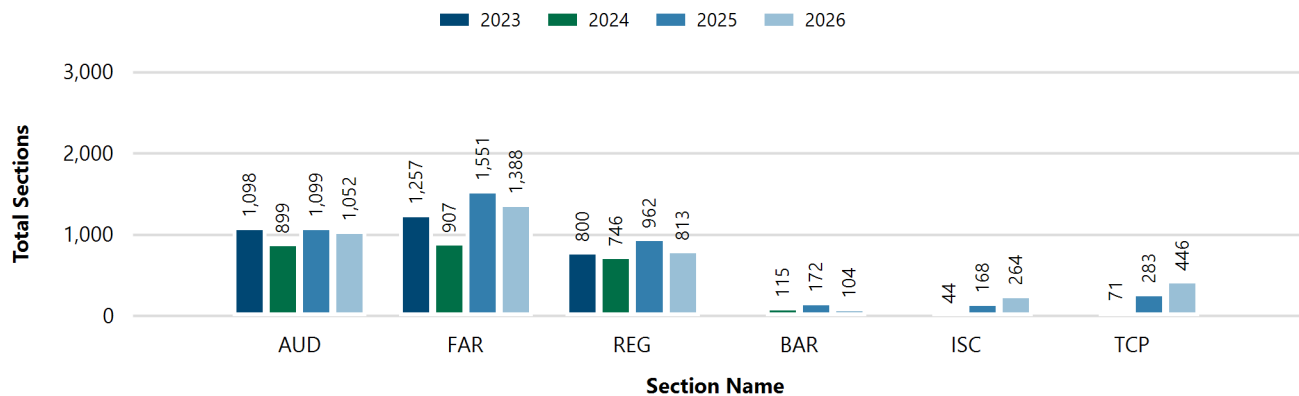
Total Candidates by Quarter

Number of unique candidates per quarter who have taken at least one section of the Examination.



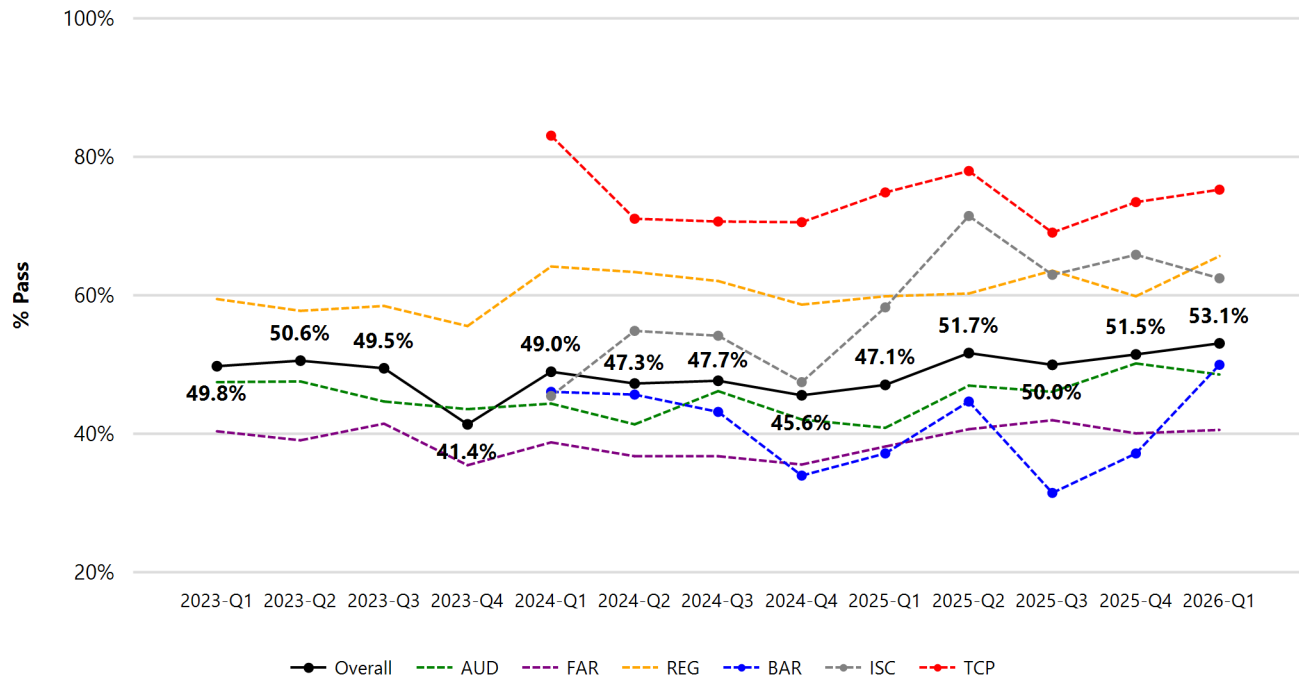
Total Sections by Section Type\*

The total of Examination sections for which candidates received scores in the current quarter and the same quarter over the past 4 years.



### % Pass

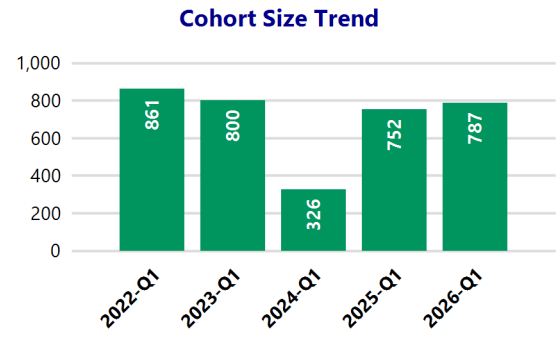
The percentage of sections that were passed in each quarter for the past three years. AUD, FAR and REG after 2023 represent the new core sections.



Year-Quarter	Overall Pass Rate	AUD	FAR	REG	BAR	ISC	TCP
2026-Q1	53.1%	48.6%	40.6%	65.7%	50.0%	62.5%	75.3%
2025-Q4	51.5%	50.2%	40.1%	59.9%	37.2%	65.9%	73.5%
2025-Q3	50.0%	46.1%	42.0%	63.6%	31.5%	63.0%	69.1%
2025-Q2	51.7%	47.0%	40.7%	60.3%	44.7%	71.5%	78.0%
2025-Q1	47.1%	40.9%	38.2%	59.9%	37.2%	58.3%	74.9%
2024-Q4	45.6%	42.1%	35.6%	58.7%	34.0%	47.5%	70.6%
2024-Q3	47.7%	46.2%	36.8%	62.1%	43.2%	54.2%	70.7%
2024-Q2	47.3%	41.4%	36.8%	63.4%	45.7%	54.9%	71.1%
2024-Q1	49.0%	44.4%	38.8%	64.2%	46.1%	45.5%	83.1%
2023-Q4	41.4%	43.6%	35.5%	55.6%	-	-	-
2023-Q3	49.5%	44.7%	41.5%	58.5%	-	-	-
2023-Q2	50.6%	47.6%	39.1%	57.8%	-	-	-
2023-Q1	49.8%	47.5%	40.4%	59.5%	-	-	-

## Quarterly CPA Examination Report: Overall Performance - First Time Jurisdiction: New York

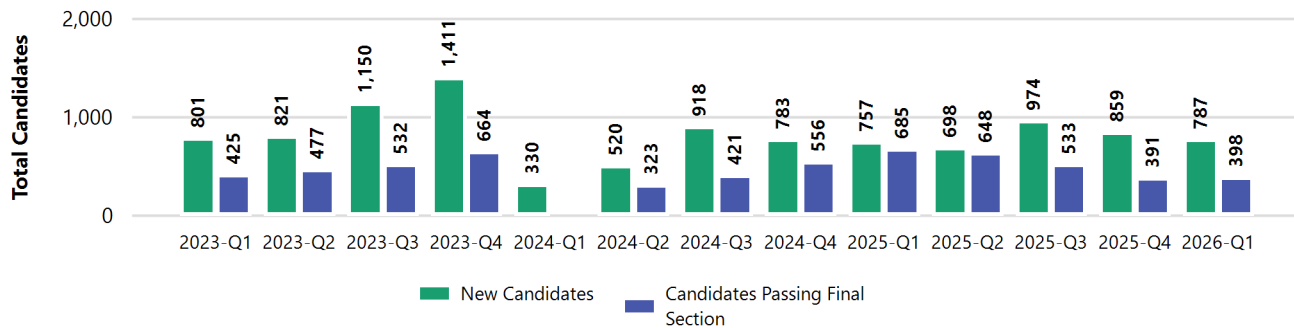
	Exam Type			Exam Section					
	Overall	FT	RE	AUD	FAR	REG	BAR	ISC	TCP
Candidates	-	2,265	-	566	671	560	63	201	382
Sections	-	2,443	-	566	671	560	63	201	382
% Pass	-	62.1%	-	58.5%	46.6%	70.4%	47.6%	70.1%	80.9%
Average Score	-	73.9	-	73.6	66.0	77.3	71.7	78.6	81.5
Average Age	-	26.7	-	26.1	26.3	26.9	33.5	25.5	27.6



	Gender			Residency			Cohort Year				Age at Time of Examination					
	F	M	U	In-State	Out-of-State	Int'l	2026	2025	2024	2023	<22	22-23	24-25	26-27	28-29	30+
Candidates	945	1,166	154	1,421	587	257	787	226	45	51	115	851	331	272	172	521
Sections	1,005	1,269	169	1,516	648	279	904	263	50	61	129	934	347	292	178	553
% Pass	57.5%	65.3%	65.7%	60.8%	68.1%	55.6%	50.8%	57.0%	50.0%	39.3%	75.2%	68.7%	57.6%	53.1%	62.4%	55.7%
Average Score	72.2	75.2	75.0	73.2	75.9	73.0	68.8	73.9	73.4	67.4	78.5	75.6	73.0	70.9	73.9	72.2
Average Age	27.0	26.7	25.2	26.6	24.9	31.6	25.6	26.8	30.9	29.1	21.0	22.5	24.4	26.5	28.5	36.7

### New Candidates vs. Candidates Passing Final Section

The number of new unique candidates taking their very first Examination section versus the total number of unique candidates who passed their fourth and final section in a quarter.



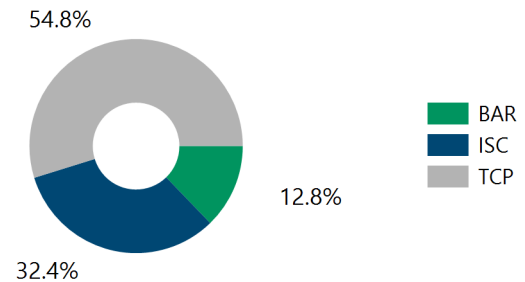
### Degree Type

Highest degree listed for a candidate

	Candidates	% Total
Bachelor's Degree	2,084	59.9%
Advanced Degree	482	13.9%
Enrolled/Other	913	26.2%

### Disciplines

Breakdown of what percentage of candidates are taking which disciplines



**Notes**

1. The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 jurisdictions.
2. The demographic data related to age, gender, and degree type is provided by the individual candidates and may not be 100% accurate.
3. Some jurisdictions do not require candidates to report certain demographic data nor complete surveys gathering such data on a voluntary basis.
4. A cohort is the year in which a candidate enters the CPA Exam pipeline. The candidate's cohort is determined by the very first section attempt on the CPA Examination.
5. The CPA Exam introduced a new Exam on January 1, 2024. AUD, FAR, and REG after 2023 represent the new core sections.

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National Association of State Boards of Accountancy

# **CANDIDATE CARE**

## **QUARTERLY REPORT**

**October 1, 2025 – December 30, 2025**

**KATHLEEN LOVE SCALES, CANDIDATE CARE ADVOCATE**

2025 Q4

October 1- December 30, 2025

Category	2025 Q4
AICPA Test Content	6
Candidate Error	56
Environment	13
Prometric Scheduling Issues	21
Prometric Site Issues	28
Technical/Software	9
Technical/Hardware	22
CNATT (Candidate Not Able to Test)	233
Prometric Site Changes	11
<b>Total</b>	<b>399</b>
<b>Retests Awarded</b>	<b>10</b>

**NASBA Candidate Care Concerns Table**

This report summarizes activities and preparations for the CPA examinations which took place in the 4th quarter of 2025. It also presents concerns expressed by candidates during the testing period.

**AICPA Test Content**

In this category, if candidates report issues with examination content, such as documents provided to answer questions showing conflicting information, no balance sheet available or unclear instructions, they are instructed to direct their inquiry to the AICPA.

**Candidate Error**

Candidate error includes issues such as failing to bring NTS to test center, providing an incorrect NTS, issues with name on the roster/NTS not matching primary identification, hitting the “submit” button prematurely and timing out on the introductory screen.

## **Environment-Force Majeure**

This category houses environmental issues such as test center room temperature, construction noise, power failure, fire drill and situations out of the candidate's or testing centers control.

## **Prometric Scheduling Issues**

Candidates report concerns about the lack of availability at test centers, test center closures due to relocation, force majeure or cancellation of testing appointments due to staffing to name a few. Prometric routinely reviews capacity throughout the testing centers and will extend operating hours as needed.

## **Prometric Site Issues**

This category documents candidate complaints such as where they are seated in the testing room or the check-in process.

## **Technical/Software/Hardware**

Examples of issues in this category are exam will not launch, computer tools not working properly, exam shutting down, unable to restart exam or confirmation of attendance not printing.

## **CNATT**

A few examples of "candidate not able to test" are force majeure, operational site issue, public holiday and server issue.

## **Tangible Items for the Quarter**

We are pleased to report that over 27,500 candidates have utilized the Uniform CPA Mobile App since its launch. Candidates can perform all functions that are in their candidate portal, in the app, including accessing their Notice to Schedule (NTS). NASBA launched NasBot, an internal AI tool, which is being used to quickly retrieve accurate and consistent information.

As always, we appreciate the opportunity to assist your CPA candidates. If you have any questions or concerns please call 615-880-4252 or Email [klovescales@nasba.org](mailto:klovescales@nasba.org) or [candidatecare@nasba.org](mailto:candidatecare@nasba.org).

Kathleen Love Scales, Candidate Care Department, NASBA. You may also share on: [Facebook](#)/[Twitter](#)/[linked-In](#)/[Email](#)



January 29, 2026

Dear State Board Chair / President and Executive Director:

This letter will officially communicate information regarding candidate fees for the Uniform CPA Examination (“Examination”) for calendar year 2027 and serve as a reminder regarding 2026 fees.

#### Prometric Fees

As announced in last year’s fee letter, effective January 1, 2026, the Prometric Fee increased to \$93.61 per section fee and \$6.76 for the security fee.

The fees for 2027 will be \$96.42 per section and \$7.17 for security fee.

#### AICPA Fees

As also announced in last year’s fee letter, the AICPA per section examination fee will remain at \$135.00 on January 1, 2026. The AICPA per section examination fee will remain the same at \$135.00 for calendar year 2027.

#### NASBA Fees

The NASBA fee per examination section for 2026 remains the same at \$30.00 per section and will continue to remain at \$30.00 for 2027.

#### Implementation Schedule

The following table summarizes the current 2026 fees and the 2027 fees.

Calendar Year	NASBA Section Fee	AICPA Section Fee	Prometric Section Fee	Prometric Security Fee
<b>2026</b>	\$30.00	\$135.00	\$93.61 <i>(\$20.80 hourly)</i>	\$6.96
<b>2027</b>	\$30.00	\$135.00	\$96.42 <i>(\$21.43 hourly)</i>	\$7.17

The candidate cost per section (AUD, FAR, REG, BAR, ISC and TCP) is \$265.57 and \$268.59 in 2026 and 2027, respectively. The listed costs are for standard seat time of four and one half (4.5) hours. As a reminder, the cost per section is the same for all core and discipline sections, as all exam sections are four (4.0) hours in length.

Patricia Hartman, Director, Client Services at NASBA will provide information on the implementation of the new fee schedule in the upcoming weeks. Please contact Patricia with any questions you might have.

Sincerely,

*William A. Emmer*

William A. Emmer, CPA  
NASBA Chief Operating Officer

*Michael A. Decker*

Michael A. Decker  
AICPA Vice President,  
CPA Examinations and Pipeline

*Sean Mathias*

Sean Mathias  
Prometric Vice President,  
North America



Professional Ethics Division

Exposure draft:

# Proposed revisions related to alternative practice structures

December 29, 2025

Comments are requested by April 30, 2026

[ethics-exposedraft@aicpa.org](mailto:ethics-exposedraft@aicpa.org)

## Invitation to comment

December 29, 2025

Are you interested in the ethics of the accounting profession? If so, we want to hear your thoughts on this ethics exposure draft. Your comments are integral to the standard-setting process, and you don't need to be an AICPA member to participate.

This proposal is part of the AICPA's Professional Ethics Executive Committee's (PEEC's) effort to provide guidance for alternative practice structures arising from the increase in private equity investments in accounting firms.

This exposure draft explains proposed revisions to the AICPA Code of Professional Conduct and includes the full text of the guidance under consideration.

At the conclusion of the exposure period, PEEC will evaluate the comments and determine whether to publish the new and revised interpretations.

Again, your comments are an important part of the standard-setting process — please take this opportunity to comment. We must receive your response by April 30, 2026. All written replies to this exposure draft will become part of the public record of the AICPA. During the comment period, staff will present a Lunch-and-Learn session to review the proposed guidance and answer any questions.

Please email your comments to [ethics-exposedraft@aicpa.org](mailto:ethics-exposedraft@aicpa.org).

Sincerely,



Anna Dourdourekas, Chair  
Professional Ethics Executive Committee



Toni Lee-Andrews, Director, CPA, PFS, CGMA  
Professional Ethics Division

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## Explanation of the new interpretation and revised definition and interpretations

The Professional Ethics Executive Committee (PEEC) is exposing the following for comment:

- A new version of the “Alternative Practice Structures” interpretation (ET sec. 1.220.020)<sup>1</sup> of the “Independence Rule” (ET sec. 1.200.001) to replace the current interpretation in its entirety
- Revisions to the definition of *network firm* (ET sec. 0.400.36)
- Revisions to the “Alternative Practice Structures” interpretation (ET sec. 1.810.050) of the “Form of Organization and Name Rule” (ET sec. 1.800.001)
- Revisions to the “Conceptual Framework for Independence” interpretation (ET sec. 1.210.010)
- Revisions to the “Conceptual Framework for Members in Public Practice” interpretation (ET sec. 1.000.010)

### Background

1. In the late 1990s, PEEC recognized that due to the evolving landscape of public accounting practices, specific guidelines were necessary to maintain integrity and independence when providing attest services while practicing in an alternative practice structure (APS). In 2000, the “Alternative Practice Structures” interpretations of the “Independence Rule” and of the “Form of Organization and Name Rule” were adopted into the AICPA Code of Professional Conduct (code).
2. In November 2022, PEEC appointed a task force to evaluate whether the nature of private equity (PE) investments in the nonattest entity of an APS (APS with PE) necessitates revisions to the code — either through amended or new interpretations — or issuance of nonauthoritative guidance. The task force comprises members practicing within APSs (with private and public investors), members from traditional firm structures, an attorney, representatives from the National Association of State Boards of Accountancy (NASBA), representatives from regulatory bodies, a representative from a technical committee, and staff of the AICPA ethics division. The task force evaluated the current provisions in the code, including the “Alternative Practice Structures” interpretation of the “Independence

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<sup>1</sup> All ET sections can be found in the [AICPA Code of Professional Conduct](#).

