



ACCOUNTING, REPORTING AND AUDITING DEVELOPMENTS / 2021 Q1
April 6, 2021

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FIRST QUARTER 2021 ACCOUNTING AND ASSURANCE UPDATE

The developments included in this Accounting and Assurance (A&A) Update are intended to be a reminder of recently issued accounting and auditing standards and other guidance that may affect our clients in the current reporting period. This quarterly A&A Update is intended as general information and should not be relied upon as being definitive or all-inclusive. Throughout the document we have also referenced other DHG A&A Updates and external publications, as applicable. Recent quarterly A&A Updates can be found under [Assurance Alerts](#) on the DHG Resource Center.

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ACCOUNTING & FINANCIAL REPORTING MATTERS

FINANCIAL ACCOUNTING STANDARDS BOARD (FASB)

The following [Accounting Standard Updates](#) (ASUs) were recently issued by the FASB. For a summary of their effective dates, along with past ASUs issued and their corresponding effective dates, refer to Appendix A and B for public business entities and Appendix C for private companies.

ASU 2021-01 – Reference Rate Reform (Topic 848): Scope

This [ASU](#) was issued to clarify and expand the scope of guidance in Accounting Standards Codification (ASC) 848, *Reference Rate Reform*, so that companies can apply the optional expedients to derivative instruments affected by the discounting transition. Specifically, certain provisions in Topic 848, if elected by an entity, would apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform.

The ASU also clarifies and updates several items in ASU 2020-04:

- A receive-variable-rate, pay-variable-rate cross-currency interest rate swap may be considered an eligible hedging instrument in a net investment if both legs of the swap do not have the same repricing intervals and dates as a result of reference rate reform.
- Added an option to subsequently remove one or more derivative instruments that were added to a hedging instrument that is affected by the discontinuance of a reference rate without hedge dedesignation.
- Added an option to continue to apply the shortcut method to a fair value hedge in which an entity elects to jointly designate two or more derivative instruments, or proportions of those instruments, as the hedging instrument by extending the ability to elect the corresponding optional expedient for the application of the fair value hedge shortcut method.
- In a cash flow hedging relationship in which a derivative designated as the hedging instrument meets the expanded scope definition, an entity may continue to apply a perfectly effective assessment method by electing the corresponding optional expedient for subsequent assessments under that method.
- When a derivative affected by a payment or receipt of a cash settlement (or equivalent) intended to compensate for the discounting transition is designated as a hedging instrument in a fair value hedge accounted for under the shortcut method, an entity may adjust the cumulative fair value hedge basis adjustment and may continue to apply the shortcut method by electing the corresponding optional expedient for the application of the fair value hedge shortcut method.
- When a derivative affected by a payment or receipt of a cash settlement (or equivalent) intended to compensate for the discounting transition is designated as a hedging instrument in a cash flow hedge, an entity may adjust the recorded amount in accumulated other comprehensive income and apply certain effectiveness assessment expedients.
- The optional expedient for the shortcut effectiveness assessment method expires as of December 31, 2022, for fair value hedges that jointly designate two or more derivative instruments, or proportions of those instruments, as the hedging instrument.

For full details on the expanded optional relief, refer to the issued [ASU](#).

The amendments in this ASU are effective immediately, elective, and apply to all entities that:

- have derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform.
- that designate receive-variable-rate, pay-variable-rate cross-currency interest rate swaps as hedging instruments in net investment hedges that are modified as a result of reference rate reform.

ACCOUNTING & FINANCIAL REPORTING MATTERS

An entity may elect to apply the amendments in this ASU on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of a final Update, up to the date that financial statements are available to be issued.

If an entity elects to apply any of the amendments in this ASU for an eligible hedging relationship, any adjustments as a result of those elections must be reflected as of the date the entity applies the election.

The amendments in this ASU do not apply to contract modifications made after December 31, 2022, new hedging relationships entered into after December 31, 2022, and existing hedging relationships evaluated for effectiveness in periods after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that apply certain optional expedients in which the accounting effects are recorded through the end of the hedging relationship (including periods after December 31, 2022).

ASU 2021-02 – Franchisors—Revenue from Contracts with Customers (Subtopic 952-606): Practical Expedient

This [ASU](#) introduces a new practical expedient that permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance, such as training or site selection.

Additionally, this ASU provides an accounting policy election to recognize the pre-opening services as a single performance obligation.

If an entity has not yet adopted Topic 606, the existing transition provisions and effective date in paragraph 606-10-65-1 are required. That guidance allows for an option of modified retrospective transition or full retrospective transition and an effective date of annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020.

If an entity has already adopted Topic 606, the amendments in this Update are effective in interim and annual periods beginning after December 15, 2020. Early application is permitted. For those entities, this guidance should be applied retrospectively to the date Topic 606 was adopted.

OTHER FASB MATTERS

FASB Proposes Targeted Improvements for Business Combinations

The FASB issued a [proposed ASU](#), *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities From Contracts With Customers*. The proposed ASU would require that an entity (acquirer) recognize, and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer would assess how the acquiree adopted Topic 606 to determine what to record for the acquired revenue contracts. This would generally result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements.

The amendments in the proposed ASU do not affect the accounting for other assets and liabilities that may arise from revenue contracts from customers in a business combination. For example, if an acquired revenue contract is considered to have terms that are unfavorable relative to market terms, the acquirer would recognize a liability for the off-market contract terms at the business combination date.

The amendments in this proposed ASU would apply to all entities that enter into a business combination within the scope of Subtopic 805-10 after the adoption of Topic 606.

Comments on the proposed ASU were due by March 15, 2021.

ACCOUNTING & FINANCIAL REPORTING MATTERS

U.S. SECURITIES & EXCHANGE COMMISSION (SEC)

SEC's Division of Corporate Finance Publishes Guidance on Special Purpose Acquisition Companies

The SEC's Division of Corporate Finance (Corp Fin) published [CF Disclosure Guidance](#) on certain disclosure considerations for special purpose acquisition companies (SPAC) in connection with their initial public offerings and subsequent business combination transactions. In the views of Corp Fin, a SPAC preparing to conduct an IPO or present a business combination transaction to shareholders should carefully consider its disclosure obligations under the federal securities laws as they relate to conflicts of interest, potentially differing economic interests of the SPAC sponsors, directors, officers, and affiliates and the interests of other shareholders and other compensation-related matters.

SEC Division of Examinations Announces 2021 Examination Priorities

The SEC's Division of Examinations (Division) has announced its [2021 examination priorities](#) in order to provide insight into its risk-based approach, including the areas it believes present potential risks to investors and the integrity of the U.S. capital markets. In 2021, the Division priorities include retail investors, including seniors and those saving for retirement through Reg. BI and fiduciary duty compliance, information security and operational resiliency, financial technology and innovation, including digital assets, anti-money laundering programs, and the London Inter-Bank Offered Rate (LIBOR) transition. For investment advisers and investment companies, the Division will focus on compliance programs, registered funds, including mutual funds and ETFs, and RIAs to private funds. For broker-dealers and municipal advisors, the Division will focus on financial responsibility and trading practices. In regard to market infrastructure, the Division will focus on clearing agencies, national securities exchanges, regulation systems compliance and integrity, transfer agents, and FINRA and MSRB. The 2021 priorities published by the Division are not exhaustive and will not be the only areas of focus in its examinations, risk alerts, and outreach. While the priorities primarily drive the Division's examinations, the scope is determined through a risk-based approach that includes analysis of a given entity's history, operations, services, products offered, and other risk factors.

SEC Division of Corporate Finance Updates Guidance on Confidential Treatment Orders

The SEC's Division of Corporate Finance (Corp Fin) made updates to its previously issued guidance in [CF Disclosure Topic No. 7, Confidential Treatment Applications Submitted Pursuant to Rules 406 and 24b-2](#). The updated guidance focuses on three options that a company has when their confidential treatment order is about to expire. The three options under the guidance are as follows:

- If the contract is still material, refile it in complete, unredacted form if none of the information needs to be protected from public disclosure.
- If the contract is still material, and the previously redacted information continues to be confidential, companies may request to extend the period of confidential treatment by filing an application under Rule 406 or Rule 24b-2 to continue to protect the confidential information from public release. If the order was initially issued after October 15, 2017, the company may use the short form application; however, if it was initially issued on or before October 15, 2017, the company must file a new, complete application under Rule 406 or Rule 24b-2 as the short form is not available in these cases.
- If the initial confidential treatment order was issued on or before October 15, 2017, and if the contract continues to be material, companies can transition to compliance with the requirements set out in Regulation S-K Item 601(b) (10) and other parallel rules. The redacted exhibit rules allow for filing of redacted exhibits without submitting and explanation or substantiation to the SEC, or providing an unredacted copy of the exhibit, except upon request from the staff. In order to transition to the redacted exhibit rules in these situations, a company would only be required to

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refile the material contract in redacted form and comply with the legend and other requirements of the applicable redacted exhibit rule, most commonly Item 601(b)(10)(iv) of Regulation S-K. With regard to timing of the transition, the staff will not recommend enforcement action to the Commission if a company refiles a redacted exhibit in compliance with the redacted exhibit rules in the company's first Exchange Act report following the expiration of the confidential treatment order.

SEC's Division of Corporate Finance Issues Guidance on Crowdfunding Filings

Effective March 15, 2021, a company issuing securities in reliance on Regulation Crowdfunding is permitted under Rule 100(a)(1) to raise a maximum aggregate amount of \$5 million in a 12-month period. Prior to the amendments, a company was limited to \$1.07 million. Currently, the changes to the "Offering Information" section of the Cover Page of Form C have not been implemented on the eXtensible Markup Language (XML)-based form available on EDGAR. Until these changes are made, the staff will not object if an issuer conducting an offering that has a target offering amount or maximum offering amount exceeding \$1.07 million completes the "Offering Information" section by including \$1.07 million in the XML-based form. However, the issuer must clearly indicate the actual Target and Maximum Offering Amounts in the offering document attached as an exhibit to the Form C.

In addition, beginning March 15, 2021, the use of certain special purpose vehicles (crowdfunding vehicles) is permitted in Regulation Crowdfunding. When a crowdfunding vehicle is used, the crowdfunding issuer and the crowdfunding vehicle are co-issuers under the Securities Act and both are required to comply with the requirements of Regulation Crowdfunding and other applicable securities laws. Under Regulation Crowdfunding Rule 203(a)(1), the crowdfunding issuer and crowdfunding vehicle are required to jointly file one Form C. The jointly filed Form C will be filed under the crowdfunding issuer's Central Index Key (CIK) unless the crowdfunding vehicle has a CIK based on some other filing obligation, in which the crowdfunding vehicle should disclose the CIK as part of its co-issuer disclosure. If the crowdfunding issuer is offering securities both through a crowdfunding vehicle and directly to investors, Rule 203(a)(1) requires the crowdfunding issuer to file two Forms C.

The SEC's Division of Corporate Finance will update its [guidance](#) when the changes to the XML-based fillable form have been implemented. An issuer that files an amendment to the Form C after such changes have been implemented must update its Cover Page to provide the actual offering amounts.

SEC Creates Enforcement Task Force Focused on Climate and ESG Issues

The SEC has [announced](#) the creation of a Climate and ESG Task Force in the Division of Enforcement. Consistent with the increasing investor focus and reliance on climate and ESG-related disclosures and investment, the Climate and ESG Task Force will develop initiatives to proactively identify ESG-related misconduct. The SEC has stated the initial focus of the task force "will be to identify any material gaps or misstatements in issuers' disclosure of climate risks under existing rules. The task force will also analyze disclosure and compliance issues relating to investment advisers' and funds' ESG strategies".

OTHER SEC MATTERS

SEC Adopts Revisions to EDGAR Filer Manual and Form ID

The SEC has [adopted](#) updates to the EDGAR Filer Manual, Form ID, and related rules. The amendments result in a more uniform and secure process for EDGAR access by requiring certain applicants that already have an EDGAR Central Index Key (CIK) account number, but do not have EDGAR access codes, to submit the related form and an authenticating document to obtain access to EDGAR. The Form ID has also been amended to update its instructions and cross-references to Volume I of the Filer Manual. These amendments and updates are effective on the date of publication in the Federal Register.

ASSURANCE MATTERS

PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD (PCAOB)

Amendments to Rule 2-01 of Regulation S-X

On January 14, 2021, the U.S. Securities and Exchange Commission (SEC) formally approved the PCAOB's amendments to its independence standards to align the PCAOB's independence requirements with the SEC recent revisions to its auditor independence rules. In June 2019, the SEC adopted amendments to its auditor independence requirements in Rule 2-01 of Regulation S-X, Qualifications of Accountants, regarding the analysis that must be conducted to determine whether an auditor is independent when the auditor has a lending relationship with certain shareholders of an audit client. In October 2020, the SEC adopted additional amendments to Rule 2-01.