Rule,” to determine their appropriateness and sufficiency for these structures.

## Evaluation

3. PEEC determined that revisions to the code are necessary. Evolving APSs, including APSs with PE, have fundamental differences from the APS contemplated by the existing interpretation under the “Independence Rule.” These distinctions may affect how a member assesses the significance of threats to independence. Differences include the following:

Existing interpretation	APS with PE
Presents an APS in which a public company controls <sup>2</sup> the nonattest entity.	The investor may or may not control the nonattest entity.
Assumes the public investor not only controls the nonattest entity but also controls the “other public company entities.” <sup>3</sup>	This may not be the case in an APS with PE or in another structure when an investor has significant influence over but does not control the nonattest entity and other investees. For example, the other portfolio companies in which the PE investor has holdings may or may not be in the same fund as the nonattest entity, and the PE investor may have less than control over them. Additionally, the other funds and portfolio companies may be managed and advised by different general partners, fund managers, and investment advisers.
Defines “other public company entities” as those that “...include the public company and all entities consolidated in the public company financial statements...”	The entities subject to consolidation may vary.

<sup>2</sup> ET section 0.400.12.

<sup>3</sup> ET section 1.220.020.04e.

4. In addition to these structural differences, the code has been revised since the adoption of the “Alternative Practice Structures” interpretation of the “Independence Rule” as follows:
- The “Network and Network Firms” interpretation (ET sec. 1.220.010), and related definitions of *network*<sup>4</sup> and *network firm*,<sup>5</sup> were adopted into the code several years after the “Alternative Practice Structures” interpretation. According to that interpretation, when the attest firm and nonattest entity are network firms, the nonattest entity should be independent of the attest firm’s financial statement audit and review clients.
  - The *covered member*<sup>6</sup> definition was not fully adopted into the code when the “Alternative Practice Structures” interpretation was drafted. Specifically, individuals who meet the definition of an *individual in a position to influence the attest engagement*<sup>7</sup> may also meet the definition of “direct superior” or “indirect superior” as defined in the “Alternative Practice Structures” interpretation. While “direct superiors” and entities over which they can exercise *significant influence*<sup>8</sup> must comply with the “Independence Rule,” “indirect superiors” currently are subject to only certain interpretations.
5. In evaluating potential changes to the existing “Alternative Practice Structures” interpretation, PEEC reviewed other interpretations of the “Independence Rule,” such as those related to financial interests, business relationships, loans, client affiliates, and mergers and acquisitions. PEEC sought to identify where threats to independence are more significant in an APS than those addressed through existing interpretations of the “Independence Rule.”
6. Based on its evaluation, PEEC is proposing a new “Alternative Practice Structures” interpretation of the “Independence Rule” as well as revisions to other interpretations and one definition. The new interpretation of the “Independence Rule” will address APSs broadly, including APSs with PE.
7. Additionally, PEEC reviewed and considered guidance from other standard-setting organizations and regulators — such as the International Ethics Standards Board for Accountants (IESBA), the SEC, and various state boards of accountancy — that have

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<sup>4</sup> ET section 0.400.35.

<sup>5</sup> ET section 0.400.36.

<sup>6</sup> ET section 0.400.14.

<sup>7</sup> ET section 0.400.25.

<sup>8</sup> ET section 0.400.49.

addressed independence considerations when an attest firm operates within an APS.

8. PEEC evaluated other rules within the code and is developing nonauthoritative guidance to assist members in applying the “Independence Rule” and the following rules and their interpretations when practicing in an APS:
  - The “Integrity and Objectivity Rule” (ET sec. 1.100.001)
  - The “Advertising and Other Forms of Solicitations Rule” (ET sec. 1.600.001)
  - The “Confidential Client Information Rule” (ET sec. 1.700.001)
  - The “Form of Organization and Name Rule” (ET sec. 1.800.001)
9. PEEC continues to evaluate whether the following rules should be applicable to the nonattest entity in an APS and does not address these in this exposure draft:
  - “Contingent Fees Rule” (ET sec. 1.510.001)
  - “Commissions and Referral Fees Rule” (ET sec. 1.520.001)

### Outreach and stakeholder engagement

10. The task force issued a discussion memorandum, “Potential revisions to the AICPA Code of Professional Conduct and guidance related to independence in alternative practice structures,” in March 2025 and solicited feedback through June 2025. The discussion memorandum focused on potential revisions to the “Alternative Practice Structures” interpretation of the “Independence Rule.” Thirty-six comment letters were received from various stakeholders, including state boards, state societies, firms in APSs, traditional firms, representatives from academia, and NASBA. PEEC considered these responses in developing this exposure draft.
11. The task force also met with and sought feedback from various stakeholders, attorneys specializing in PE transactions, CEOs and independence leadership from firms that operate in an APS, auditors of PE structures, insurance liability carriers, state CPA societies, state boards, IESBA, and NASBA.

### Proposed new “Alternative Practice Structures” interpretation (ET sec. 1.220.020)

12. Parenthetical references throughout this explanatory material are references to the paragraphs in the proposed interpretation.
13. Paragraph .01 of the proposed interpretation clarifies that the “Alternative Practice Structures” interpretation is to be used in conjunction with the other interpretations of the

“Independence Rule;” it is not a “standalone” interpretation and does not include every independence requirement for members practicing in an APS.

#### Structure of an APS

14. An APS must have certain characteristics to be structured in compliance with jurisdictional laws and regulations, which are referred to in the beginning of the proposed new “Alternative Practice Structures” interpretation of the “Independence Rule.” PEEC encourages members to consult an attorney or other specialist who might be able to assist members in navigating applicable laws and regulations (.02–.03).

#### Terminology

15. The terminology section (.04) introduces terms defined solely for the purpose of applying the interpretation.
16. An “alternative practice structure” (.04a) is defined broadly to reflect the substance of the form of organization — one in which a firm that provides attest services (attest firm) is closely aligned with another public or private entity, partly or wholly owned by an investor or investors, that performs professional services other than attest services (nonattest entity).
17. “Closely aligned” (.04b) is defined to describe the relationship between the attest firm and the nonattest entity. The dependency of the attest firm on the nonattest entity is what provides the basis for treating the nonattest entity the same as the attest firm for independence purposes.
18. The term “investor” (.04c) is used to broaden application across various APSs and to incorporate any individual or entity that has a *financial interest*<sup>9</sup> in the nonattest entity, including an individual, PE firm, partnership, corporate entity, or other type of investor. The interpretation specifies when it is necessary to identify whether an investor has less than significant influence, significant influence, or control over the nonattest entity.
19. A “significant influence investment” (.04d) exists when an investor has significant influence over the nonattest entity but not control. More than one investor may have significant influence over the nonattest entity. If more than one investor has significant influence over the nonattest entity, the member will apply the APS guidance to each investor.
20. *Significant influence*, defined in the code,<sup>10</sup> is based on FASB Accounting Standards

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<sup>9</sup> **Financial interest.** An ownership interest in an equity or a debt security issued by an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest (ET sec. 0.400.17).

<sup>10</sup> ET section 0.400.49.

Codification (ASC) 323-10-15. Ownership of 20 percent or more of the investee’s voting stock generally presumes significant influence. The ability to exercise significant influence also may exist in other ways, such as through board representation, participation in policy-making decisions, material intra-entity transactions, interchange of managerial personnel, technology dependency, and concentration of other shareholdings.

21. A “controlling investment” (.04e) exists when an investor has control over the nonattest entity. *Control*, defined in the code,<sup>11</sup> is as used in FASB ASC 810, *Consolidation*. It is the direct or indirect ability to determine the direction of management and policies through ownership, contract, or otherwise, including qualitative factors. The assessment includes consideration of the following:
- Ownership of a majority voting interest
  - Contractual arrangements that grant decision-making authority
  - Other mechanisms that allow one entity to direct the activities of another
  - Veto rights of a minority shareholder
22. “Key stakeholders of the investor” (.04f) is defined as individuals who represent or act on behalf of an investor; such stakeholders could include owners, managing partners, founders, or principals. These individuals may have the authority to appoint members to the nonattest entity board. When these individuals are involved in activities related to the nonattest entity such as advising on the strategic direction of the nonattest entity or appointing nonattest entity board members, relationships they have with attest clients may create threats to independence.
23. “Upstream entities of the nonattest entity” (.04g.) are defined as those entities above the nonattest entity through the investor (.04c.) that have at least significant influence over the nonattest entity. The nonattest entity is not independent of these upstream entities due to the investment in the nonattest entity. For example, in an APS with PE when the investor has at least significant influence over the nonattest entity, this includes the fund (or funds that collectively have at least significant influence over the nonattest entity), the investment adviser, the general partner, and the PE firm. Entities with less than significant influence over the nonattest entity (for example, limited partners and shareholders) are not upstream entities for the purpose of this definition.

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<sup>11</sup> ET section 0.400.12.

### Characteristics of an APS

24. Common characteristics of an APS are outlined in paragraph .05 of the proposed interpretation. These characteristics have been observed across different APSs with different types of investors; however, these characteristics are not necessarily representative of every APS. A variation of one or more of these characteristics may affect the significance of threats to independence.

### APS models

25. PEEC presents three APS models in the proposed interpretation after paragraphs .06 and .07: one broadly applicable to any APS, one applicable to an APS with PE, and one applicable to an APS with a public company investor. PEEC intends to describe other APS models in nonauthoritative guidance.

### Network firms

26. PEEC is proposing revisions to the definition of *network firm*<sup>12</sup> as described in paragraphs 68–70 of this explanatory material. These revisions include (a) removing the inclusion of entities “under common control” with a network firm, and (b) adding a requirement that a controlling entity also be cooperating with the network firm for the purpose of enhancing the network firm’s capabilities to provide professional services before the controlling entity is considered a network firm. The new requirement in (b) is the first characteristic of a *network*, as set forth in the definition of *network*, and is a precondition for a network relationship to exist. PEEC also believes that the proposed revisions are appropriate and would result in consistent treatment for both an APS and a traditional accounting network. The proposed APS interpretation incorporates additional independence requirements for entities within an APS, which PEEC believes are necessary because of the close alignment of the attest firm and nonattest entity in an APS.

27. PEEC’s conclusions regarding network firms in an APS are presented in paragraphs .09–.14 of the interpretation. Under the interpretation, the first step is to determine which entities are included in the attest firm’s network based on the definition of *network* (.09–.11). Then, the attest firm should determine which entities are brought into the network through the definition of *network firm* (i.e., those entities that the network firm can control, or that control the network firm and cooperate with the network firm for the purpose of enhancing the network firm’s capabilities to provide professional services) (.12–.13).

28. PEEC has concluded and the interpretation reflects that the attest firm and nonattest entity are network firms because they cooperate for the purpose of enhancing the firms’

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<sup>12</sup> References to the definition of *network firm* used throughout this exposure draft are to the proposed revised definition in this exposure draft unless stated otherwise.

capabilities to provide professional services and share one or more of the characteristics as described in the definition of *network* (.09). Independence requirements for this relationship are described in detail in paragraphs 36–37 of this explanatory material and in paragraph .14 of the interpretation.

29. In addition to evaluating any other relationships with entities that may create a network, the relationship between the attest firm and an investor with significant influence or control over the nonattest entity should be evaluated to determine whether the investor is part of the attest firm’s network (.10). As noted, the first characteristic of a *network*<sup>13</sup> is that one or more firms “...cooperate for the purpose of enhancing the firms’ capabilities to provide professional services” (cooperation characteristic). This characteristic must be met before considering whether the attest firm and the investor share one or more of the additional characteristics outlined in the definition of a *network* (for example, common business strategy). Characteristics reflecting that such cooperation does not exist and factors to consider when evaluating whether cooperation may exist are included in paragraphs 32–33 of this explanatory material.
30. When evaluating whether a potential network relationship exists with an investor or any other entity, the attest firm should make the determination based on the relationship between the attest firm and the entity being evaluated (.11). The exception to this is when applying the definition of *network firm* as described in paragraph 31 of this explanatory material and paragraphs .12–.13 of the interpretation.
31. After network relationships of the attest firm are determined by applying the definition of *network*, the definition of *network firm* should be applied to determine which additional entities are part of the network because they are either a) controlled by a network firm or b) control a network firm and cooperate with that network firm to enhance the network firm’s capabilities to provide professional services (.12–.13). In the case of a controlling investor that cooperates with the nonattest entity for the purpose of enhancing the network firm’s capabilities to provide professional services, the controlling investor would be considered a network firm even if it did not meet any other characteristics of the definition of *network*; this is because it would meet the definition of *network firm* as described in paragraphs 26 and 70 of this explanatory material. Specifically, in the circumstance described, the investor controls the nonattest entity (i.e., a network firm) and cooperates with that nonattest entity to enhance the nonattest entity’s capabilities to provide professional services.
32. An investor with significant influence or control over the nonattest entity does *not* meet the cooperation characteristic when applying the definitions of *network* or *network firm* when the

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<sup>13</sup> ET section 0.400.35.

investor does *not* provide *professional services*<sup>14</sup> and the investor's activities are limited to

- investing in the nonattest entity and
- advising on budgetary or strategic direction of the attest firm.

33. Examples of factors to consider when determining whether an entity (including an investor whose activities are not limited to those in paragraph 32 of this explanatory material) meets the cooperation characteristic when applying the definitions of *network* or *network firm* are as follows:

- Whether the entity is involved in or facilitates the attest firm's or network firm's provision of professional services
- Whether the entity assists or collaborates with the attest firm or network firm in providing professional services, with or without a formal agreement
- Whether the entity performs any functions for or provides resources to the attest firm or network firm relating to the delivery of professional services

34. Controlled acquisitions of the nonattest entity are network firms based on the definition of a *network firm* because they are controlled by a network firm (i.e., the nonattest entity) (.12).

35. Diagrams A, B, and C, which follow, depict (respectively) the steps for determining whether an entity is in the attest firm's network in an APS based on the definitions of *network* and *network firm*, application of the definition of *network firm* when a controlling investor is not a network firm, and application of the definition of *network firm* when a controlling investor is a network firm:

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<sup>14</sup> ET section 0.400.43.

Diagram A

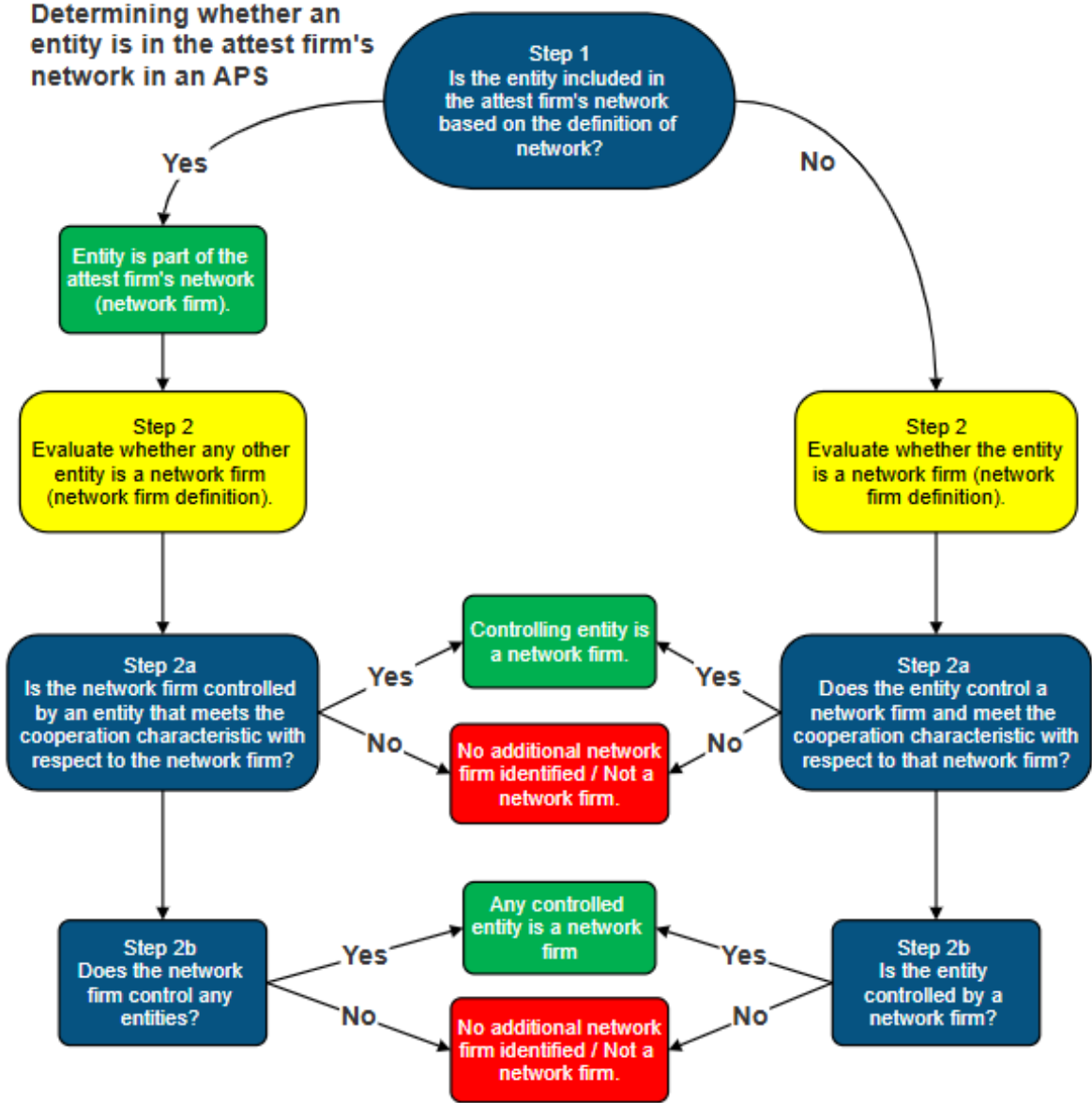
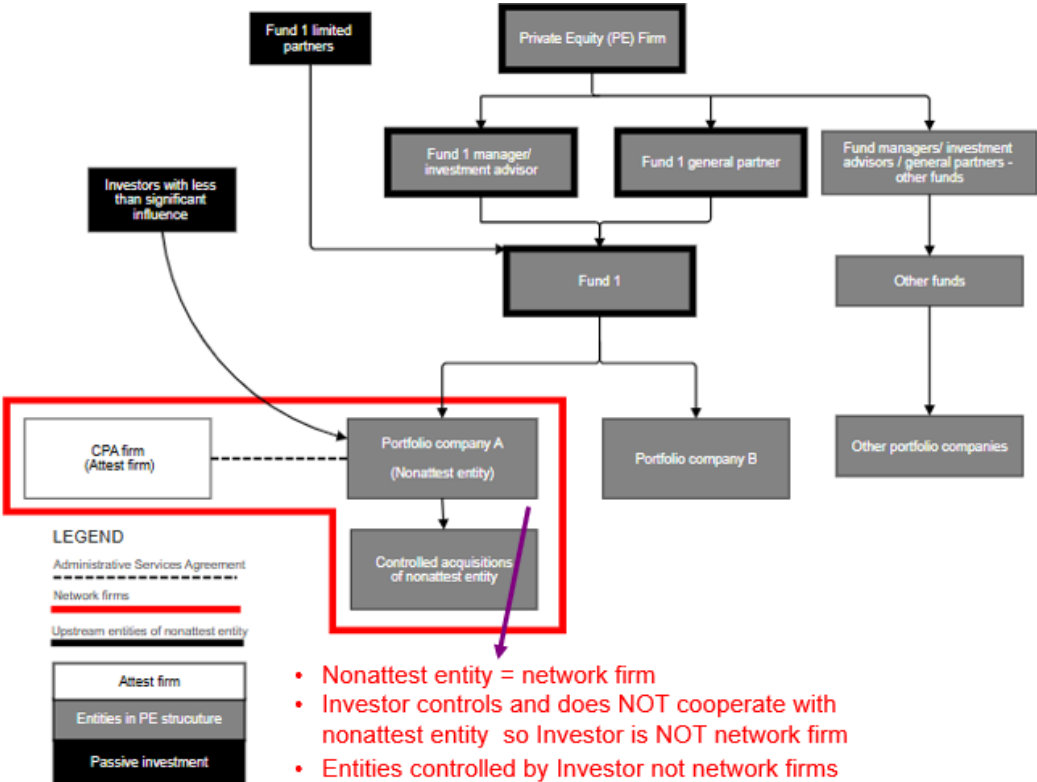


Diagram B

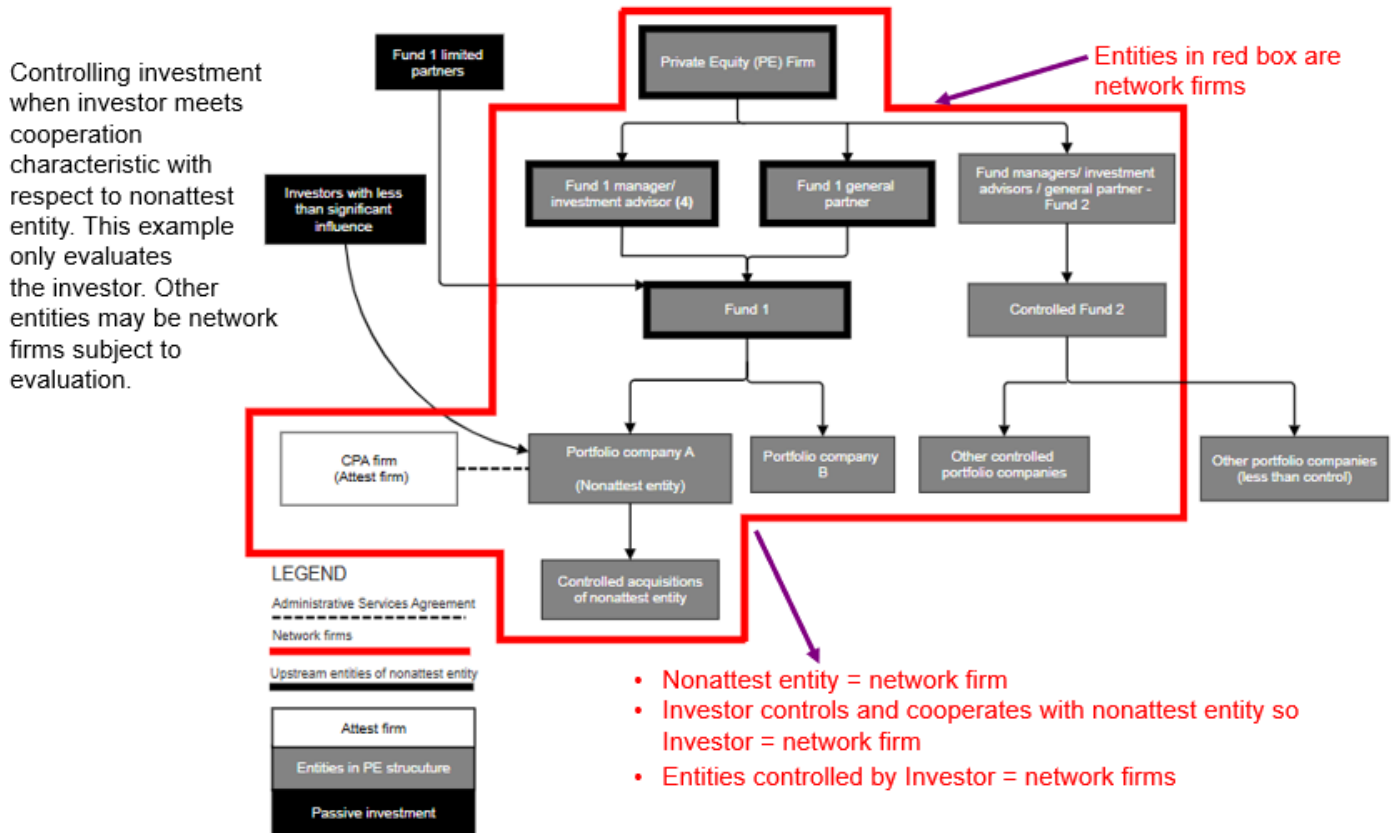
Controlling investment when investor does not meet cooperation characteristic with respect to nonattest entity. This example only evaluates the investor. Other entities may be network firms subject to evaluation.



Entities in red box are network firms

- Nonattest entity = network firm
- Investor controls and does NOT cooperate with nonattest entity so Investor is NOT network firm
- Entities controlled by Investor not network firms

Diagram C



36. The “Network and Network Firms” interpretation requires network firms to comply with the “Independence Rule” and its interpretations with respect to financial statement audit and review clients, including any prohibitions on providing nonattest services as set forth in the “Nonattest Services” subtopic.<sup>15</sup> Certain exceptions apply for network firms within the “Network and Network Firms” interpretation and other interpretations; these exceptions are as follows:

- Network firms are not required to comply with the “Independence Rule” and its interpretations for engagements subject to the Statements on Standards for Attestation Engagements (SSAEs) unless the covered member knows or has reason to believe threats are created by another network firm’s interests and relationships.<sup>16</sup>

<sup>15</sup> ET section 1.295

<sup>16</sup> ET section 1.220.010.04.

- A member is not required to take specific steps to evaluate conflicts of interests of other network firms under the “Conflicts of Interest for Members in Public Practice” interpretation.<sup>17</sup>
- A covered member is not required to include fees from attest and nonattest services of network firms when calculating total fees related to fee dependency under the “Fee Dependency” interpretation.<sup>18</sup>
- A member is not required to consider the possible threats to independence created due to the provision of nonattest services by other network firms when considering the cumulative effect of providing multiple nonattest services to an attest client under the “Cumulative Effect on Independence When Providing Multiple Nonattest Services” interpretation.<sup>19</sup>

37. The network firm relationship between the attest firm and nonattest entity in an APS is more closely aligned<sup>20</sup> than network firms in a traditional network of accounting firms due to the attest firm’s relationship with, and dependency on, the nonattest entity. For example, in an APS, attest partners and professional staff are employees of the nonattest entity, and the attest firm relies on the nonattest entity for professional resources; this level of dependency generally does not exist in a traditional network of accounting firms. Therefore, PEEC believes the nonattest entity, including entities controlled by the nonattest entity, should be subject to the same independence requirements as the attest firm. Other network firms are not affected by this extended requirement. The effect of the extended requirement means that the exceptions noted in paragraph 36 of this explanatory material do not apply to the nonattest entity and entities it controls (.14).

#### Covered members

38. Members are expected to apply the *covered member* definition when evaluating independence and to apply the “Independence Rule” and its interpretations to such individuals and entities.
39. The *covered member* definition includes *an individual in a position to influence the attest engagement*. In an APS, this may include individuals who
- evaluate the performance or recommend the compensation of the attest engagement

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<sup>17</sup> ET section 1.110.010.08.

<sup>18</sup> ET section 1.230.040.02.

<sup>19</sup> ET section 1.295.020.04.

<sup>20</sup> Closely aligned as defined in the Terminology section of the proposed interpretation (paragraph .04c).

partner; or

- directly supervise or manage the attest engagement partner, including all successively senior levels above that individual through the firm’s chief executive.

40. In an APS, covered members may exist in the attest firm, nonattest entity, or in other entities in the investor’s structure (.15–16.). Since covered members may exist outside the attest firm and nonattest entity, PEEC believes including specific examples of who meets the *covered member* definition, or who should be evaluated under the *covered member* definition, will remove any ambiguity and promote consistency in practice. Nonattest entity board members who have the authority to approve the compensation of the attest firm partners at the individual level meet the first bullet in paragraph 39 of this explanatory material and are, therefore, covered members<sup>21</sup>.

41. Members should evaluate other relevant individuals to determine if they meet the definition of *covered member*, including the following:

- Board members of the nonattest entity who do not have the authority to approve the compensation of the attest firm partners at the individual level (.16a.).
- Individuals in the nonattest entity who directly supervise or manage the attest engagement partner, including all successively senior levels above the attest engagement partner through the chief executive or equivalent of the nonattest entity. PEEC determined that these individuals should be evaluated to determine whether they meet the *covered member* definition (versus stating they meet the *covered member* definition in the proposed interpretation) because of the possibility that a chief executive of the nonattest entity is not in an attest partner’s chain of command (.16b.).

Relationships with individuals and entities that may create threats to independence

42. PEEC recognizes that APSs continue to evolve; therefore, a “one-size-fits-all” set of rules is not appropriate. However, there are some relationships that, if present, PEEC has concluded will impair independence; these are specifically covered in the proposed interpretation. Because scenarios may arise in which facts and circumstances vary, members will still be required to use professional judgment when applying the APS guidance. Paragraph .18 of the interpretation describes relationships and circumstances

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<sup>21</sup> PEEC’s “White Paper, Independence Rules Modernization Project” concluded that individuals who actively participate in compensation decisions for specific attest engagement partners are covered members.

when independence is impaired. Paragraph .20 of the interpretation provides examples of relationships and circumstances when, if the attest firm knows or has reason to believe the relationship or circumstance exists, the conceptual framework approach should be applied to evaluate whether the relationship or circumstance would lead a reasonable and informed third party who is aware of the relevant information to conclude that there is a threat to independence that is not at an acceptable level.<sup>22</sup>

#### Relationships that impair independence

43. After a member determines network firms (.09–.14) and covered members (.15–.16) and applies the “Independence Rule” and its interpretations to the respective individuals and entities, members should determine which relationships and circumstances exist in an APS beyond the scope of covered member and network firms that create threats to independence. Independence requirements that extend beyond those required for covered members and network firms are based on the close alignment of the attest firm and nonattest entity. The public interest principle recognizes that members may face conflicting pressures and obliges members to act with integrity, “... guided by the precept that when members fulfill their responsibility to the public, clients’ and employers’ interests are best served.”<sup>23</sup> PEEC believes that there is at least a perceived greater undue influence threat<sup>24</sup> to independence in an APS where an investor has input into strategic and budgetary decisions of the attest firm which may affect a member’s objectivity and independence<sup>25</sup> even when an investor is not a network firm.
44. The relationships and circumstances that impair independence may differ based on the level of investment of the investor in the nonattest entity (that is, less than significant influence, significant influence, or control). These circumstances are described in paragraphs 45–57 of this explanatory material and outlined in paragraph .18a–d. of the interpretation.

#### *Less than significant influence, significant influence, or controlling investment by investor*

45. At this time, PEEC is unaware of a nonattest entity in an APS with PE that has become a publicly traded entity; however, PEEC believes that if such a nonattest entity becomes a publicly traded entity in the future, independence would be impaired if an attest client has a direct financial interest in the nonattest entity due to the close alignment of the attest firm and nonattest entity (.18c.). This includes an attest client that has any direct financial interest in the nonattest entity, or the attest client’s officers or directors of record or beneficial

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<sup>22</sup> ET section 1.210.010.01.

<sup>23</sup> ET section. 0.300.030.03.

<sup>24</sup> ET section 1.210.010.18.

<sup>25</sup> ET section 0.300.050.

owners of more than 5 percent of the equity securities of the nonattest entity. This prohibition is consistent with the SEC’s Rule 2-01(c)(1)(iv)(A).

*Significant influence or controlling investment by investor*

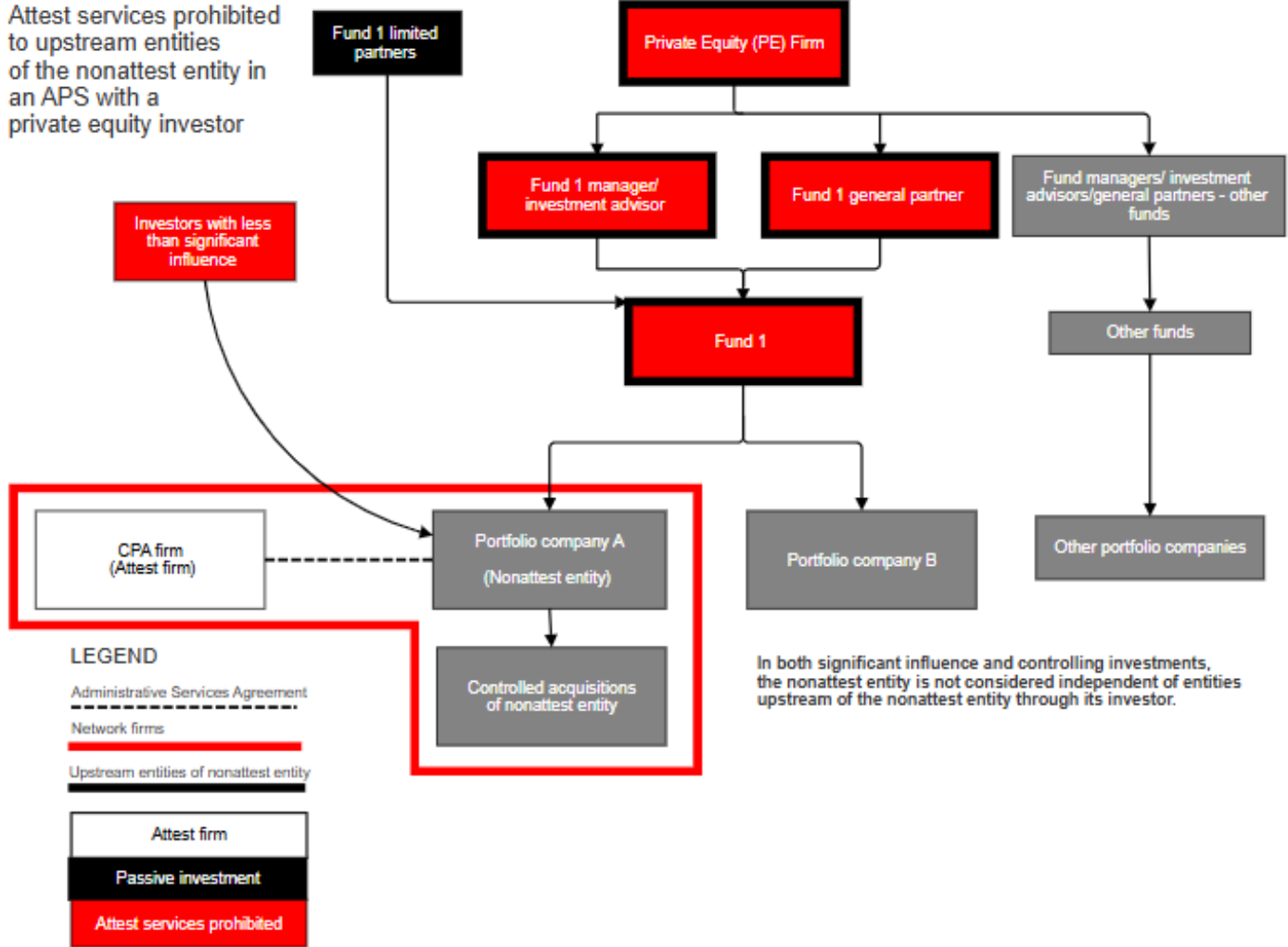
46. In a significant influence investment or controlling investment, when the investor is a network firm, partners and professional employees of the investor would be required to comply with the interpretations of the “Independence Rule” applicable to network firms, including within the “Current Employment or Association with an Attest Client” subtopic.<sup>26</sup>
47. When the investor is not a network firm, an undue influence threat to independence still exists that is not at an acceptable level and cannot be reduced to an acceptable level with the application of safeguards if an individual who is a member of those charged with governance<sup>27</sup> over the nonattest entity is in a key position at an attest client of the attest firm (.18a.). The definition of *those charged with governance* includes both individuals and organizations.
48. In a significant influence investment or controlling investment, the nonattest entity is not considered independent of upstream entities of the nonattest entity through its investor even when such entities are not network firms. Because the nonattest entity is a network firm of the attest firm and is not considered independent of these upstream entities, independence will be impaired if the attest firm provides an attest service to any of those entities (.18b.). In an APS with a public company investor, this prohibition applies to upstream entities of the nonattest entity through the public company investor. The following diagrams depict this when the investor is a PE firm or a public company.