In addition to other provisions, the October revisions to Rule 2-01 added certain student loans and de minimis consumer loans to the categorical exclusions from independence-impairing lending relationships under Rule 2-01. In certain circumstances, such loans were not allowed under PCAOB's interim independence standards. The PCAOB amended its interim independence standards to avoid inconsistent requirements on lending arrangements, which should help clarify an auditor's independence obligations and facilitate compliance with Rule 2-01.

The SEC also adopted revisions to the definitions of several terms in Rule 2-01, including "affiliate of the audit client," "audit and professional engagement period," and "investment company complex." The PCAOB amended the definitions of these terms in Rule 3501 to align with the definitions in Rule 2-01 to address confusion if these terms used in both the PCAOB's and the SEC's independence rules were defined differently.

The amendments to the PCAOB's independence standards will be effective on June 9, 2021. Compliance with these amendments is permitted prior to the effective date, at any point after SEC approval of the Board's amendments, provided that the final amendments are applied in their entirety.

For additional information on these amendments, please see the [Staff Resource Guide](#) published in February 2021.

2020 Conversations with Audit Committee Chairs

The PCAOB released a summary of feedback on various topical matters in a continued, and expanded, outreach effort to over 300 audit committee chairs. Such topical areas of discussion include:

- The effects of COVID-19 on the audit;
- The auditor and communications with the audit committee;
- New auditing and accounting standards; and
- Emerging technologies.

The PCAOB expects to continue outreach to audit committees in its endeavor of promoting audit quality and consider such efforts to be of mutual benefit. The PCAOB's published summary can be found [here](#).

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (AICPA)

ASB Issues Exposure Draft on Inquiries Regarding Fraud and Noncompliance with Laws and Regulations

On February 25, 2021, the Auditing Standards Board (ASB) issued an exposure draft [Proposed Statement on Auditing Standards \(SAS\) Inquiries of the Predecessor Auditor Regarding Fraud and Noncompliance with Laws and Regulations \(NOCLAR\)](#). The proposed standards would amend SAS No. 122, Statements on Auditing Standards: Clarification and Recodification, as amended, section 210, Terms of Engagement. Under the proposed revisions, prospective auditors would be required to inquire of predecessor auditors regarding any identified or suspected fraud or noncompliance with laws and regulations. The objective is to assist auditors in evaluating potential issues when determining whether to accept an engagement.

The comment deadline for the exposure draft is June 30, 2021.

ASSURANCE MATTERS

PEEC Issues Exposure Draft on Responding to Noncompliance with Laws and Regulations

The AICPA's Professional Ethics Executive Committee (PEEC) is also considering revisions to the AICPA's Code of Professional Conduct regarding noncompliance with laws and regulations (NOCLAR). On February 25, 2021, the PEEC issued [Proposed Interpretations and Definition, Responding to Noncompliance with Laws and Regulations](#). This proposal, if issued, would set separate requirements for those members providing attest services and those members providing services other than attest services. The requirements for those members providing attest services are more restrictive than those for members providing services other than attest services. Under the proposal, if a member providing attest services becomes aware of noncompliance with laws and regulations, they would be required to obtain an understanding of the matter, including its nature and the circumstances surrounding it, report the matter to management and advise that appropriate remedial action be taken, and if appropriate, communicate the matter to those charged with governments. In contrast, those members providing services other than attest services would be required to obtain an understanding of the matter and simply communicate the matter to the appropriate level of management and those charged with governance, if possible.

A member's responsibility throughout the proposed interpretation would be to the engaging entity if that entity is different from the subject entity, and that any use of the term client is in reference to the engaging entity.

The proposed interpretation does not apply to a litigation or investigation engagement subject to the AICPA's Statement on Standards for Forensic Services (SSFS) No. 1 (FS sec. 100) nor does it apply to tax services to which the protections of Internal Revenue Code (IRC) Section 7525 (client privilege) apply.

The comment deadline on the exposure draft is June 30, 2021.

Proposed New Quality Management Standards

The Auditing Standards Board has issued an Exposure Draft, [Proposed Quality Management Standards](#) which includes three related standards to improve scalability of quality management standards by promoting systems tailored to the nature and circumstances of a firm's accounting and auditing practice. The three proposed standards are as follows:

- Proposed Statement on Quality Management Standards (SQMS) A Firm's System of Quality Control
- Proposed SQMS Engagement Quality Reviews
- Proposed Statement on Auditing Standards (SAS) Quality Management for an Engagement Conducted in Accordance with Generally Accepted Auditing Standards

The exposure draft would converge quality management standards with those recently issued by the International Auditing and Assurance Standards Board (IAASB). Comments letters are due to the ASB by June 11, 2021 and the ASB expects to begin addressing the feedback received during their schedule meeting July 26-29.

GAQC Issues Alert No. 421

The Government Audit Quality Center (GAQC) issued [Alert No. 421](#) which addresses two important developments relating to the performance of compliance audits under the Housing and Urban Development (HUD) Consolidated Audit Guide, Chapter 6, Ginnie Mae Issuers of Mortgage-Backed Securities Audit Guidance. The Alert addresses the following two topics:

- Accommodations made by Ginnie Mae related to certain on-site inspection and observation procedures and related reporting modifications as a result of COVID-19.
- Recently issued FAQ document issued by the AICPA Depository Institutions Expert Panel.

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Summary of Uniform Guidance Applicability for New COVID-19 related Federal Programs

The Government Audit Quality Center (GACQ) has prepared a summary of information about federal programs established in response to the COVID-19 pandemic. The [summary](#) includes links to relevant agency information along with a notes column to summarize any other pertinent information that the GAQC is aware of regarding the programs. It is intended to serve as a resource to assist members in gathering initial information to help in the audit planning process and for discussion with clients.

Reporting of Certain COVID-19 Awards on an Accrual Basis SEFA

The Government Audit Quality Center (GACQ) has [issued](#) non-authoritative guidance to assist auditees and their auditors in considering the complexities involved with funding provided under the CARES Act and the timing of when that funding should be included in the Schedule of Expenditures of Federal Awards (SEFA) for single audit purposes. Several federal programs providing funding in response to the COVID-19 pandemic are subject to single audit requirements. However, in many cases funding was provided in close proximity to the passage of the CARES Act and in some cases prior to establishment of official awards or terms and conditions between federal agencies and recipients. The publication provides illustrative scenarios to assist auditors and auditees in determining the proper period in which to report costs incurred.