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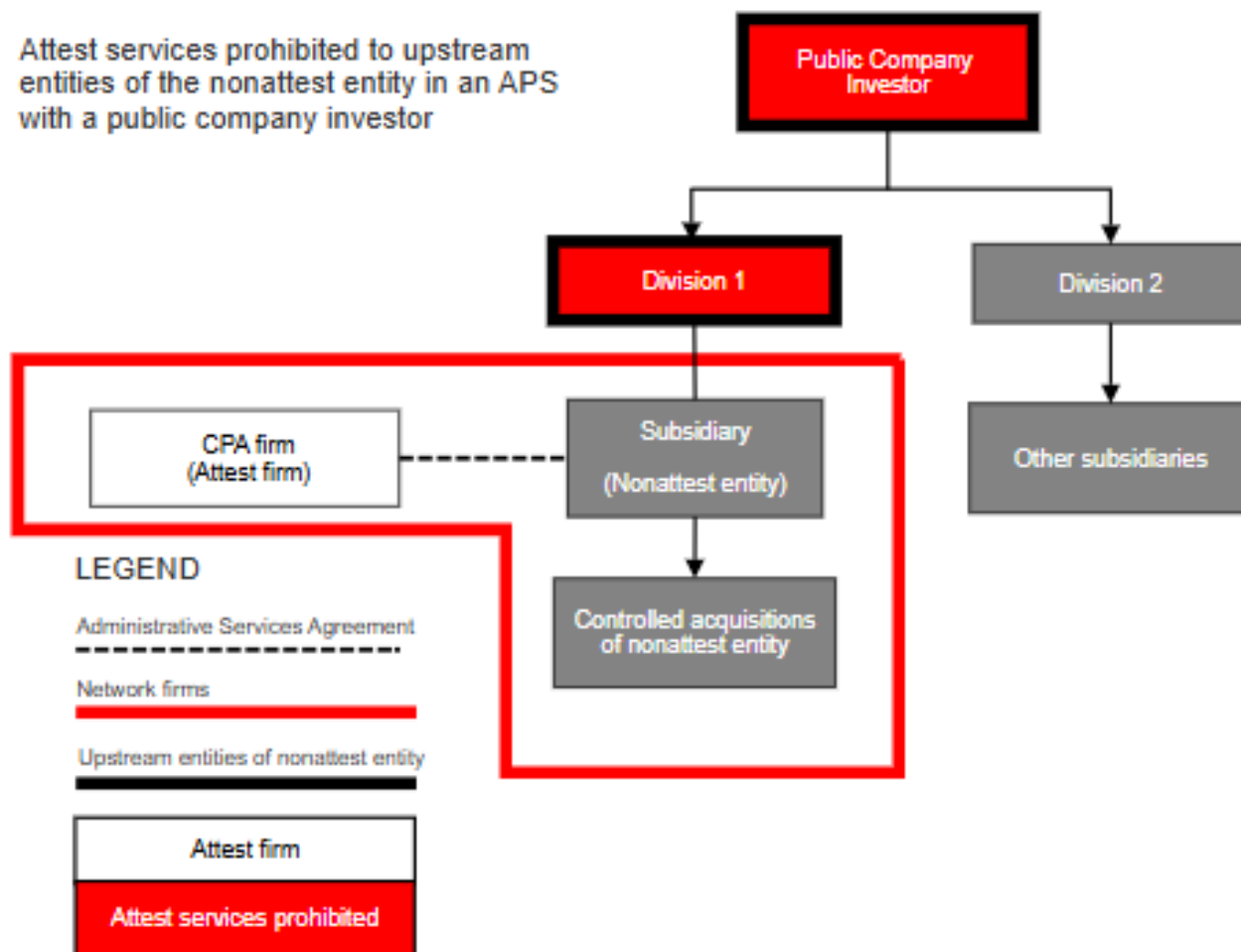
<sup>26</sup> ET section 1.275.

<sup>27</sup> ET section 0.400.53.

Attest services prohibited to upstream entities of the nonattest entity in an APS with a private equity investor



Attest services prohibited to upstream entities of the nonattest entity in an APS with a public company investor



49. In a significant influence investment or controlling investment, independence is impaired if an upstream entity of the nonattest entity is an affiliate<sup>28</sup> of a financial statement attest client of the attest firm (.18b.). This restriction is, in part, to align with the client affiliate interpretations<sup>29</sup> that require the attest firm and its network firms to be independent of a financial statement attest client and its affiliates. In cases where the nonattest entity is not independent of an affiliate of a financial statement attest client, independence will be impaired.

50. Paragraph .18b. of the interpretation also addresses the possibility of a financial statement

<sup>28</sup> ET section 0.400.02.

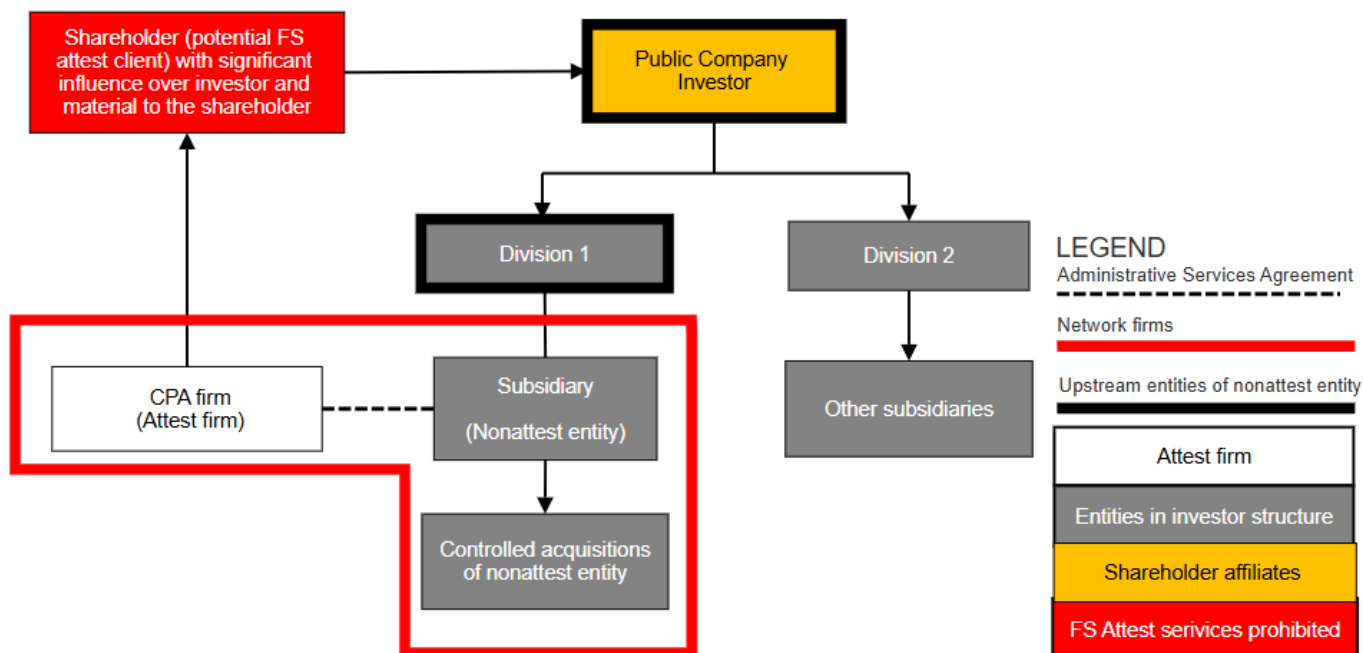
<sup>29</sup> The “Client Affiliates” interpretation (ET sec. 1.224.010) and the “State and Local Government Client Affiliates” interpretation (ET sec.1.224.020).

attest client investing in the same investor that has a financial interest in the nonattest entity or the investment vehicle that holds the investment in the nonattest entity. For example, if the investor is a PE firm, and the attest firm provides a financial statement attest service to a limited partner (LP) of the fund that holds the investment in the nonattest entity, independence is impaired if the LP interest allows the LP to exercise significant influence over the fund and is material to the LP. This is because the fund that holds the investment in the nonattest entity would be an affiliate of the LP,<sup>30</sup> the financial statement attest client, and the nonattest entity (a network firm) is not independent of the fund (that is, an upstream entity). The following diagram depicts this relationship in an APS with a public company investor where a potential financial statement attest client is a shareholder of the public company that invests in the nonattest entity. If the shareholder has significant influence over the public company and the investment is material to the shareholder, the public company would be an affiliate of the potential financial statement attest client. The next several paragraphs and diagrams provide additional examples of the conclusion in paragraph .18b. of the interpretation in various configurations.

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<sup>30</sup> “An entity in which a *financial statement attest client* or an entity *controlled by the financial statement attest client* has a *direct financial interest* that gives the *financial statement attest client significant influence* over such entity and that is material to the *financial statement attest client*.” (ET sec. 0.400.02b.).

**Significant influence or controlling investment:  
attest client invests in investor**



51. *Fund is client affiliate.* Following is an example of the conclusion described in paragraph 49 of this explanatory material in a significant-influence investment in which the potential financial statement attest client is a portfolio company in the same fund as the nonattest entity:

- Portfolio Company B is a potential financial statement attest client and is in the same fund (Fund 1) as the nonattest entity.
- Fund 1 is an affiliate of Portfolio Company B because Fund 1 has significant influence over Portfolio Company B and Portfolio Company B is material to Fund 1.
- The nonattest entity is not considered to be independent of Fund 1, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to Portfolio Company B since the nonattest entity is not independent of an affiliate (that is, Fund 1) of the financial statement attest client (that is, Portfolio Company B).

## Significant influence investment: fund is client affiliate

### LEGEND

Administrative Services Agreement

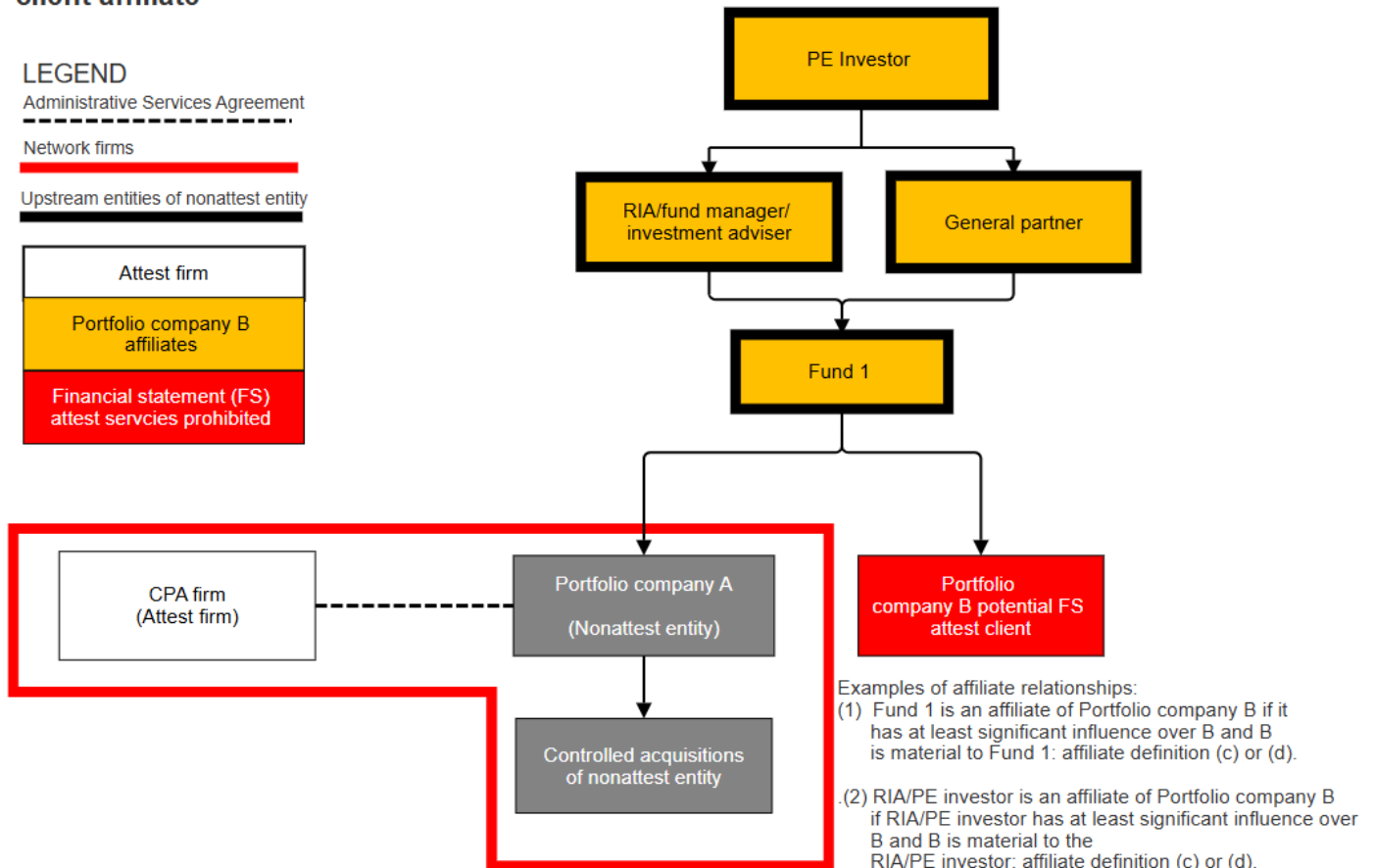
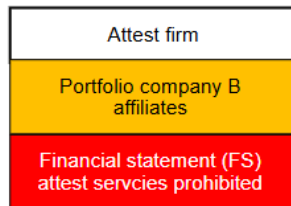
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Network firms

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Upstream entities of nonattest entity

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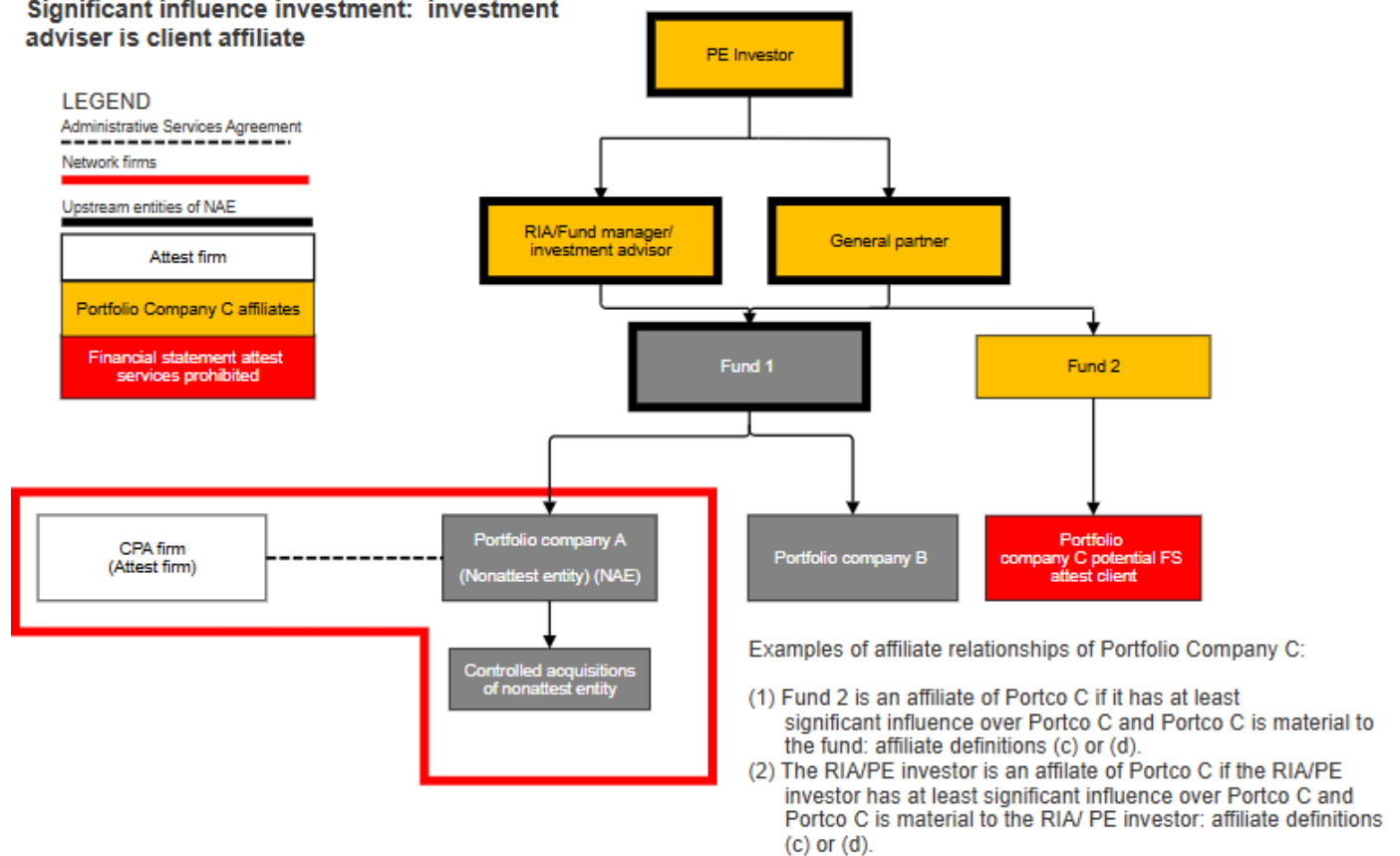


52. *Investment adviser is client affiliate.* Following is an example of the conclusion in paragraph 49 of this explanatory material of a significant influence investment where the potential financial statement attest client is a portfolio company in a different fund than the nonattest entity:

- Portfolio Company C is a potential financial statement attest client and is in a different fund (Fund 2) than that of the nonattest entity, which is in Fund 1.
- The investment adviser is an affiliate of Portfolio Company C because the investment adviser has significant influence over Portfolio Company C, and Portfolio Company C is material to the investment adviser.
- The investment adviser also advises Fund 1 that holds the investment in the nonattest entity.

- The nonattest entity is not considered to be independent of the investment adviser, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to Portfolio Company C as the nonattest entity is not independent of an affiliate (that is, investment adviser) of the financial statement attest client (that is, Portfolio Company C).

### Significant influence investment: investment adviser is client affiliate

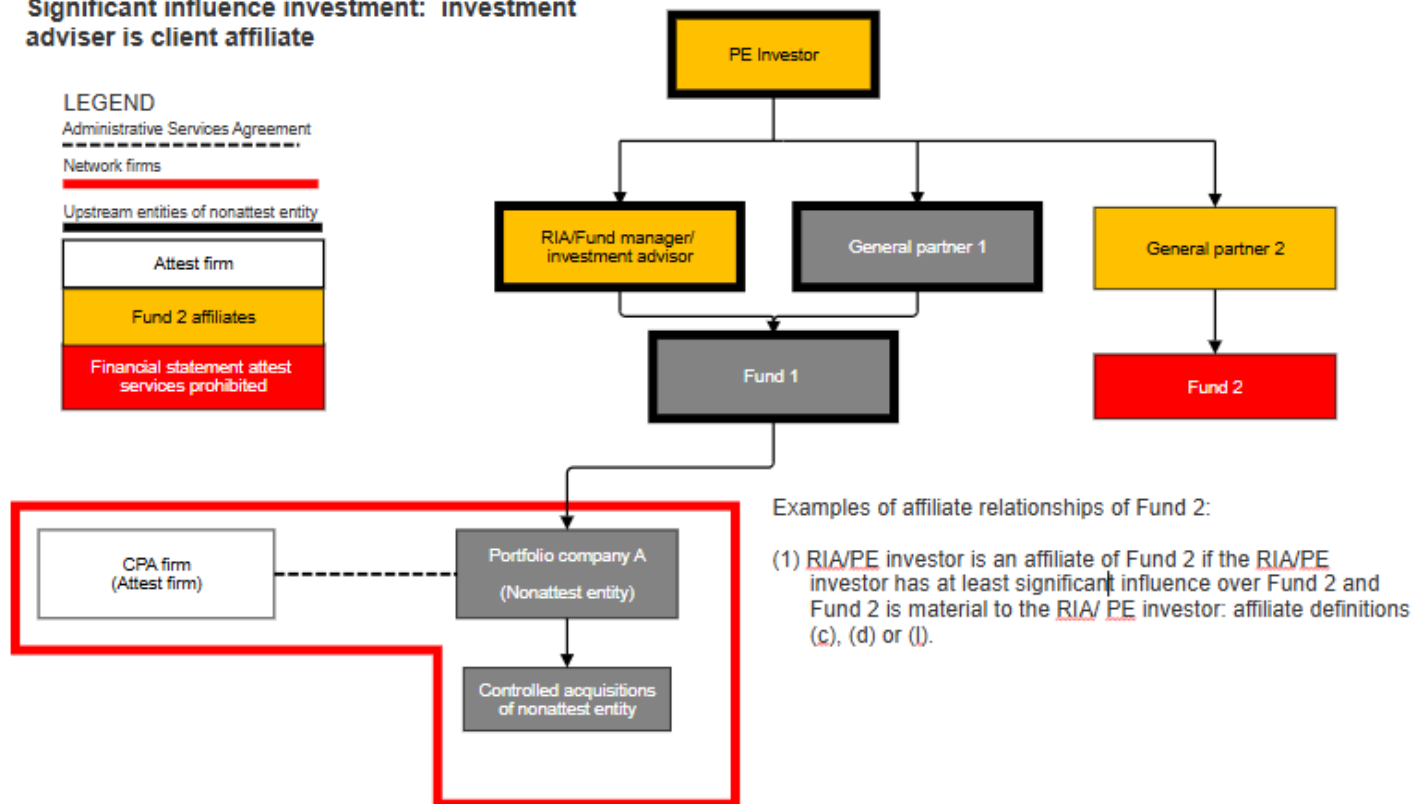


53. *Investment adviser is client affiliate.* Following is an example of the conclusion in paragraph 49 of this explanatory material in a significant-influence investment where the potential financial statement attest client is a fund other than the fund that invests in nonattest entity:

- Fund 2 is a potential financial statement attest client and is in a different fund than that of the nonattest entity, which is Fund 1.
- The investment adviser has significant influence over Fund 2 and the fund is material to the investment adviser.

- The investment adviser also advises Fund 1, which holds the investment in the nonattest entity.
- The nonattest entity is not considered to be independent of the investment adviser, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to Fund 2 because the nonattest entity is not independent of an affiliate (that is, the investment adviser) of the financial statement attest client (that is, Fund 2).

### Significant influence investment: investment adviser is client affiliate



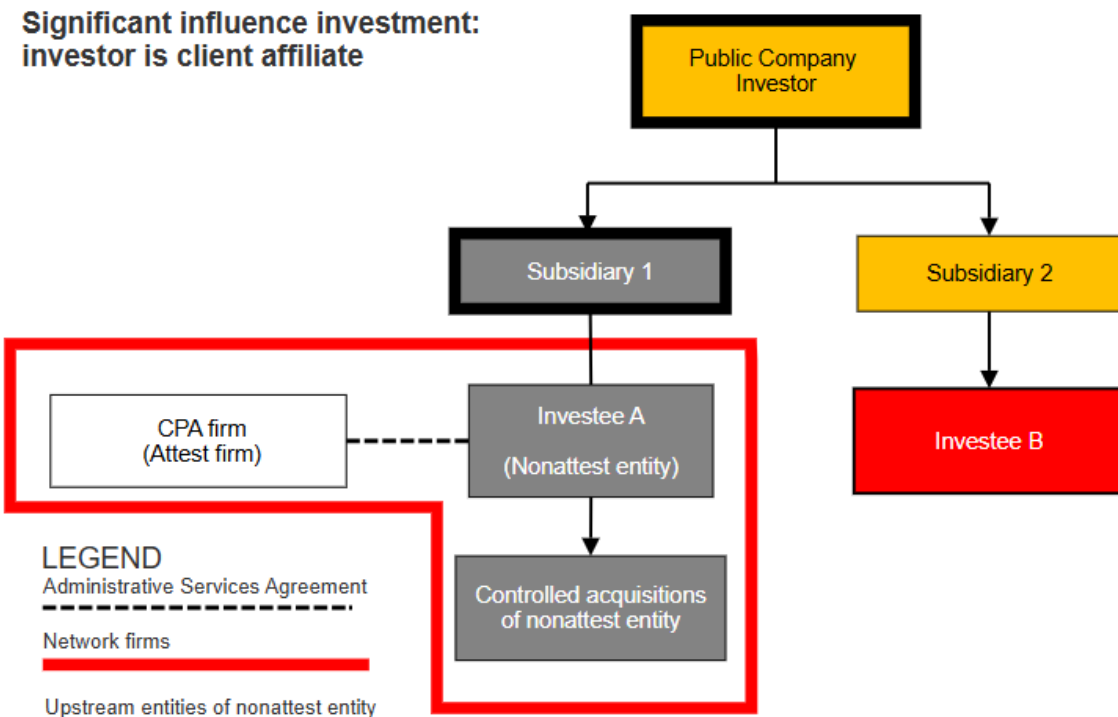
54. *Investor is client affiliate.* Following is an example of the conclusion in paragraph 49 of this explanatory material in a significant influence investment where the potential financial statement attest client is an investee of a public company investor:

- Investee B is a potential financial statement attest client and is under the same public company investor as the nonattest entity (Investee A).
- The public company investor is an affiliate of Investee B because the public company

investor has control over Investee B, and Investee B is material to the public company investor.

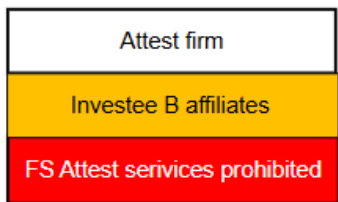
- The nonattest entity (Investee A) is not independent of the public company investor, which is an upstream entity of the nonattest entity.
- The attest firm cannot provide financial statement attest services to investee B because the nonattest entity is not independent of an affiliate (that is, public company investor) of the financial statement attest client (that is, Investee B).

**Significant influence investment: investor is client affiliate**



**Examples of affiliate relationships of Investee B:**

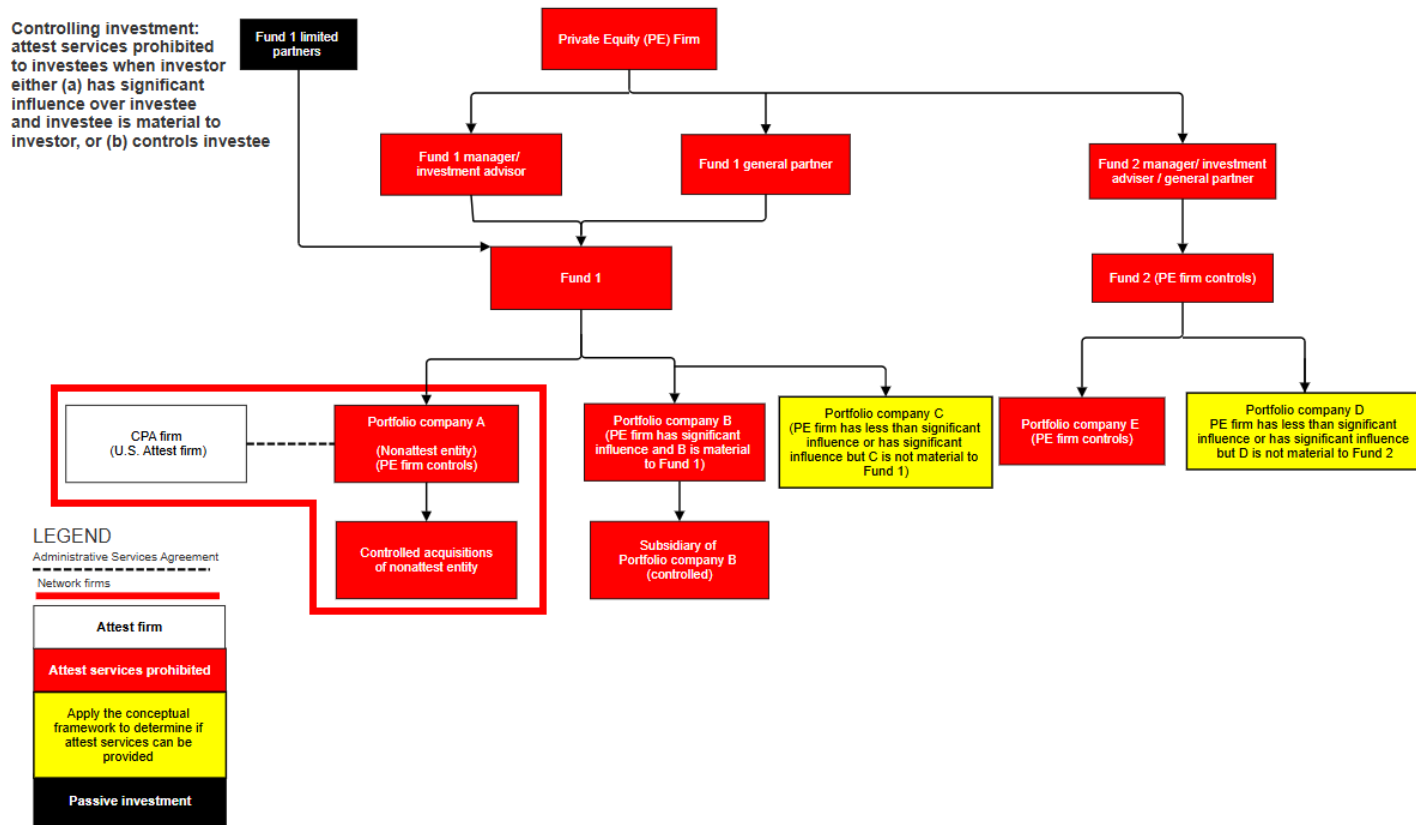
- (1) The subsidiary and/or investor is an affiliate of Investee B if the subsidiary/investor has at least significant influence over Investee B, and Investee B is material to the subsidiary/investor: affiliate definitions (c) or (d).



*Controlling investment by investor*

55. Threats to independence when providing attest services to other investees are more significant in a controlling investment. Therefore, the conclusions discussed in paragraph 56 of this explanatory material is more restrictive than what would result from the application of the affiliate rules.

56. In a controlling investment, independence is impaired when the attest firm provides any attest service to an investee of the investor when the investor either (a) has significant influence over the investee and the investee is material to the investor or (b) controls the investee (.18d.). When the investor is PE, this restriction applies to any funds and to portfolio companies in any fund.



Relationships that require application of the conceptual framework

57. Members should apply the “Conceptual Framework for Independence” interpretation for other relationships and circumstances the member knows or has reason to believe exist that may create threats to independence. This includes when determining whether attest services can be provided within the investor’s structure that are not prohibited as described in paragraphs 48–56 of this explanatory material (.18b–d).

58. In evaluating threats, members should consider the level of investment (significant influence or controlling) and other relevant factors. The examples and factors provided in paragraph .20 of the interpretation are meant to be illustrative and non-exhaustive. Members should determine which of these and other factors are relevant to the specific set of facts and circumstances being evaluated.

59. Members are not required to monitor for the existence of these relationships; however, members should apply the conceptual framework when they know or have reason to believe a relationship that may create threats to independence exists. The phrase “knows or has reason to believe” appears in various sections of the code but is not explicitly defined. In practice, it is commonly interpreted as having actual knowledge of a relationship or becoming aware of information that provides sufficient cause to believe the relationship exists. Additional conceptual framework examples will be provided in nonauthoritative guidance for APSs with a public company, private equity, or another investor.
60. Paragraph .20*b*. of the interpretation provides an example of when the attest firm knows or has reason to believe a financial, employment, or business relationship exists between an individual or entity listed (for example, a nonattest entity board member who is not a covered member) and an attest client. PEEC believes the categories listed of “financial, employment (including key positions), and business relationships” sufficiently covers the relationships outlined in the correlating sections of the code.<sup>31</sup>

#### Relationships that generally do not create threats to independence

61. Relationships with certain individuals and entities that generally do not create threats to independence in an APS are presented in paragraphs .21–.22 of the interpretation. The term “generally” is used here to indicate that typically these relationships do not create threats to independence. However, if additional information indicates a threat to independence exists, members should evaluate the threat to conclude whether threats are not at an acceptable level.
62. Limited partners are included here because their investment is passive in nature and usually does not provide for significant influence over the fund it invests in (.21). However, if an individual who is a limited partner, or who is appointed by an entity that is a limited partner, serves on the nonattest entity board, that individual is subject to the guidance applicable to nonattest entity board members. See paragraph 50 of this explanatory material for a situation in which the limited partner has significant influence over the fund and the investment is material to the limited partner.

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<sup>31</sup> The “Financial Interests” subtopic (ET sec. 1.240), the “Trusts and Estates” subtopic (ET sec. 1.240), the “Participation in Employee Benefit Plans” subtopic (ET sec. 1.250), the “Depository, Brokerage, and Other Accounts” subtopic (ET sec. 1.255), the “Insurance Products” subtopic (ET sec. 1.257), the “Loans, Leases, and Guarantees” subtopic (ET sec. 1.260), the “Business Relationships” subtopic (ET sec. 1.265), and the “Current Employment or Association with an Attest Client” subtopic (ET sec. 1.275).

63. Other investees of the investor (for example, other portfolio companies) that are not determined to be network firms of the attest firm may provide services to attest clients of the attest firm that would impair independence if performed by the attest firm. In addition, other investees could enter into business relationships with attest clients of the attest firm that would impair independence if entered into with the attest firm (.22).

#### Proposed revision to the “Alternative Practice Structures” interpretation (ET sec. 1.810.050)

64. PEEC is proposing the revision to paragraph .01 to broaden the application of the requirements to APS models.
65. Extant paragraph .03 is being deleted because it is redundant with the financial interest provision of the “Council Resolution Concerning the Form of Organization and Name Rule” (Appendix B). The attest firm must comply with the provisions in the resolution to provide the attest services outlined in paragraph A. of the resolution.
66. The new proposed paragraph .03 is intended to address a potential practice issue. The purpose is to promote transparency in practice, avoid the risk of misleading clients, and ensure accurate representation regarding which entity in the APS is responsible for performing each service.

#### Proposed revision to the “Conceptual Framework for Independence” interpretation (ET sec. 1.210.010) and “Conceptual Framework for Members in Public Practice” interpretation (ET sec. 1.000.010)

67. Among the various types of threats to independence in an APS, the undue influence threat<sup>32</sup> tends to arise more frequently. This increased frequency is due to the additional relationships that must be considered in an APS, which can introduce more complex dynamics and potential sources of influence — though the threat itself is not inherently more significant. PEEC is proposing to include additional examples in the conceptual framework interpretations, which will assist members in identifying this threat when practicing in an APS.

#### Proposed revision to the definition of *network firm* (ET sec. 0.400.36)

68. The first revision to the definition of *network firm* removes the inclusion of entities under common control with a network firm from the definition. Furthermore, PEEC does not believe

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<sup>32</sup> *Undue influence threat*. The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual’s reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member* (ET sec. 1.000.010.16).

entities under common control with a network firm should automatically be scoped into the definition of *network firm* but rather be subject to evaluation as necessary.

69. Additionally, circumstances in which a member owns and controls a separate business will continue to be addressed in the “Ownership of a Separate Business” interpretation (ET sec. 1.810.010). According to this interpretation, a separate business under common control is required to comply with the code.
70. The second revision adds a precondition that an entity that controls a network firm also be cooperating with the network firm for the purpose of enhancing the network firm’s capabilities to provide professional services before the controlling entity is considered a network firm. The revised definition still requires a controlling entity of a network firm to be evaluated for inclusion as a network firm. The code continues to prohibit ownership in a CPA firm by an entity or by individuals who are not actively engaged as members of the firm.<sup>33</sup>

### Conclusion

71. The proposed new interpretation and revisions presented in this exposure draft are designed to address the evolving landscape of APSs in the accounting profession. The guidance addresses threats to independence in an APS by leveraging other independence interpretations, prohibiting certain relationships unique to an APS when independence would be impaired, and allowing firms to evaluate threats using the conceptual framework in other instances. Including factors to consider when applying the conceptual framework will help ensure consistent compliance with the independence requirements through application of the framework. These changes aim to uphold the integrity of the profession while offering practical guidance for firms operating in alternative practice structures.

### Effective date

72. PEEC recommends the proposal be effective one year after adoption, with early implementation permitted for those who implement the new interpretation in its entirety.

### Request for comments

73. PEEC welcomes comments on all aspects of the proposed revisions to the code. In addition, PEEC seeks feedback on the following specific aspects (parenthetical references are to paragraphs in the proposed interpretation):

- a. Do you agree that “investor” is defined appropriately (.04c)? If not, please explain.

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<sup>33</sup> Appendix B: *Council Resolution Concerning the Form of Organization and Name Rule*.

- b. Do you agree that the definition of “key stakeholders of the investor” is clear in terms of which individuals are included?
- c. Do you agree the three models should be included in the interpretation (.06–.07)? If not, please explain, including whether you believe one or more should be included in nonauthoritative guidance or if there are other models that should be included in nonauthoritative guidance.
- d. Do you agree that the definition of “network firm” should be amended to add the requirement that the cooperation characteristic (as described in paragraph 29 of the explanatory material) in the definition of “network” be met before a controlling investor of a network firm is considered a network firm? If not, please explain.
  - i. Do you agree that if the controlling investor is a network firm based on the definition of “network firm,” then other entities it controls should also be network firms? If not, please explain.
- e. Do you agree that in an APS, the nonattest entity should be subject to the same independence requirements as the attest firm, including the requirements under the “Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements” subtopic (ET sec. 1.297 (.14))?
  - i. If you do not agree, do you believe the “Conceptual Framework for Independence” interpretation should be applied to evaluate the significance of threats created by the nonattest entity’s and its controlled entities’ relationships with attest clients subject to the SSAEs?
    - 1. If so, what factors should be considered in evaluating the significance of threats and whether potential safeguards could be implemented?
- f. Do you agree that when an investor does not provide professional services and the investor’s activities are limited to investing in the nonattest entity and advising on the budgetary or strategic direction of the attest firm (described in paragraph 32 of the explanatory material), then the investor is generally not a network firm? If not, please explain.
  - i. If you agree, state whether you believe these factors should be in authoritative or nonauthoritative guidance.

- g.* Do you agree with the factors for determining whether cooperation exists for the purpose of enhancing capabilities to provide professional services as described in paragraph 33 of the explanatory material?
- i.* If you agree, state whether you believe these factors should be in authoritative or nonauthoritative guidance.
  - ii.* Do you believe any additional factors should be included for determining whether cooperation exists? If so, please provide the additional factors.
- h.* Do you agree that the covered member section (.15–.16) should remain in the interpretation?
- i.* If not, should this section be presented as application material on how to apply the *covered member* definition in an APS in nonauthoritative guidance?
- i.* Do you agree that the chief executive of the nonattest entity (and other individuals in an attest partner’s chain of command in the nonattest entity) should be evaluated under the *covered member* definition rather than be automatically considered covered members (.16)? If not, please explain.
- j.* Do you agree that when the investor has significant influence or control over the nonattest entity, the attest firm should not provide a financial statement attest service to an investee of the investor if an upstream entity of the nonattest entity is an affiliate of the investee (.18b.)? If not, please explain.
- k.* Do you agree that when an attest client has a financial interest in the nonattest entity, independence is impaired, regardless of whether the attest client has significant influence over the nonattest entity (.18c.)? If not, please explain.
- l.* Do you agree that, in an APS with PE when the PE investor controls the nonattest entity, the attest firm should not provide attest services to another portfolio company **in any fund** when the PE investor either a) has significant influence over the portfolio company and the investment is material the fund, or b) controls the portfolio company (.18d.)? If not, please explain.
- m.* Do you agree that the prohibitions described in paragraph .18b.–d. of the interpretation regarding the provision of attest services to investees and other entities of the investor (that is not a network firm), along with the use of the conceptual framework for independence for circumstances when the prohibitions

would not apply (.20), are sufficient to address threats to independence in the circumstances described in the respective paragraphs? If not, please explain.