[AICPA Issues TQA 9550: Performing a Third-Party Assessment Engagement Under a Third Party Assessment Program Technical Questions and Answers \(TQA\) Section 9550, Performing a Third-Party Assessment Engagement Under a Third-party Assessment Program](#), has been issued by the AICPA to provide non-authoritative guidance to CPA firms performing third-party assessment engagements. Two questions are addressed by the TQA as follows:

- What is a third-party assessment program?
- Which professional standards is a member required to apply when performing a third-party assessment engagement?

The TQA notes that performance of a third-party assessment engagement is a professional service and therefore members are required to comply with the AICPA Code of Professional Conduct in addition to the requirements or instructions of the third-party assessment program. Additional clarifying guidance is also provided on when the engagement should be performed in accordance with AICPA Statements on Standards for Attestation Engagements and notes that practitioners may apply Statement on Standards for Consulting Services when performing a third-party assessment engagement. The TQA also reminds practitioners of the various independence requirements that apply.

ESG Reporting and Attestation Roadmap for Practitioners

The AICPA and CIMA along with the CAQ have published [ESG Reporting and Attestation: A Roadmap for Practitioners](#). This publication provides an overview of ESG reporting and the related legal and risk considerations associated with reporting ESG information in SEC submissions and engaging independent accounting firms to perform an attestation engagement related to ESG information. The roadmap is intended to assist practitioners in discussions with companies regarding where and how to report ESG information, whether to engage an independent accounting firm to provide assurance over ESG information, and where to include the attestation report.

PEEC Revises “Records Requests” Interpretation

The AICPA’s Professional Ethics Executive Committee (PEEC) has revised the interpretation [“Records Requests” \(ET sec. 1.40.200\) under the “Acts Discreditable Rule” \(ET sec. 1.400.001\)](#) to help members better understand their ethical responsibilities when responding to requests for records. Under the extant interpretation, members were required to return client-provided records upon client request but were also permitted to withhold copies if the client refuses to pay for the time and expense incurred to retrieve and make copies of the requested records. The revision to the Records Requests

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interpretation clarifies that withholding client provided records is not permitted for nonpayment of fees upon the client's initial request that their records be returned. However, withholding the member's copies of client provided records for nonpayment of fees is permitted when the copies in question have previously be provided to the client. The interpretation also clarifies a member's responsibility for making the records or work product available to the client as well as their responsibility for working with the client to identify a method of making such records or work product available in a method the client deems accessible. Finally, the revised interpretation clarifies that member prepared records, in addition to a member's work product, should also be provided to a beneficiary of the professional service upon request.

The "Records Requests" interpretation will take effect on July 31, 2021.

PEEC Issues New Interpretation for "Staff Augmentation Arrangements"

The AICPA's Professional Ethics Executive Committee (PEEC) has issued a new interpretation under the "[Independence Rule](#)" (ET sec. 1.200.001): "[Staff Augmentation Arrangements](#)" (ET sec. 1.275.007). A staff augmentation arrangement occurs when a CPA firm lends its personnel to a client as a service. The PEEC has issued an interpretation stating that staff augmentation arrangements with an attest client would impair independence unless specific safeguards are met. All of the following safeguards must be in place in order to reduce the threat to independence to an acceptable level:

- The staff augmentation arrangement is being performed due to an unexpected situation that would create a significant hardship for the attest client to make other arrangements.
- The augmented staff arrangement is not expected to reoccur.
- The augmented staff arrangement is performed for only a short period of time. There is a rebuttable presumption that a short period of time would not exceed 30 days.
- The augmented staff neither participates in, nor is in a position to influence, an attest engagement covering any period that includes the staff augmentation arrangement.
- The augmented staff performs only activities that would not be prohibited by the "Nonattest Services" subtopic [1.295] of the "Independence Rule" [1.200.001].
- The member is satisfied that management of the attest client designates an individual or individuals who possess suitable skill, knowledge, and experience, preferably within senior management, to be responsible for
 - » determining the nature and scope of the activities to be provided by the augmented staff;
 - » supervising and overseeing the activities performed by the augmented staff; and
 - » evaluating the adequacy of the activities performed by the augmented staff and the findings resulting from the activities

Revisions were also made to the "Client Affiliates" interpretation as well as to "Agreed-Upon Procedures Engagements Performed in Accordance with SSAEs" allowing staff augmentation arrangements in certain circumstances.

The new "Staff Augmentation Arrangements" interpretation will take effect on November 30, 2021.

CENTER FOR AUDIT QUALITY (CAQ)

Mitigating the Risk of Common Fraud Schemes: Insights from SEC Enforcement Actions

The Anti-Fraud Collaboration, which was formed in 2010 by the CAQ, Financial Executives International (FEI), The Institute of Internal Auditors (IIA), and the National Association of Corporate Directors (NACD), issued this [publication](#) to highlight key findings about common frauds alleged in the enforcement actions and offers insights into violations related to accounting

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and reporting issues and a broader perspective on enforcement observations and considerations. The information provided in the publication offers perspectives on recent financial reporting fraud schemes, observations on contributing fraud factors and higher risk areas, insights into enforcement trends and regulatory insights, and commentary on other considerations relevant to fraud deterrence and detection. In addition, the publication also addresses changes to the current business environment resulting from the COVID-19 pandemic and its impact on fraud.

CAQ Releases External Auditor Assessment Tool for Audit Committees

The CAQ has issued an updated version of its [External Auditor Assessment](#) Tool for Audit Committees. The tool is designed to assist audit committees in carrying out their responsibilities to oversee the integrity of a company's financial statements and to hire, compensate, and oversee the external auditor. The tool includes an assessment questionnaire to assist the audit committee in performing an evaluation of the external auditor and includes sample questions in four main areas including:

- Quality of services and sufficiency of resources provided by the external auditor, specifically the engagement team.
- Quality of services and sufficiency of resources provided by the external auditor, specifically the audit firm.
- Communication and interaction with the external auditor.
- Auditor independence, objectivity, and professional skepticism.



The tool also includes a sample form and rating scale for obtaining input from company personnel about the external auditor, as well as additional resources that can benefit audit committees and others charged with governance.

The Role of Auditors in Company-Prepared ESG Information: A Deeper Dive on Assurance

This [publication](#) issued by the CAQ builds on the concepts from its previous publication released in July 2020, [The Role of Auditors in Company-Prepared ESG Information: Present and Future](#). In this publication, the CAQ discusses the range of assurance services that can be provided to enhance confidence in ESG information, why assurance on ESG information might be needed, and questions that boards should consider when planning to obtain assurance on ESG information.

APPENDIX A - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2021

The following table presents ASUs that become effective in 2021. Please refer to the individual ASUs in their entirety for additional guidance.




Accounting Standards Update	Effective Date of Public Business Entities	Transition	Early Adopt	Summary
ASU 2021-01— Reference Rate Reform (Topic 848)	Immediately	Various: see full ASU for transition guidance	N/A	The amendments in this Update clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Amendments in this Update to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition.
ASU 2020-10—Codification Improvements	Fiscal years beginning after December 15, 2020.	Retrospectively	 ¹	The amendments in this ASU affect a wide variety of topics in the accounting standards codification. They apply to all reporting entities within the scope of the affected accounting guidance and are intended to improve consistency and clarify the guidance.
ASU 2020-08 – Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs	Fiscal years beginning after December 15, 2020, and interim periods within that fiscal year.	Prospectively	No	The amendments in this ASU clarify that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20- 35-33 for each reporting period. The amendments in this ASU affect the guidance in ASU 2017-08, Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): <i>Premium Amortization on Purchased Callable Debt Securities</i> .
ASU 2020-07 – Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets	Fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022.	Retrospectively		This ASU was issued to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU require that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and also required additional disclosures.

1. Early application of the amendments in this Update is permitted for public business entities for any annual or interim period for which financial statements have not been issued.

APPENDIX A - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2021


Accounting Standards Update	Effective Date of Public Business Entities	Transition	Early Adopt	Summary
ASU 2020-04 – Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting	March 12, 2020 through December 31, 2022.	Various: see full ASU for transition guidance	N/A	This ASU provides for temporary, optional guidance to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. The provisions of this ASU are elective and applicable to all entities that have contracts, hedging relationships and other transactions, subject to certain criteria, that reference LIBOR or another reference rate to be discontinued because of reference rate reform. There are practical expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedge accounting relationships affected by reference rate reform in order to facilitate a smoother transition to new reference rates. For contracts meeting certain criteria, a change in the contract’s reference interest rate would be accounted for as a continuation of that contract rather than the creation of a new contract. This provision applies to loans, debt, leases, and other arrangements. An entity will also be permitted to preserve its hedge accounting when updating its hedging strategies in response to reference rate reform. The guidance will only apply to contracts or hedge accounting relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform.
ASU 2020-01 – Investments – Equity Securities (Topic 321), Investments-Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)	Fiscal years beginning after December 15, 2020 and interim periods within those fiscal years.	Prospectively	✓	This ASU was issued to address concerns over interactions between the measurement alternative provided in Topic 321, Investments – Equity Securities and the equity method of accounting in Topic 323, Investments – Equity Method and Joint Ventures in addition to concerns over the interactions between Topic 312, Topic 323, and Topic 815, Derivatives and Hedging. Clarification was provided that all entities, immediately before applying or discontinuing the equity method of accounting, should consider observable transactions for the purposes of applying the measurement alternative under Topic 321. The ASU provides clarification that when applying paragraph 815-10-15-141(a) a company should not consider whether, upon settlement or exercise, individually or with other existing investments, the underlying security would be accounted for under Topic 323 or the fair value option in accordance with Topic 825. Instead, a company would evaluate the proper accounting treatment under the remaining characteristics in paragraph 815-10-15-141.

APPENDIX A - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2021

Accounting Standards Update	Effective Date of Public Business Entities	Transition	Early Adopt	Summary
ASU 2019-12 - Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes	Fiscal years, and interim period within those fiscal years, beginning after December 15, 2020.	Prospectively ²	 ³	The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance.
ASU 2019-04 – Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	Various ⁴	Various; see full ASU for transition guidance		The amendments in this Update represent changes to clarify, correct errors in or improve the Codification. The amendments should make the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications.
ASU 2018-14 – Compensation – Retirement Benefits – Defined Benefit Plans – General (Topic 715-20); Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans	Fiscal years ending after December 15, 2020.	Retrospective		This ASU includes amendments, which remove, modify, and add certain required disclosure requirements in the financial statements of employers that sponsor defined benefit pension or other postretirement plans.


- The amendments in this Update related to separate financial statements of legal entities that are not subject to tax should be applied on a retrospective basis for all periods presented. The amendments related to changes in ownership of foreign equity method investments or foreign subsidiaries should be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The amendments related to franchise taxes that are partially based on income should be applied on either a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption.
- Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period.
- Amendments affecting ASU 2016-13: For entities that have not yet adopted the amendments in Update 2016-13, the effective dates and transition requirements for the amendments related to this Update are the same as the effective dates and transition requirements in Update 2016-13. For entities that have adopted the amendments in Update 2016-13, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Amendments affecting ASU 2017-12: For entities that have not yet adopted the amendments in Update 2017-12 as of the issuance date of this Update, the effective dates and transition requirements for the amendments to Topic 815 are the same as the effective dates and transition requirements in Update 2017-12. For entities that have adopted the amendments in Update 2017-12 as of the issuance date of this Update, the effective date is as of the beginning of the first annual period beginning after the issuance date of this Update. Amendments affecting ASU 2016-01: The amendments in this Update related to Update 2016-01 are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

APPENDIX A - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2021

Accounting Standards Update	Effective Date of Public Business Entities	Transition	Early Adopt	Summary
<p>ASU 2017-04 - Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment</p>	<p>For public entities that are SEC filers, for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019</p> <p>For public entities that are not SEC filers, for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2020</p>	<p>Prospective</p>	<p> ⁵</p>	<p>This ASU was issued in order to simplify the subsequent measurement of goodwill by eliminating the Step 2 goodwill impairment test. Under the amendments in this ASU, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity will then recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, however the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable.</p> <p>The amendments in this ASU also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and therefore the same impairment assessment now applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets.</p> <p>The ASU did not affect the option to perform the qualitative assessment (Step 0) for a reporting unit to determine if the quantitative impairment test is necessary.</p>

5. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

APPENDIX A - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2021

Accounting Standards Update	Effective Date of Public Business Entities	Transition	Early Adopt	Summary
<p>ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</p>	<p>For public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The one-time determination of whether an entity is eligible to be a smaller reporting company shall be based on an entity’s most recent determination as of November 15, 2019, in accordance with SEC regulations.</p> <p>For all other entities, for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.</p>	<p>Modified Retrospective</p>	<p>⁶</p>	<p>The ASU is intended to improve financial reporting by requiring timely recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The ASU requires the measurement of all expected credit losses at origination or acquisition for financial assets not recorded at fair value based on historical experience, current conditions, and reasonable and supportable forecasts.</p>

6. Early adoption is permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.



APPENDIX B - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2022 AND BEYOND

The following table presents ASUs that become effective for 2022 fiscal years and beyond. Please refer to the individual ASUs in their entirety for additional guidance.