- i. For example, when the investor has significant influence over the nonattest entity, the attest firm would apply the conceptual framework for independence when evaluating whether a controlled portfolio company in the same fund as the nonattest entity could be a financial statement attest client if the controlled portfolio company is not material to the fund (that is, the fund is not an affiliate).
- n. Do you agree with the “Relationships with individuals and entities that generally do not create threats to independence” section (.21–.22)?
  - i. If you agree, should paragraphs .21–22 remain in the interpretation? If not, do you believe the material should be presented in nonauthoritative guidance?
- o. Do you agree that the new paragraph .03 of the revised “Alternative Practice Structures” interpretation of the “Form of Organization and Name Rule” should be in the interpretation? If not, do you believe this is a practice issue as described in paragraph 66 of the explanatory material and, if so, is there another approach that should be considered (for example, in nonauthoritative guidance)?
- p. Do you agree that the proposed guidance is operational? If not, please identify specific sections you do not agree are operational.
- q. Are there any other independence threats related to practicing in an APS, as well as in traditional networks, that we haven’t addressed? If so, please explain.
- r. For what areas do you believe nonauthoritative guidance is needed (other than those already identified)?

## Proposed new interpretation “Alternative Practice Structures” (ET sec. 1.220.020)

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you would like to see the definitions, you can find them in “Definitions” ([ET sec. 0.400](#)).

Because the new interpretation is replacing the existing interpretation in its entirety, the proposal is not marked for changes.

- .01 *Members* who practice in an alternative practice structure should apply this and other applicable *interpretations* to determine their compliance with the “Independence Rule” [1.200.001].
- .02 All such structures must be organized in a form that complies with applicable state and federal laws, rules, and regulations; the “Form of Organization and Name Rule” [1.800.001]; and the related “Alternative Practice Structures” interpretation [1.810.050] of the “Form of Organization and Name Rule.”
- .03 To protect the public interest, the overriding focus of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B] is that CPAs remain responsible for a *firm’s* attest work. In addition to the provisions of the resolution, other requirements of the code and bylaws ensure responsibility for
- a. compliance with all aspects of applicable law or regulation;
  - b. enrollment in an AICPA-approved practice monitoring program;
  - c. compliance with the “Independence Rule;” and
  - d. compliance with applicable standards promulgated by *Council*-designated bodies (the “Compliance with Standards Rule” [1.310.001]) and all other provisions of the code, including “Structure and Application of the AICPA Code” [0.200].

## Terminology

.04 The following terms are defined solely for the purpose of applying this *interpretation*.

- a. An alternative practice structure (APS) is a form of organization in which a *firm* that provides attest services (attest *firm*) is closely aligned with another public or private entity, partly or wholly owned by an investor or investors, that performs *professional services* other than attest services (nonattest entity).
- b. Closely aligned means a substantial amount of the revenues of the attest *firm* are paid to the nonattest entity in return for administrative services and the lease of employees, equipment, office space, and other resources.
- c. An investor is an individual or entity that has a *financial interest* in the nonattest entity. The investor does not meet the characteristics of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B] and could be a private equity (PE) investor, partnership, corporate entity, or other type of investor. There may be one or more investors in the nonattest entity.
- d. A *significant influence* investment exists when an investor has *significant influence* over the nonattest entity but not *control*.
- e. A *controlling* investment exists when an investor has *control* over the nonattest entity.
- f. Key stakeholders of the investor are individuals who represent or act on behalf of the investor and may include owners, managing partners, founders, or principals.
- g. Upstream entities of the nonattest entity are entities that have at least *significant influence* over the nonattest entity through an investor. For example, in an APS with PE, when the investor has at least *significant influence* over the nonattest entity, this includes the fund, investment adviser, general partner, and PE firm.

## Characteristics and diagrams of an APS

.05 The following characteristics are not necessarily representative of every APS. *Members* should apply the concepts of the *interpretation* even if one or more of these characteristics vary in the *member's* APS.

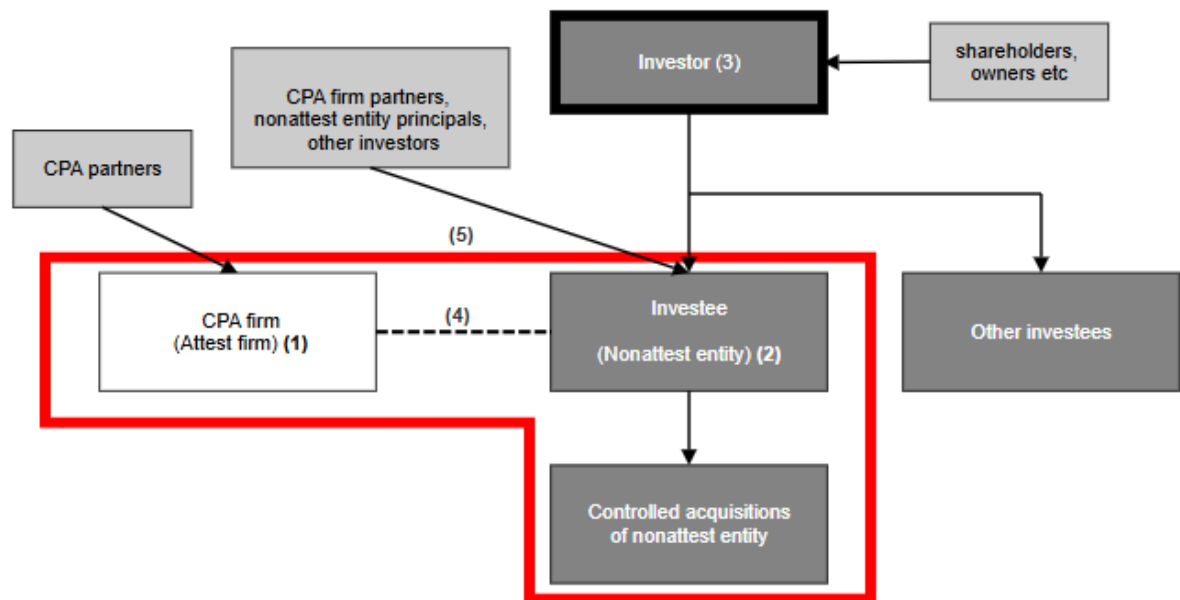
- a. A *firm* separates its attest practice (attest *firm*) and nonattest practice (nonattest entity) and sells a portion of its nonattest practice to an investor or investors. Legacy *partners* of the *firm* may retain an equity interest in the nonattest entity. Alternatively, an attest *firm* may closely align itself with a nonattest entity that has such an investor.

- b. An investor has a *financial interest* that provides the investor with either *significant influence* or *control* over the nonattest entity. There may be other investors with less than *significant influence* in the nonattest entity.
- c. The attest *firm* meets the requirements of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B], including majority ownership by CPAs (attest *firm partners*) and the prohibition against “ownership by investors or commercial enterprises not actively engaged as members of the *firm* or its *affiliates*.” The attest *firm partners* remain responsible for decisions regarding *attest clients*, *attest engagements*, quality management, *independence*, risk management, and attest *firm* personnel. The attest *firm partners* and members of the *attest engagement team* may be employees of the nonattest entity.
- d. The nonattest entity does not meet the characteristics of the “Council Resolution Concerning the Form of Organization and Name Rule” [appendix B]. The owners of the nonattest entity may include attest *firm partners*, nonattest entity principals, and investors.
- e. The attest *firm* has its own governing body, such as a board of directors (attest *firm* board) that is separate from the nonattest entity’s governing body and is not elected by the nonattest entity’s governing body. The attest *firm* board is involved in budgetary decisions of the attest *firm*.
- f. The nonattest entity has a governing body, such as a board of directors or equivalent body (nonattest entity board) that includes representation from the investor, oftentimes relative to its *financial interest* in the nonattest entity. The nonattest entity board may be the governing body of a parent entity with direct oversight over the nonattest entity. Decisions regarding compensation, finance and budget, resource allocation, and strategic decisions of the nonattest entity are made at the board level; however, the nonattest entity board does not make ordinary-course managerial and operational decisions related to the nonattest entity. Such decisions are made by senior management of the nonattest entity. The nonattest entity board has the authority to approve the budget, including compensation of the attest *firm partners* either on a pooled or individual basis, and may delegate these responsibilities to subcommittees, which may include attest *partner* representation.
- g. The attest *firm* maintains an administrative services agreement (or similar agreement) with the nonattest entity. Under this agreement, the attest *firm* compensates the nonattest entity for administrative support, leased employees, equipment, office space, and other resources. The administrative services agreement is generally structured with

defined terms, renewal provisions, and termination rights, including the right to exit if the relationship is no longer aligned with professional standards.

- h. The chief executives or equivalents of the attest *firm* and nonattest entity are usually not the same individual. The chief executive or equivalent of the attest *firm* reports to the attest *firm* board, while the chief executive or equivalent of the nonattest entity reports to the nonattest entity board.

.06 The following diagram depicts an example of an APS with a public or private investor that has either a *significant influence* or *controlling* investment in the nonattest entity.

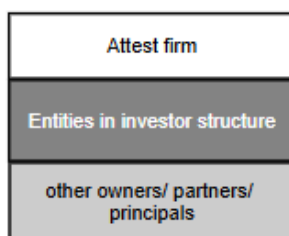


LEGEND

Administrative Services Agreement

Network firms

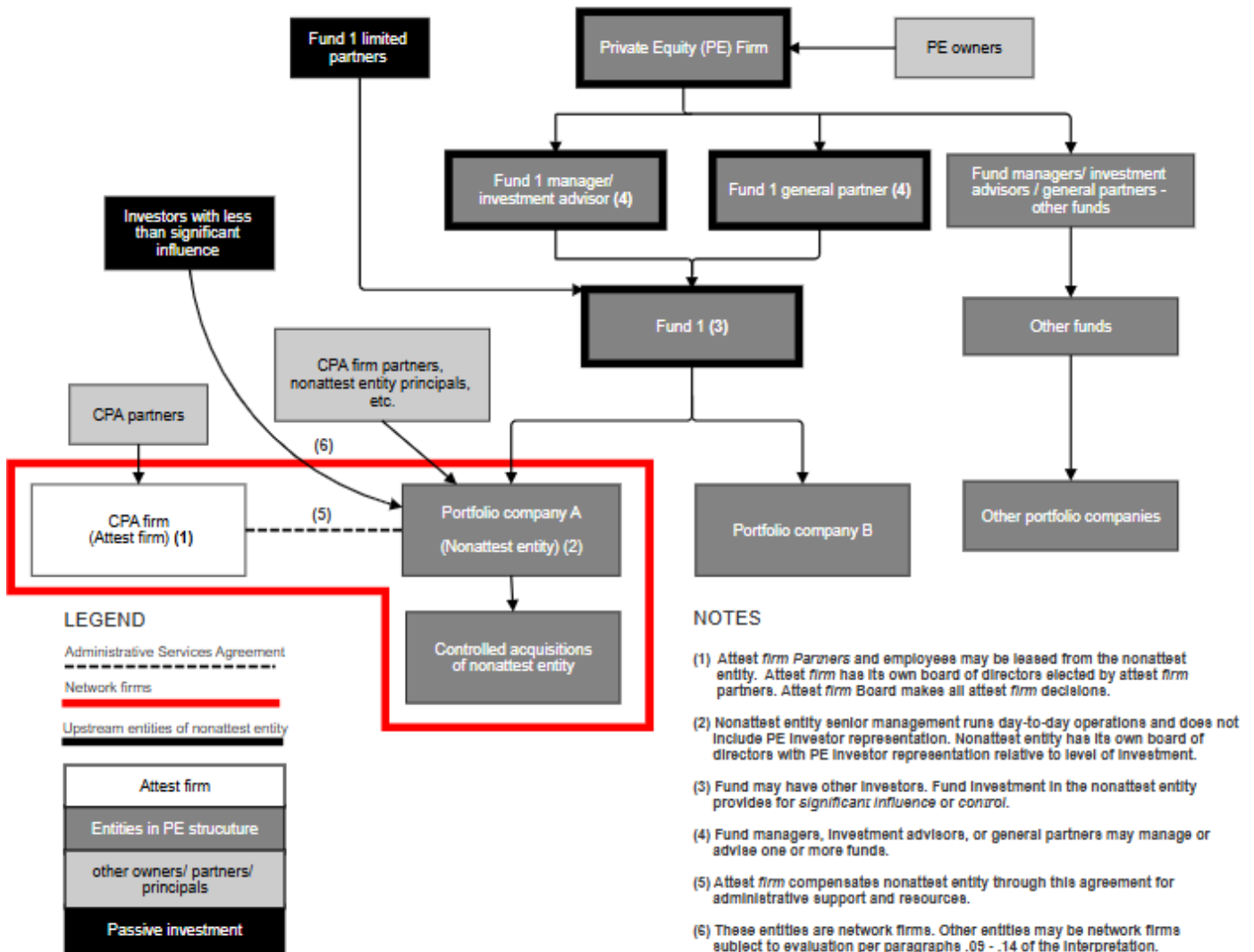
Upstream entities of nonattest entity

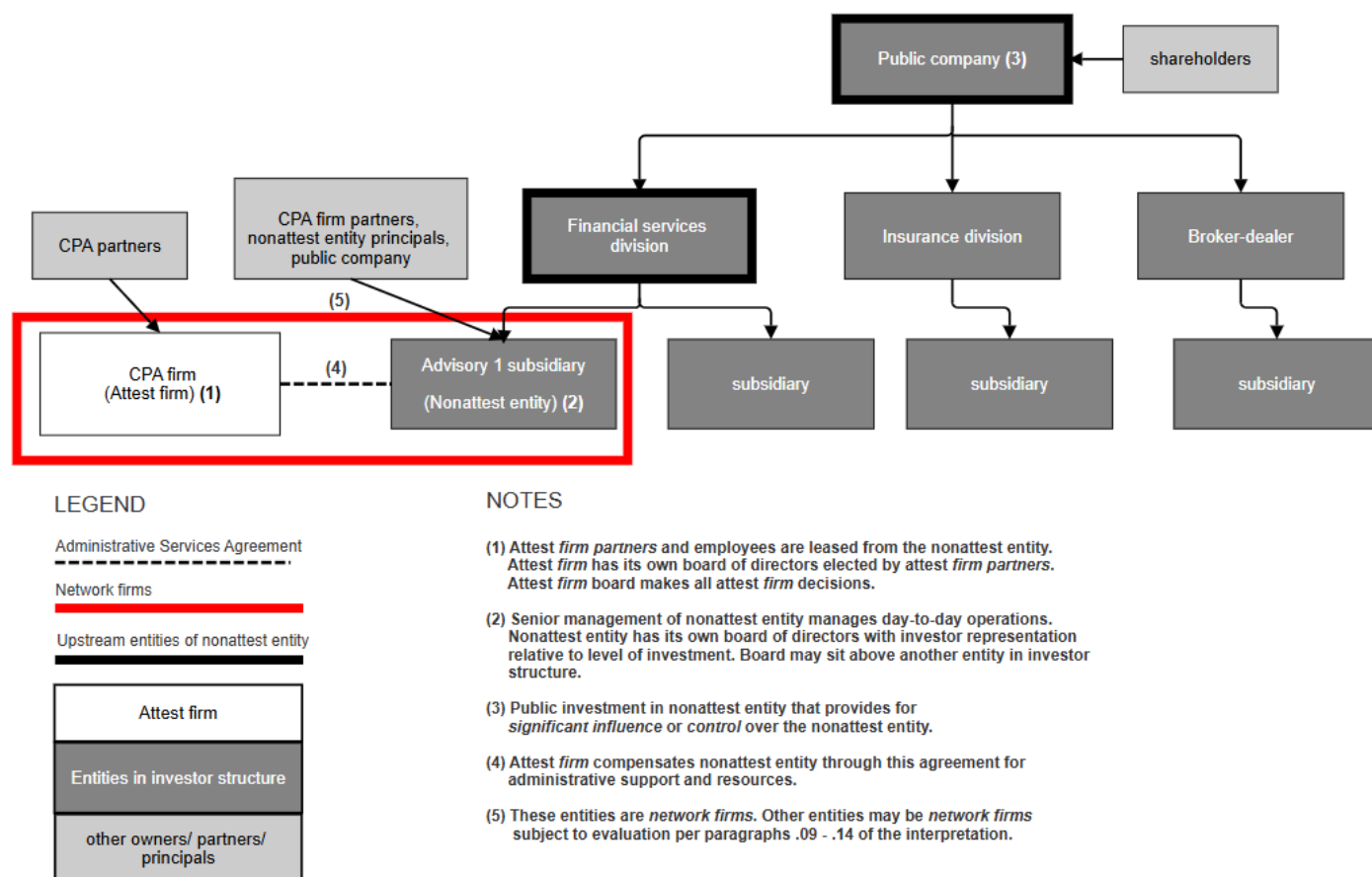


NOTES

- (1) Attest firm partners and employees are leased from the nonattest entity. Attest firm has its own board of directors elected by attest firm partners. Attest firm board makes all attest firm decisions.
- (2) Senior management of nonattest entity manages day-to-day operations and does not include investor representation. Nonattest entity has its own board of directors with investor representation relative to level of investment.
- (3) Public or private investment in nonattest entity that provides for significant influence or control over the nonattest entity.
- (4) Attest firm compensates nonattest entity through this agreement for administrative support and resources.
- (5) These entities are network firms. Other entities may be network firms subject to evaluation per paragraphs .09 - .14 of the interpretation.

.07 The following diagrams depict an APS with a PE investor, followed by an APS with a public company investor, that has either *significant influence* or a *controlling* investment in the nonattest entity.





### Interpretation

.08 *Members* operating in an APS should perform the following steps when identifying and evaluating relationships to comply with the “Independence Rule” [1.200.001] and its *interpretations*.

- a. Determine which entities are *network firms* of the attest firm by (i) applying the *network* definition and then (ii) applying the *network firm* definition (paragraphs .09–.14).
- b. Determine which individuals are *covered members* (paragraphs .15–.16).
- c. Identify relationships and circumstances that create *threats to independence*.
  - i. Determine whether the relationships and circumstances described in paragraph .18a.–d. exist. When these relationships and circumstances exist, *threats* are not at an *acceptable level* and cannot be reduced to an *acceptable level* by the application of *safeguards*, and *independence* is *impaired*.

- ii. Apply the “Conceptual Framework for Independence” interpretation [1.210.010] to relationships and circumstances not prohibited by .18a.–d. that the *member* knows or has reason to believe exist, such as those identified in paragraph .20.