Accounting Standards Update	Effective Date Public Business Enterprises	Transition	Early Adopt	Summary
ASU 2020-11—Financial Services—Insurance (Topic 944): Effective Date and Early Application	For public business entities that meet the definition of an SEC filer and are not SRCs, LDTI is effective for fiscal years beginning after December 15, 2022, and interim periods within those fiscal years ⁷	See ASU 2018-12 ⁸	✓ ⁹	This ASU defers the effective dates of the amendments in ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts for all entities.
ASU 2020-06 Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40)	Various ¹⁰	Modified retrospective or Full retrospective	✓ ¹¹	This ASU amends the guidance on convertible instruments and on the derivatives scope exception for contracts in an entity’s own equity. In addition, this ASU improves and amends the related EPS guidance
ASU 2019-10 Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates	For SRCs, fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Topic 815 and Topic 842 are already effective for PBEs.	N/A	✓	This ASU defers the effective dates for several major accounting standards updates including the following: <ul style="list-style-type: none"> Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Credit Losses) Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Hedging Activities (Hedging) Accounting Standards Update No. 2016-02, Leases (Topic 842) (Leases)

7. For all other entities, LDTI is effective for fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025.
8. To facilitate early application of LDTI, an entity that chooses early application may do so as of the beginning of the prior period presented or as of the beginning of the earliest period presented.
9. Early adoption of ASU 2018-12 is permitted.
10. For public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, the amendments are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. For smaller reporting companies as defined by the SEC, the amendments are effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.
11. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.




APPENDIX B - ACCOUNTING STANDARDS AFFECTING PUBLIC BUSINESS ENTITIES IN 2022 AND BEYOND

Accounting Standards Update	Effective Date Public Business Enterprises	Transition	Early Adopt	Summary
ASU 2019-09 Financial Services – Insurance (Topic 944): Effective Date	For SEC Filers, ASU 2018-12 is effective for fiscal years beginning after December 15, 2021 and interim periods within those fiscal years, excluding SRCs. For SRCs, ASU 2018-12 is effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years.	N/A	 ¹²	This ASU defers the effective dates of the amendments in ASU 2018-12, Financial Services–Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts for all entities.
ASU 2018-12 – Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts	For public business entities that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding those eligible to be smaller reporting companies (SRCs) as defined by the SEC, the amendments in ASC 2018-12 will be effective for fiscal years beginning after Dec. 15, 2022. Note that the FASB has not changed the guidance for the one-time determination of SRC status, which will still be based on the entity’s most recent determination as of Nov. 15, 2019. For all other entities, the amendments will be effective for fiscal years beginning after Dec. 15, 2024, and interim periods within fiscal years beginning after December 2025.	Retrospective		This ASU amends the guidance in Topic 944 for insurance entities that issue long-duration contracts. Under the Update, the entity is required to review and, if applicable, update the assumptions used to measure cash flows at least annually and update the discount rate assumption at each reporting date. The change in the liability estimate as a result of updating the discount rate assumption is required to be recognized in other comprehensive income. The entity is required to measure all market risk benefits associated with deposit (or account balance) contracts at fair value. The portion of any change in fair value attributable to a change in the instrument specific credit risk is required to be recognized in other comprehensive income. The amendments also simplify the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits, or gross margins and require that those balances be amortized on a constant level basis over the expected term of the related contracts.

12. Early adoption of ASU 2018-12 is permitted.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

The following table presents ASUs that become effective for 2020 fiscal years and beyond for private companies. Please refer to the individual ASUs in their entirety for additional guidance.

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2021-02– Franchisors–Revenue from Contracts with Customers (Subtopic 952-606)	Various ¹³	Modified retrospective or Full retrospective		The amendments in this Update apply to entities that are not public business entities that are within the scope of Topic 952. The guidance in that Topic applies to all entities that meet the definition of franchisor, that is, the party who grants business rights (the franchise) to the party (the franchisee) who will operate the franchised business. The amendments in this Update introduce a new practical expedient that simplifies the application of the guidance about identifying performance obligations. The practical expedient permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, the Board decided to provide an accounting policy election to recognize the pre-opening services as a single performance obligation.
ASU 2021-01– Reference Rate Reform (Topic 848)	Immediately	Various: see full ASU for transition guidance	N/A	The amendments in this Update clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Specifically, certain provisions in Topic 848, if elected by an entity, apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of reference rate reform. Amendments in this Update to the expedients and exceptions in Topic 848 capture the incremental consequences of the scope clarification and tailor the existing guidance to derivative instruments affected by the discounting transition.
ASU 2020-11–Financial Services–Insurance (Topic 944): Effective Date and Early Application	Fiscal years beginning after December 15, 2024, and interim periods within fiscal years beginning after December 15, 2025	See ASU 2018-12 ¹⁴	 ¹⁵	This ASU defers the effective dates of the amendments in ASU 2018-12, Financial Services–Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts for all entities.
ASU 2020-10–Codification Improvements	Fiscal years beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022.	Retrospectively	 ¹⁶	The amendments in this ASU affect a wide variety of topics in the accounting standards codification. They apply to all reporting entities within the scope of the affected accounting guidance and are intended to improve consistency and clarify the guidance.





13. If an entity has not yet adopted Topic 606, the existing transition provisions and effective date in paragraph 606-10-65-1 are required. That guidance allows for an option of modified retrospective transition or full retrospective transition and an effective date of annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. If an entity has already adopted Topic 606, the amendments in this Update are effective in interim and annual periods beginning after December 15, 2020. Early application is permitted. For those entities, this guidance should be applied retrospectively to the date Topic 606 was adopted.

14. To facilitate early application of LDTI, an entity that chooses early application may do so as of the beginning of the prior period presented or as of the beginning of the earliest period presented.

15. Early adoption of ASU 2018-12 is permitted.

16. Early application of the amendments is permitted for any annual or interim period for which financial statements are available to be issued.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2020-08 – Codification Improvements to Subtopic 310-20, Receivables—Nonrefundable Fees and Other Costs	Fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022	Prospectively	 ¹⁷	The amendments in this ASU clarify that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-35-33 for each reporting period. The amendments in this ASU affect the guidance in ASU 2017-08, <i>Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities</i> .
ASU 2020-07 – Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets	Fiscal years beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022	Retrospectively		This ASU was issued to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU require that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and also required additional disclosures.
ASU 2020-06 Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40)	Fiscal years beginning after December 15, 2023, including interim periods within those fiscal years.	Modified retrospective or Full retrospective	 ¹⁸	This ASU amends the guidance on convertible instruments and on the derivatives scope exception for contracts in an entity’s own equity. In addition, this ASU improves and amends the related EPS guidance.
ASU 2020-05 Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Date for Certain Entities	Various ¹⁹	N/A		This ASU provides a one-year deferral of the required effective dates of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) and ASU No. 2016-02, Leases (Topic 842) for certain entities.

17. Early application is permitted for all other entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.



18. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years.

19. Topic 606 is effective for private companies and not-for-profit organizations that have not yet issued their financial statements (or made financial statements available for issuance) for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Topic 842 is effective for private companies and private not-for-profit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Topic 842 is effective for public not-for-profit organizations that have not yet issued their financial statements (or made available for issuance) reflecting the adoption of Topic 842 for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2020-04 – Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting	March 12, 2020 through December 31, 2022	Various; see full ASU for transition guidance	N/A	This ASU provides for temporary, optional guidance to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. The provisions of this ASU are elective and applicable to all entities that have contracts, hedging relationships and other transactions, subject to certain criteria, that reference LIBOR or another reference rate to be discontinued because of reference rate reform. There are practical expedients and exceptions for applying generally accepted accounting principles to contract modifications and hedge accounting relationships affected by reference rate reform in order to facilitate a smoother transition to new reference rates. For contracts meeting certain criteria, a change in the contract’s reference interest rate would be accounted for as a continuation of that contract rather than the creation of a new contract. This provision applies to loans, debt, leases, and other arrangements. An entity will also be permitted to preserve its hedge accounting when updating its hedging strategies in response to reference rate reform. The guidance will only apply to contracts or hedge accounting relationships that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform.
ASU 2020-03 – Codification Improvements to Financial Instruments	Various See Summary	Various; see full ASU for transition guidance	✓	This ASU amends a wide variety of topics in the codification and represents changes to make the codification easier to understand, eliminate noted inconsistencies, and provide clarification throughout the amended topics. Issues 1, 2, 4 and 5 above are conforming amendments and are effective for public business entities upon the issuance of this ASU. For all other entities, the ASU is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years beginning after December 15, 2020. Early adoption is permitted. Issue 3 is also a conforming amendment and is effective for fiscal years beginning after December 15, 2019. Issues 6 and 7 affect the guidance in Topic 326 and Topic 842 and these effective dates align with those Topics.
ASU 2020-01 – Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)	Fiscal years beginning after December 15, 2021	Prospectively	✓	This ASU was issued to address concerns over interactions between the measurement alternative provided in Topic 321, Investments – Equity Securities and the equity method of accounting in Topic 323, Investments – Equity Method and Joint Ventures in addition to concerns over the interactions between Topic 312, Topic 323, and Topic 815, Derivatives and Hedging. Clarification was provided that all entities, immediately before applying or discontinuing the equity method of accounting, should consider observable transactions for the purposes of applying the measurement alternative under Topic 321. The ASU provides clarification that when applying paragraph 815-10-15-141(a) a company should not consider whether, upon settlement or exercise, individually or with other existing investments, the underlying security would be accounted for under Topic 323 or the fair value option in accordance with Topic 825. Instead, a company would evaluate the proper accounting treatment under the remaining characteristics in paragraph 815-10-15-141.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2019-12 - Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes	Fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.	Prospectively ²⁰	 ²¹	The amendments in this Update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance.
ASU 2019-11 Codification Improvements to Topic 326, Financial Instruments—Credit Losses	Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years ²²	Modified Retrospective ²³	 ²⁴	This ASU provides several significant improvements to Topic 326. First, it clarifies that the allowance for credit losses for purchased financial assets with credit deterioration (PCD assets) should include expected recoveries of the amortized cost basis previously written off and expected to be written off by an entity. It also clarified that this amount should not exceed the aggregate amounts of the amortized cost basis previously written off and expected to be written off by an entity. Secondly, it permits entities to adjust the effective interest rate on existing troubled debt restructurings using prepayment assumptions on the date of adoption of Topic 326 rather than the prepayment assumptions in effect immediately before the restructuring. It also clarifies when a method other than the discounted cash flow method is used to estimate expected losses, expected recoveries should not include any amounts that result in an acceleration of the noncredit discount and extends disclosure relief for accrued interest receivable balances to additional relevant disclosures involving amortized cost basis. Further, it clarifies that entities applying the practical expedient to measure the estimate of expected credit losses for financial assets secured by collateral maintenance provisions should assess whether they reasonably expect the borrower to continually replenish collateral securing the financial asset. Entities should also estimate expected credit losses for the unsecured portion of the amortized cost basis.

20. The amendments in this Update related to separate financial statements of legal entities that are not subject to tax should be applied on a retrospective basis for all periods presented. The amendments related to changes in ownership of foreign equity method investments or foreign subsidiaries should be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption. The amendments related to franchise taxes that are partially based on income should be applied on either a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption.

21. Early adoption of the amendments is permitted, including adoption in any interim period for (1) public business entities for periods for which financial statements have not yet been issued and (2) all other entities for periods for which financial statements have not yet been made available for issuance. An entity that elects to early adopt the amendments in an interim period should reflect any adjustments as of the beginning of the annual period that includes that interim period. Additionally, an entity that elects early adoption must adopt all the amendments in the same period.

22. For entities that have not yet adopted ASU 2106-13, the effective date requirements are the same as those in ASU 2016-13.

23. For entities that have not yet adopted ASU 2106-13, the transition requirements are the same as those in ASU 2016-13.

24. Early adoption is permitted in any interim period after issuance of this ASU as long as the entity has adopted the amendments in ASU 2016-13.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2019-10 Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates	Credit Losses: Fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Hedging: Fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Leases: Fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	N/A	✓	This ASU defers the effective dates for several major accounting standards updates including the following: <ul style="list-style-type: none"> Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (Credit Losses) Accounting Standards Update No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Hedging Activities (Hedging) Accounting Standards Update No. 2016-02, Leases (Topic 842) (Leases)
ASU 2019-09 Financial Services – Insurance (Topic 944): Effective Date	Fiscal years beginning after December 15, 2023 and interim periods within those fiscal years.	N/A	✓	This ASU defers the effective dates of the amendments in ASU 2018-12, Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts for all entities.
ASU 2019-08 Compensation – Stock Compensation (Topic 718) and Revenue from Contracts with Customers	For entities that have not yet adopted the amendments in ASU 2018-07, fiscal years beginning after December 15, 2019 and interim periods within those fiscal years	Various ²⁵	✓	The amendments in this Update require that an entity measure and classify share-based payment awards granted to a customer by applying the guidance in Topic 718. The amount recorded as a reduction of the transaction price is required to be measured on the basis of the grant-date fair value of the share-based payment award in accordance with Topic 718. The classification and subsequent measurement of the award are subject to the guidance in Topic 718 unless the share-based payment award is subsequently modified, and the grantee is no longer a customer.