### **Network firms**

- .09 The attest *firm* and nonattest entity are *network firms* because they cooperate to enhance the *firms’* capabilities to provide *professional services* and share one or more of the characteristics described in the definition of *network* [0.400.35].
- .10 The attest *firm* should consider whether an investor with *significant influence* or *control* over the nonattest entity is part of the attest *firm’s network*. This determination should be based on whether the investor cooperates with the attest *firm* to enhance its capabilities to provide *professional services* and meets one or more of the characteristics described in the definition of *network* [0.400.35].
- .11 When evaluating whether an entity is part of the attest *firm’s network*, the determination should be based on the relationship between the attest *firm* and the entity that is being evaluated except as outlined in paragraphs .12 and .13.
- .12 The attest *firm* should then consider if additional entities are part of the *network* through application of the definition of *network firm* [0.400.36]. For example, entities that the nonattest entity *controls* meet the definition of *network firm* and are therefore part of the attest *firm’s network*.
- .13 The attest *firm* should consider whether an investor that *controls* the nonattest entity but does not meet the characteristics of a *network* as described in paragraph .10 would meet the definition of a *network firm*. This determination should be based on whether the investor cooperates with the nonattest entity to enhance its capabilities to provide *professional services* as described in the definition of *network firm*.
- .14 Due to the close alignment of the attest *firm* and nonattest entity, the exceptions applicable to *network firms* within *interpretations* under the “Independence Rule” [1.200.001] do not apply to the nonattest entity and entities it *controls*. Therefore, the following requirements apply:
  - a. The nonattest entity, and entities it controls, should comply with the “Independence Rule” [1.200.001] and its *interpretations* with respect to all *attest clients*, which includes complying with the “Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements” subtopic [1.297].
  - b. Nonattest entity *partners*, *partner equivalents*, principals and professional employees are subject to the *interpretations* of the “Independence Rule” [1.200.001] that apply to individuals within the attest *firm*.

- c. The attest *firm* and nonattest entity, and entities it *controls*, should take specific steps to identify conflicts of interest that may arise due to their respective relationships with or between *clients* as set forth under the “Conflicts of Interest for Members in Public Practice” interpretation [1.110.010].

### **Covered members**

- .15 Individuals outside the attest *firm* may be *covered members*. For example, nonattest entity board members who have the authority, whether exercised or not, to recommend or approve the compensation of the attest *firm partners* at the individual level are *covered members* because they are *individuals in a position to influence the attest engagement*.
- .16 Other individuals may need to be evaluated to determine if they meet the definition of a *covered member*, including the following:
  - a. Board members of the nonattest entity who do not have the authority to recommend or approve the compensation of the attest *firm partners* at the individual level
  - b. Individuals in the nonattest entity who directly supervise or manage the *attest engagement partner*, including all successively senior levels through the chief executive or equivalent of the nonattest entity (for example, executive committee members)

### **Relationships and circumstances with individuals and entities that may create threats to independence**

- .17 *Threats* to compliance with the “Independence Rule” [1.200.001] may exist due to additional relationships involving individuals and entities that are not *network firms* or *covered members*.
- .18 *Threats* to compliance with the “Independence Rule” [1.200.001] are not at an *acceptable level* and cannot be reduced to an *acceptable level* through the application of *safeguards* and therefore, *independence* is *impaired* in the following circumstances:
  - a. In a *significant influence* investment or *controlling* investment, when an individual who is a member of *those charged with governance* over the nonattest entity serves in a *key position* at an *attest client* during the *period of the professional engagement* or the *period covered by the financial statements*
  - b. In a *significant influence* investment or *controlling* investment, when an *attest client* or an *affiliate* of a *financial statement attest client* is an upstream entity of the nonattest entity

- c. When an *attest client* has or the *attest client's* officers or directors have a *direct financial interest* in the nonattest entity or a *beneficial ownership interest* in more than 5 percent of the equity securities of the nonattest entity *Independence is impaired* regardless of whether the *attest client* has *significant influence* over the nonattest entity.
- d. In a *controlling* investment, when the investor either (i) has *significant influence* over an *attest client* and the *attest client* is material to the investor or (ii) *controls* the *attest client*

.19 To determine whether an *attest engagement* in paragraph .18 can be completed when a *financial statement attest client* is being acquired by the investor or when the attest *firm* acquires another *firm* that is providing an attest service to an investee of the investor, refer to the acquisition guidance in the “Client Affiliates” interpretation [1.224.010] and the “Firm Mergers and Acquisitions” interpretation [1.220.040], respectively.

.20 In both a *significant influence* investment and *controlling* investment, *members* should evaluate whether a relationship that is not prohibited by application of the “Independence Rule” [1.200.001] and its *interpretations* to *covered members*, *network firms*, or the additional requirements of this *interpretation*, create *threats* that require the *member* to apply *safeguards* to reduce those *threats* to an *acceptable level*. When *threats* cannot be eliminated or reduced to an *acceptable level*, *independence is impaired*. The following are examples of circumstances in which such relationships should be evaluated:

- a. The attest *firm* is determining whether it can provide an attest service to an investee or other entity of an investor that is not prohibited by paragraph .18b.–d. Examples of factors to consider when evaluating whether *threats* exist and are at an *acceptable level* include the following:
  - i. Whether the investor *controls* the nonattest entity
  - ii. Nature of the attest service
  - iii. Whether the investor has *significant influence* over or *controls* the investee or other entity of the investor
  - iv. Whether the investee or other entity of the investor is material to the investor or another upstream entity of the nonattest entity
  - v. Whether the *financial statements* of the investee or of another entity of the investor are consolidated with the investor
  - vi. Whether the investee or other entity of the investor has separate governance and separate management from the nonattest entity

- vii. Whether the investee or other entity of the investor is an existing *attest client* that the investor is targeting as an acquisition
  - viii. Whether the *attest engagement* arose from a referral, introduction, or recommendation by a representative of the investor
  - ix. Whether a key stakeholder of the investor is on the board of the investee or other entity of the investor
  - x. Whether the investment in the investee or other entity of the investor is managed by the same individual or entity as the nonattest entity (for example, the fund, general partner, or investment adviser)
- b. The attest *firm* knows or has reason to believe that a financial, employment (including *key positions*), or business relationship not prohibited by paragraph .18a exists between an *attest client* and any of the following individuals or entities that are not *covered members* or *network firms*:
- i. Nonattest entity board members who are appointed by an investor with at least *significant influence* over the nonattest entity
  - ii. Key stakeholders of the investor with at least *significant influence* over the nonattest entity
  - iii. Upstream entities of the nonattest entity including individuals in *key positions* at those entities
  - iv. Investors with less than *significant influence* over the nonattest entity
- c. The attest *firm* knows or has reason to believe that an *attest client* has a *financial interest* in an investor with at least *significant influence* over the nonattest entity that is not prohibited by paragraph .18b. Examples of factors to consider when evaluating whether *threats* exist and are at an *acceptable level* include the following:
- i. The nature of the attest service
  - ii. Whether the *attest client* has *significant influence* over the investor
  - iii. Whether the investment is material to the *attest client*
  - iv. Whether the investment is a *direct* or *indirect financial interest* in the investor

***Relationships with individuals and entities that generally do not create threats to independence***

.21 Relationships with the following individuals and entities generally do not create *threats* to *independence*. Therefore, these individuals and entities are generally not subject to the “Independence Rule” [1.200.001] and its *interpretations*.

- a. Limited partners with a *financial interest* in the investor, or the investment vehicle that holds the investment in the nonattest entity, when the limited partner has less than *significant influence* over the investor or investment vehicle.
- b. Investees of an investor with less than *significant influence over the nonattest entity*, unless the investees meet the definition of *network firms*.
- c. *Immediate family* members of the individuals listed in paragraph .20b.

.22 An investee of an investor, that is not a *network firm*, may provide nonattest services to, or enter into a business relationship with, an *attest client* of the attest *firm* that would *impair independence* if performed by, or entered into with, the attest *firm*.

## Proposed revisions to definition and interpretations (redline)

Additions appear in ***boldface italic***. Deletions appear in ~~strikethrough~~.

Terms defined in the AICPA Code of Professional Conduct are italicized in this document. If you'd like to see the definitions, you can find them in "Definitions" ([ET sec. 0.400](#))

### 0.400.36 Definition of *network firm*

ET sec. 0.400.36 Network firm. A *firm* or other entity that belongs to a *network*. This includes any entity that, ~~the network~~ by itself or through one or more of its owners, ~~controls~~ or is ~~controlled~~ by, or is under common ~~control~~ with

- a. ***the network firm controls, or***
- b. ***controls the network firm and cooperates with the network firm for the purpose of enhancing that network firm's capabilities to provide professional services.***

### 1.810.050 Alternative Practice Structures

.01 The "[Form of Organization and Name Rule](#)" [1.800.001] states, "A *member* may practice public accounting only in a form of organization permitted by law or regulation whose characteristics conform to resolutions of *Council*." The *Council* resolution ([appendix B](#)) requires, among other things, that CPAs own a majority of the *financial interests* in a *firm* engaged to provide attest services (as defined therein) to the public. This interpretation explains the application of this rule to an alternative practice structure (APS) ~~in which (a) the majority of the financial interests in the attest firm is owned by CPAs and (b) all or substantially all of the revenues are paid to another entity in return for services and the lease of employees, equipment, and office space.~~ ***as described in the "Alternative Practice Structures" interpretation (ET sec. 1.220.020).***

.02 To protect the public interest, the overriding focus of the [resolution](#) is that CPAs remain responsible, financially and otherwise, for a firm's attest work. In addition to the provisions of the [resolution](#), other requirements of the code and bylaws ensure responsibility for

- a. compliance with all aspects of applicable law or regulation,
- b. enrollment in an AICPA-approved practice monitoring program,

- c. compliance with the “[Independence Rule](#)” [1.200.001], and
- d. compliance with applicable standards promulgated by Council-designated bodies (“[Compliance With Standards Rule](#)” [1.310.001]) and all other provisions of the code, including “[Structure and Application of the AICPA Code](#)” [0.200].

~~.03 Given all the previously mentioned safeguards that protect the public interest, if the CPAs who own the attest firm remain financially responsible, under applicable law or regulation, for the firm’s attest work, the member is considered to be in compliance with the financial interests provision of the resolution. [Prior reference: paragraph .04 of ET section 505]~~

**.03 The member should disclose to the client which professional services are provided by the firm engaged to provide attest services and which are provided by the closely aligned entity that performs professional services other than attest services (nonattest entity). See paragraph .05d. of the “Alternative Practice Structures” interpretation (1.220.020) for description of nonattest entity.**

#### 1.210.010 Conceptual Framework for Independence

[Paragraphs .01–.17 are unchanged.]

.18 *Undue influence threat.* The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual’s reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. Management threatens to replace the *member* or *member’s firm* over a disagreement on the application of an accounting principle.
- b. Management pressures the *member* to reduce necessary audit procedures in order to reduce audit fees.
- c. The *member* receives a gift from the *attest client*, its management, or its significant shareholders. [\[1.285.010\]](#)
- d. A large proportion of fees charged by the *firm* to an *attest client* is generated by providing nonattest services.
- e. ***In an alternative practice structure, the investor pressures the attest firm and/or nonattest entity to meet internal or external targets.***

- f. In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest firm, such as independence, quality management, or compensation decisions of attest partners.**

[Paragraphs .19–.23 are unchanged.]

#### 1.000.010 Conceptual Framework for Members in Public Practice

[Paragraphs .01–.15 are unchanged.]

.16 *Undue influence threat.* The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. The *firm* is threatened with dismissal from a *client* engagement.
- b. The *client* indicates that it will not award additional engagements to the *firm* if the *firm* continues to disagree with the *client* on an accounting or tax matter.
- c. An individual associated with the *client* or any relevant third party threatens to withdraw or terminate a *professional service* unless the *member* reaches certain judgments or conclusions.
- d. ***In an alternative practice structure, the investor pressures the attest firm and/or nonattest entity to meet internal or external targets.***
- e. ***In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest firm, such as independence, quality management, or compensation decisions of attest partners.***

[Paragraphs .17–.24 are unchanged.]

## Proposed revisions to definition and interpretations (clean)

### 0.400.36 Definition of *network firm*

ET sec. 0.400.36 Network firm. A *firm* or other entity that belongs to a *network*. This includes an entity that, by itself or through one or more of its owners,

- a. the *network firm controls*, or
- b. *controls* the *network firm* and cooperates with the *network firm* for the purpose of enhancing that *network firm's* capabilities to provide *professional services*.

### 1.810.050 Alternative Practice Structures

.01 The "[Form of Organization and Name Rule](#)" [1.800.001] states, "A *member* may practice public accounting only in a form of organization permitted by law or regulation whose characteristics conform to resolutions of *Council*." The *Council* resolution ([appendix B](#)) requires, among other things, that CPAs own a majority of the *financial interests* in a *firm* engaged to provide attest services (as defined therein) to the public. This interpretation explains the application of this rule to an alternative practice structure (APS) as described in the "Alternative Practice Structures" interpretation (ET sec. 1.220.020).

.02 To protect the public interest, the overriding focus of the [resolution](#) is that CPAs remain responsible, financially and otherwise, for a firm's attest work. In addition to the provisions of the [resolution](#), other requirements of the code and bylaws ensure responsibility for

- a. compliance with all aspects of applicable law or regulation,
- b. enrollment in an AICPA-approved practice monitoring program,
- c. compliance with the "[Independence Rule](#)" [1.200.001], and
- d. compliance with applicable standards promulgated by Council-designated bodies ("[Compliance With Standards Rule](#)" [1.310.001]) and all other provisions of the code, including "[Structure and Application of the AICPA Code](#)" [0.200].

.03 The *member* should disclose to the *client* which *professional services* are provided by the *firm* engaged to provide attest services and which are provided by the closely aligned entity that performs *professional services* other than attest services (nonattest entity). See paragraph .05d. of the "Alternative Practice Structures" interpretation (1.220.020) for description of nonattest entity.

### 1.210.010 Conceptual Framework for Independence

[Paragraphs .01–.17 are unchanged.]

.18 *Undue influence threat*. The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

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- b. Management pressures the *member* to reduce necessary audit procedures in order to reduce audit fees.
- c. The *member* receives a gift from the *attest client*, its management, or its significant shareholders. [1.285.010]
- d. A large proportion of fees charged by the *firm* to an *attest client* is generated by providing nonattest services.
- e. In an alternative practice structure, the investor pressures the attest *firm* and/or nonattest entity to meet internal or external targets.
- f. In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest *firm*, such as *independence*, quality management, or compensation decisions of attest *partners*.

[Paragraphs .19–.23 are unchanged.]

### 1.000.010 Conceptual Framework for Members in Public Practice

[Paragraphs .01–.15 are unchanged.]

.16 *Undue influence threat*. The *threat* that a *member* will subordinate his or her judgment to that of an individual associated with an *attest client* or any relevant third party due to that individual's reputation or expertise, aggressive or dominant personality, or attempts to coerce or exercise excessive influence over the *member*. Examples of undue influence *threats* include the following:

- a. The *firm* is threatened with dismissal from a *client* engagement.

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- c. An individual associated with the *client* or any relevant third party threatens to withdraw or terminate a *professional service* unless the *member* reaches certain judgments or conclusions.
- d. In an alternative practice structure, the investor pressures the attest *firm* and/or nonattest entity to meet internal or external targets.
- e. In an alternative practice structure, an individual representing the investor (for example, a nonattest entity board member), participates in decisions affecting the attest *firm*, such as *independence*, quality management, or compensation decisions of attest *partners*.

[Paragraphs .17–.24 are unchanged.]

## Acknowledgments

### Alternative Practice Structures Task Force

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The committee wishes to acknowledge the contributions of Bob Denham, who passed away during the course of this work. His dedication and expertise were invaluable to the committee's efforts, and his presence will be greatly missed.



[aicpa.org](https://aicpa.org)

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Date - , 2026

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Professional Ethics Division  
220 Leigh Farm Road  
Durham, NC 27707

Via e-mail to: [ethics-exposedraft@aicpa.org](mailto:ethics-exposedraft@aicpa.org)

Re: Exposure Draft: Proposed revisions related to alternative practice structures

Ladies and Gentlemen:

The New York State Board for Public Accountancy (Board) appreciates the opportunity to offer comment to the Exposure Draft (ED). The Board advises the New York State Board of Regents on regulatory, licensing, and disciplinary matters related to the practice of the profession of public accountancy in New York State.

The Practice Committee (Committee) of the Board has had the opportunity to review the ED and accordingly offers the following comments:

#### OVERVIEW

The Committee found the ED to be complex and difficult to understand. An overarching concern is that our regulatory framework defines unprofessional conduct of licensed professionals and public accounting firms and the New York law, regulations, and rules do not adopt the AICPA ethics code. While we do not adopt the AICPA ethics code, we will review the proposed modification, consistent with past practice, to assess its compatibility with our existing regulatory framework.

The Board has a strong interest in ensuring that New York unprofessional conduct standards align with the AICPA code to not create regulatory gaps. Therefore, they must be clear and enforceable to ensure they can become operational with our existing regulatory framework. We do not believe that the revised code as designed fits these criteria.

The formation of professional entities (public accountancy firms) span across several sections of the New York State Consolidated Law. The New York State Law does not recognize the term “alternative practice structure” (i.e. non-professional entity) as this is not a legal entity formation type. Further, we do not have regulatory authority over a non-professional entity. As drafted, portions of the exposure draft appear to assume a level of regulatory oversight into our authority over these non-professional entities. We believe that this creates potential challenges for investigation and enforcement of these standards.

The Committee believes that further clarification and simplification of the proposed framework be considered to ensure that they are understood and enforceable. Clearer guidance is necessary to distinguish

between responsibilities that can reasonably be imposed on licensed professionals and public accountancy firms.

**SPECIFIC COMMENTS:**

Comment #1 - Specific to item #37, page 16 of 53: Thus far in the board office's dealings with public accounting firm partners, managers, and staff that are associated with a non-professional entity, they are often confused about the entity at which they are employed. On numerous occasions, documents have been submitted indicating that the non-professional entity provided attestation and compilation services. Additionally, we have noted that after several exchanges of information with the employees, no one works for the public accounting firm. They work for non-professional entities. This current environment allows the public accounting firms to become legal shells of an organization, and the non-professional entities retain the employees and operational control. Our simple question, if those employed by these various entities do not know which entity they are working for, how is the public going to know which entity they are obtaining these services from?

Comment #2 - In the interest of public protection, there needs to be clear and distinct guidelines for the comingled branded entities websites. We were disappointed that the exposure draft does not address this matter. Further, we do not believe the standard disclosure that the AICPA has provided to its firms with an eight-point font at the very bottom of a public accounting firm's website is a satisfactory disclosure to the public.

We thank the AICPA for providing the proposed changes to the ethics code for our review and we appreciate the opportunity to provide our comments. Should you have any questions, please contact me.

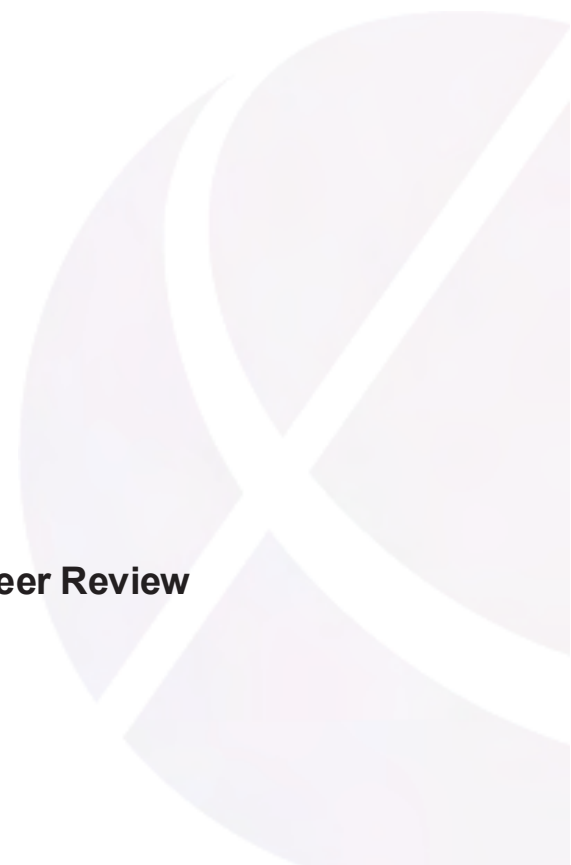
Sincerely,

Jennifer Winters, CPA  
Executive Secretary  
NY State Board for Public Accountancy



# AICPA Enforcement

**Toni Lee-Andrews, CPA,CGMA | Senior Technical Director – Ethics & Peer Review**



# *Peer review and ethics enforcement*

## Proposal to address certain ethics matters as part of the peer review process

- Not a bylaw proposal but an AICPA Council resolution
- The Professional Ethics Division receives ~60 A&A and related independence complaints per year
- Investigation and remediation focuses solely on the individual
  - A&A engagements are the product of a firm's system of quality management
- Resolution of cases can take 5+ years
  - Timeliness of case resolution is a top stakeholder concern (complainants, investigated individuals and their firms)
- Proposal
  - Address issues identified in complaints by Peer Review process rather than Ethics Division investigation

## Proposal to address certain ethics matters as part of the peer review process

- Applies only to:
  - CPA Firms
  - Services in the scope of Peer Review (A&A/independence)
- No change to treatment of alleged violations outside the scope of Peer Review, including those involving:
  - Behavioral issues
  - Financial reporting matters by CPAs in management accounting
  - Tax matters

## Benefits of proposal

- Enhances A&A quality through:
  - More effective remediation
    - Focus on firm's system of quality management, in addition to individual, for improvement
  - More timely remediation
    - Peer review has a three-year cycle and issues will be addressed well within that period
- Supported by:
  - Regulators who submit Ethics complaints
  - Peer Review Board and Professional Ethics Executive Committee

## Impacts on peer review

Stakeholder	Level of effort required
Peer reviewers	Minimal increase, <1% of reviews affected
AICPA Peer Review staff	Minimal increase
Firms	Minimal or no increase
Administering entities	Minimal or no increase

## Next Steps

- Consideration of all 3 proposals by AICPA Board (April)
- Presentation for discussion and [approval] at AICPA Spring Council (May)\*
- Bylaws vote within 180 days of AICPA Council [if approved]
- Implementation

# NASBA

---

## Principal Place of Business

Frank X. Trainor, Esq.

Staff Attorney, NC State Board of CPA Examiners

Kent A. Absec

Vice President, State Board Relations, NASBA



# The Real Frank X. Trainor





## UAA Mobility Language

An individual whose **principal place of business** is not in this state and who holds a valid license in good standing as a Certified Public Accountant from any state shall have all the practice privileges of licensees of this state without the need to obtain a license ...



# Mobility

- Discipline against License
  - Disciplinary action affects activities in all states
- Discipline against Practice Privilege
  - Disciplinary action only affects activities in the state that imposed discipline



# Goals

- The First Priority – Public Protection
  - Easy for public to locate proper place to file a complaint
  - Place primary jurisdiction in a State that has an interest in effective enforcement
  - Place burden of enforcement on jurisdiction where fees and/or taxes are paid
- Reduce governmental impediments on trade
- Certainty
  - Easy implementation for boards and licensees
  - Consistent results



# Notable Examples

- Model Citizen
- Cross-Border Commuter
- Remote Employee
- Remote Contractor
- Forum Shopper
- Wellwadabadas™



# Model Citizen

- Lives in North Carolina
- Goes to work in a brick and mortar office in North Carolina
- Generally, does not travel out of state to do work
- Clients are primarily from North Carolina
- Online presence is tied to North Carolina



## Cross-Border Commuter

- Lives in Rock Hill, South Carolina
- Commutes to Charlotte for work
- Clients tend to be from North Carolina
- Online presence is primarily North Carolina



# Remote Employee

- Generally works from home
- Reports to a CPA firm office that may be in another state
- Clients tend to be in the jurisdiction of the CPA firm office
- May have started in an office, but moved to remote work after COVID
- Online presence is likely tied to CPA firm location



## Remote Contractor

- Generally works from home
- May do work for firms in multiple jurisdictions
- Any online presence is likely to be individualized to the licensee



## Forum Shopper

- Has 120 hours of education
- Lives in a jurisdiction that requires 150 hours of education
- Does not want to attend college for an additional year



## Wellwadabadas <sup>TM</sup>

- Do not operate in a manner that fits traditional norms
- Has leveraged technology to make work environment more fluid
- Online presence can vary



# Models

- UAA (CPA choice)
- Colorado (Live here and work here, license here)
- Virginia (Nexus)
- Iowa (Location)



# CPA Choice (UAA Rule)

S.C Code Ann. § 40-2-20 (25): “Principal place of business” means the office location designated by a licensee for the purposes of substantial equivalency and reciprocity.”

- Pros
  - About half of jurisdictions use this definition, leading to consistency
  - Easy to apply
- Cons
  - Consumers may not know where to file a complaint
  - Similarly situated CPAs can be licensed in different jurisdictions depending on licensee designation, leading to inconsistency
  - Incorporation of “office” into the analysis leads to ambiguity



# Efficacy of UAA Rule

- Model Citizen
- Cross-Border Commuter
- Remote Employee\*
- Remote Contractor\*
- Forum Shopper
- Wellwadabadas <sup>TM</sup>

\* If the licensee acts within reason



# Live Here, Work Here, License Here

Colorado: 3 CCR 705-1, Rule 1.14(b)(1)(a)(1) "Principal Place of Business" is presumed to be the location designated by the individual, but the presumption will be overcome if: (1) the individual establishes residency in this state; and (2) the individual provides or offers professional services to his employer or to a client or potential client located in this state.

- Pros
  - Preserves some of UAA rule, but removes some of the randomness
- Cons
  - Lack of clarity in situations where CPA works in different jurisdiction than residence



# Live Here, Work Here, License Here

- Model Citizen
- Cross-Border Commuter
- Remote Employee
- Remote Contractor
- Forum Shopper
- Wellwadabadas <sup>TM</sup>



# Nexus Test

Virginia: 18VAC5-22-50. Determining whether the principal place of business of a person or of a firm is in Virginia.

Complying with subdivision A 1 of § [54.1-4409.1](#), subsection B of § [54.1-4411](#), or subsection B of § [54.1-4412.1](#) of the Code of Virginia requires the person or firm to use reasonable judgment in determining whether Virginia is the principal place of business in which:

- 1. The person provides services to the public; or
- 2. The firm provides attest services, compilation services, or financial statement preparation services.

The determination shall be reasonable considering the facts and circumstances and can be based on quantitative or qualitative assessments. The determination shall be reconsidered for changes in facts and circumstances that are not temporary.



# Nexus Test

- Pros
  - Does probably the best job of placing enforcement burden in the correct jurisdiction
  - High likelihood that consumer will identify correct jurisdiction
- Cons
  - Confusing and difficult to implement
  - Public protection not necessarily enhanced by placing determination in hands of the licensee
  - Subjectivity



# Nexus Test

- Model Citizen
- Cross-Border Commuter
- Remote Employee
- Remote Contractor
- Forum Shopper
- Wellwadabadas™



# Location Test

## Iowa Code 193A IAC 1.1

- "Principal place of business" means the primary location from which public accounting services are performed. A person or firm may only have one principal place of business at any one time. Persons who perform public accounting services at multiple or rotating locations, such as CPAs who perform attest services on assignment as needed in multiple jurisdictions, may designate as their principal place of business the location that most often serves as the person's home base of operations.
- Arkansas Code 17-12-103.
- (i) "Principal place of business" means the primary location from which professional services are performed.
- (ii) A person or firm may have only one (1) principal place of business at any one (1) time. (B) An individual who performs professional services at multiple locations may designate the location that most often serves as the individual's home base of operations as a principal place of business;



# Location Test

- Pros
  - High likelihood that enforcement burden is in the correct place
  - Consumers should be able to find correct jurisdiction (maybe not for remote workers)
  - States retain territorial integrity
- Cons
  - Not necessarily the best solution for remote work
  - Remote workers on the same engagement may be subject to different state licensure



## Location Test

- Model Citizen
- Cross-Border Commuter
- Remote Employee
- Remote Contractor
- Forum Shopper
- Wellwadabadas™

**TOGETHER** Strong Foundations  
Brighter Futures

## Agenda

### Tuesday, March 24, 2026

<b>9:00 am – 12:30 pm</b>	<b>New Executive Director and Board Counsel Orientation &amp; Working Lunch</b> Presiding: <b>Dale Atkinson, Esq.</b> Founding Partner & Attorney The Atkinson Firm  Moderators: <b>NASBA Legal Team</b>	<b>Salon FG</b>
<b>12:00 – 2:00 pm</b>	<b>Registration for Executive Directors, Board Staff &amp; Legal</b>	<b>Salon J Foyer</b>
	<b>Executive Director &amp; Legal Counsel Workshop</b> Closed Session for Executive Directors, Board Staff & Legal	
<b>2:00 – 2:05 pm</b>	<b>Welcome &amp; Introduction</b> (with Legal Counsel) Presiding: <b>Martin Pittioni</b> Chair, NASBA Executive Directors Committee Executive Director, Oregon Board of Accountancy	<b>Salon JK</b>
<b>2:05 – 2:45 pm</b>	<b>The CPA's Role in IRS Investigations</b> Speaker: <b>Jonathan Schnatz, CPA, CFF</b> Principal Withum Smith + Brown	
<b>2:45 – 3:30 pm</b>	<b>Understanding PEEC Exposure Draft</b> Speakers: <b>Jessica Luttrull, CPA</b> Director, Professional Standards & Research NASBA  <b>Steven M. Platau, J.D., CPA</b> Professor University of Tampa	
<b>3:30 – 3:45 pm</b>	<b>Break</b>	<b>Salon J Foyer</b>

<b>3:45 – 4:30 pm</b>	<b>ADA Testing Accommodations</b> Speakers: <b>Adam Herjeczki</b> Senior Manager, Test Accommodations/ADA Compliance NASBA <b>Elizabeth Wolfe, Esq.</b> Deputy Chief Legal Officer NASBA	<b>Salon JK</b>
<b>4:30 – 5:15 pm</b>	<b>Unauthorized Practice</b> Speakers: <b>Marissa Brooks</b> Director of Licensing/CPE/Peer Review Texas State Board of Public Accountancy <b>Jerry Hill, Esq.</b> General Counsel Texas State Board of Public Accountancy	<b>Salon JK</b>
<b>5:15 pm</b>	<b>Recess</b>	
<b>6:00 pm</b>	<b>Welcome Reception</b> (with Legal Counsel & State Society CEOs)	<b>Salon H</b>

**Wednesday, March 25, 2026**

<b>7:15 – 8:30 am</b>	<b>Complimentary Headshots</b>	<b>Salon J Foyer</b>
<b>7:30 – 8:30 am</b>	<b>Breakfast</b>	<b>Salon H</b>

**Plenary Session**

<b>8:30 – 8:45 am</b>	<b>Welcome</b> (with Legal Counsel & State Society CEOs) Presiding: <b>Martin Pittioni</b> Chair, NASBA Executive Directors Committee Executive Director, Oregon Board of Accountancy	<b>Salon JK</b>
<b>8:45 – 9:15 am</b>	<b>NASBA Report from Leadership</b> (with Legal Counsel & State Society CEOs) Speakers: <b>Nicola Neilon, CPA</b> 2025-2026 NASBA Chair <b>Daniel J. Dustin, CPA</b> President & CEO NASBA	
<b>9:15 – 9:45 am</b>	<b>Legal Update</b> (with Legal Counsel & State Society CEOs) Speaker: <b>Brenner Allen, Esq.</b> Chief Legal Officer NASBA	

9:45 – 10:15 am	<b>Legislative Update</b> (with Legal Counsel & State Society CEOs) <b>Speaker:</b> <b>John W. Johnson</b> Vice President, Legislative and Governmental Affairs NASBA	<b>Salon JK</b>
10:15 – 11:00 am	<b>Mobility/Principal Place of Business</b> (with Legal Counsel & State Society CEOs) <b>Speakers:</b> <b>Kent Absec</b> Vice President, State Board Relations NASBA <b>Frank Trainor, Esq.</b> Staff Attorney North Carolina Board of CPA Examiners	
11:00 – 11:30 am	<b>Break</b>	<b>Salon J Foyer</b>
11:30 am – 12:00 pm	<b>AICPA Enforcement</b> (with Legal Counsel & State Society CEOs) <b>Speaker:</b> <b>Toni T. Lee-Andrews, CPA, PFS, CGMA</b> Senior Technical Director - Ethics & Peer Review AICPA	<b>Salon JK</b>
12:00 – 12:30 pm	<b>CPA Exam Update</b> (with Legal Counsel & State Society CEOs) <b>Speakers:</b> <b>William Emmer, CPA</b> Chief Operating Officer, NASBA <b>Michael A. Decker</b> Vice President, CPA Examination and Pipeline-Public Accounting, AICPA	
12:30 – 1:30 pm	<b>Lunch</b> (with Legal Counsel & State Society CEOs)	<b>Salon H</b>
1:30 – 2:15 pm	<b>Peer Review with APS Focus</b> (with State Society CEOs) <b>Speaker:</b> <b>Carl Mayes, CPA, CAE</b> Vice President, CPA Candidate Quality & Competency AICPA	<b>Salon JK</b>

2:15 – 3:15 pm	<b>Firm Registration and Oversight</b> (with State Society CEOs) <b>Moderator:</b> Shelley Ostrem Deputy Director Oregon Board of Accountancy <b>Speakers:</b> Frances McClintock, CPA Associate Director, Peer Review AICPA Bryan O’Neill, Esq. The Derbes Law Firm, LLC Sunshine S. Chow, CPA Senior Advisor, Internal Revenue Service	Salon JK
3:15 – 3:30 pm	<b>Profession Ready Initiative</b> (with State Society CEOs) <b>Speaker:</b> Carl Mayes, CPA, CAE Vice President, CPA Candidate Quality & Competency AICPA	Salon JK
3:30 – 3:45 pm	<b>Break</b>	Salon J Foyer
3:45 – 4:30 pm	<b>Private Equity Task Force Updates</b> (with State Society CEOs) <b>Moderator:</b> Roger Scarborough Executive Director Florida Board of Accountancy <b>Speakers:</b> Dominic Franzella Executive Officer California Board of Accountancy D. Boyd Busby, CPA, CGMA Executive Director Alabama State Board of Public Accountancy David Nance, CPA Executive Director North Carolina State Board of CPA Examiners	Salon JK
4:30 – 4:45 pm	<b>UAA Update</b> (with State Society CEOs) <b>Speaker:</b> Ashley Plyushko, CPA Executive Director Oklahoma Accountancy Board	
4:45 pm	<b>Recess</b> (Dinner on Own)	

**7:45 – 9:00 am**                      **Complimentary Headshots**                      **Salon J Foyer**

**8:00 – 9:00 am**                      **Breakfast**                      **Salon H**

**Plenary Session**

**9:00 – 9:30 am**                      **Puerto Rico Audit Process and Timestamping**                      **Salon JK**  
 (with State Society CEOs)

**Speakers:** **Elias Colon**  
 Executive Director  
 Puerto Rico Board of Accountancy  
**Maria T. Laboy, CPA, CGMA**  
 Deputy Executive Director, Member Services & Administrations  
 Puerto Rico Society of CPAs

**9:30 – 10:00 am**                      **Education Pathways and Committee Update**                      **Salon JK**  
 (with State Society CEOs)

**Speaker:** **Kyle Barrier**  
 Associate Director, Client Services  
 NASBA

**10:00 – 10:15 am**                      **CPE Task Force Update**  
 (with State Society CEOs)

**Speaker:** **Amy Tongate**  
 Director, Compliance Services  
 NASBA

**10:15 – 10:45 am**                      **ALD Update**  
 (with State Society CEOs)

**Moderator:** **Clint Blasengame**  
 Manager, ALD  
 NASBA  
**Speakers:** **Viki A. Windfeldt**  
 Executive Director  
 Nevada State Board of Accountancy  
**Dan Sweetwood**  
 Executive Director  
 Nebraska State Board of Public Accountancy

**10:45 – 11:00 am**                      **Use of Artificial Intelligence in Board Operations**                      **Salon JK**  
 (with State Society CEOs)

**Speakers:** **Lisa Benefield**  
 Executive Director  
 State Board of CPAs of Louisiana  
**Caren Singleton**  
 Deputy Director  
 State Board of CPAs of Louisiana

11:00 – 11:30 am	Break	Salon J Foyer
11:30 am – 12:30 pm	<b>Breakout Sessions (Closed Sessions)</b> <b>Executive Directors</b> Presiding: <b>Martin Pittioni</b> Chair, NASBA Executive Directors Committee Executive Director, Oregon Board of Accountancy	Room 616AB
	<b>Board Staff</b> Presiding: <b>Shelley Ostrem</b> Deputy Director Oregon Board of Accountancy	Room 615AB
12:30 – 1:30 pm	Lunch	Salon H
1:30 – 3:00 pm	<b>Breakout Sessions (Closed Sessions)</b> <b>Executive Directors</b> Presiding: <b>Martin Pittioni</b> Chair, NASBA Executive Directors Committee Executive Director, Oregon Board of Accountancy	Room 616AB
	<b>Board Staff</b> Presiding: <b>Shelley Ostrem</b> Deputy Director Oregon Board of Accountancy	Room 615AB
3:00 – 4:00 pm	<b>Executive Director Q&amp;A Session with NASBA Leadership (Closed Session)</b>	Room 616AB
4:00 pm	Adjourn	
6:30 pm	<b>Closing Celebration</b> Depart from hotel lobby near Starbucks	800 Congress

**Friday, March 27, 2026**

9:00 am – 1:00 pm	<b>Executive Directors Committee Meeting (Committee Members Only)</b>	Room 615A
	<b>State Society Relations Committee Meeting (Committee Members Only)</b>	Room 616B