25. If an entity adopts the amendments in this Update in the same fiscal year it adopts the amendments in Update 2018-07, the entity should apply the amendments in this Update through a cumulative-effect adjustment to the opening balance of retained earnings at the beginning of the fiscal year in which it adopted the amendments in Update 2018-07. If an entity adopts the amendments in this Update in a fiscal year after the fiscal year that the entity adopts the amendments in Update 2018-07, the entity should apply the amendments in this Update through a cumulative-effect adjustment to the opening balance of retained earnings at the beginning of either the fiscal year in which it adopted the amendments in Update 2018-07 or the fiscal year in which it adopts the amendments in this Update.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2019-05 - Financial Instruments—Credit Losses (Topic 326) – Targeted Transition Relief	Fiscal years beginning after December 15, 2019, including interim periods within those fiscal years ²⁶	Modified-retrospective	✓	The amendments in this Update provide entities that have certain instruments within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost, with an option to irrevocably elect the fair value option in Subtopic 825-10, Financial Instruments—Overall, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, Fair Value Measurement—Overall, and 825-10.
ASU 2019-04 – Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments	Various ²⁷	Various; see full ASU for transition guidance	✓	The amendments in this Update represent changes to clarify, correct errors in, or improve the Codification. The amendments should make the Codification easier to understand and easier to apply by eliminating inconsistencies and providing clarifications.
ASU 2019-03 – Not-for-Profit Entities (Topic 958) – Updating the Definition of Collections	Fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020	Prospectively	✓	The amendments in this Update align the Codification’s definition of Collections to the definition in the American Alliance of Museums’ Code of Ethics for Museums. The amendments in this Update also modify one of the three conditions that need to be met in order for contributions of works of art, historical treasures, and similar assets to be recognized if the donated items are added to collections.
ASU 2019-02 – Entertainment—Films—Other Assets—Film Costs (Subtopic 926-20) and Entertainment—Broadcasters—Intangibles—Goodwill and Other (Subtopic 920-350): Improvements to Accounting for Costs of Films and License Agreements for Program Materials	Fiscal years beginning after December 15, 2020, and interim periods within those fiscal years.	Prospectively	✓	The amendments in this Update align the accounting for production costs of an episodic television series with the accounting for production costs of films by removing the content distinction for capitalization. The amendments also require that an entity reassess estimates of the use of a film for a film in a film group and account for any changes prospectively. The Update also addresses presentation and requires that an entity provide new disclosures about content that is either produced or licensed, and address cash flow classification for license agreements.

26. For entities that have not yet adopted the amendments in Update 2016-13, the effective date and transition methodology for the amendments in this Update are the same as in Update 2016-13. For entities that have adopted the amendments in Update 2016-13, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted in any interim period after the issuance of this Update as long as an entity has adopted the amendments in Update 2016-13.

27. Amendments affecting ASU 2016-13: For entities that have not yet adopted the amendments in Update 2016-13, the effective dates and transition requirements for the amendments related to this Update are the same as the effective dates and transition requirements in Update 2016-13. For entities that have adopted the amendments in Update 2016-13, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Amendments affecting ASU 2017-12: For entities that have not yet adopted the amendments in Update 2017-12 as of the issuance date of this Update, the effective dates and transition requirements for the amendments to Topic 815 are the same as the effective dates and transition requirements in Update 2017-12. For entities that have adopted the amendments in Update 2017-12 as of the issuance date of this Update, the effective date is as of the beginning of the first annual period beginning after the issuance date of this Update. Amendments affecting ASU 2016-01: The amendments in this Update related to Update 2016-01 are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2019-01—Leases (Topic 842): Codification Improvements	Fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.	Modified Retrospective ²⁸	✓	This ASU was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing essential information about leasing transactions. Specifically, the amendments in this Update include items that were brought to the Board’s attention through interactions with stakeholders and include the following: (1) determining the fair value of the underlying asset by lessors that are not manufacturers and dealers; (2) presentation on the statement of cash flows – sales-types and direct financing leases; and (3) transition disclosures related to Topic 250, Accounting Changes and Error Corrections.
ASU 2018-20 – Leases (Topic 842): Narrow-Scope Improvements for Lessors	Effective with ASU 2016-02 ²⁹	Retrospective or Prospectively	✓	This ASU was issued to make targeted improvements to Topic 842 for lessors, specifically as it relates to accounting for sales taxes, certain lessor costs, and variable payments for contracts with lease and nonlease components.
ASU 2018-19 – Codification Improvements to Topic 326, Financial Instruments – Credit Losses	Fiscal years beginning after December 15, 2021, including interim periods within those fiscal years.	Modified Retrospective	✓ ³⁰	The amendments in this Update clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. The Update also amends the effective date of the amendments in Update 2016-13 for nonpublic business entities to mitigate transition complexity.
ASU 2018-18 – Collaborative Arrangements (Topic 808) – Clarifying the Interaction between Topic 808 and Topic 606	Fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	Retrospective ³¹	✓ ³²	The amendments in this Update provide guidance on whether certain transactions between collaborative arrangement participants should be accounted for with revenue under Topic 606. In addition, the Update requires that in a transaction with a collaborative arrangement participant that is not directly related to sales to third parties, presenting the transaction together with revenue recognized under Topic 606 is not allowed if the collaborative arrangement participant is not a customer.

- 28. An entity should apply the amendments as of the date that it first applied Topic 842, using the same transition methodology in accordance with paragraph 842-10-65-1(c).
- 29. For entities that have not adopted Topic 842, the amendments in this Update follow the same effective date and transition requirements in Update 2016-02. For entities that have adopted Topic 842 prior to the issuance of this Update, the amendments in this Update should be applied at the original effective date of Topic 842 for the entity. However, the entity has the option to apply the amendments in either the first reporting period ending after the issuance of this Update or in the first reporting period beginning after the issuance of this Update.
- 30. Early adoption is permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.
- 31. The amendments in this Update should be applied retrospectively to the date of initial application of Topic 606. An entity should recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance sheet of retained earnings of the later of the earliest annual period presented and the annual period that includes the date of the entity’s initial application of Topic 606. An entity may elect to apply the amendments in this Update retrospectively either to all contracts or only to contracts that are not completed at the date of initial application of Topic 606. An entity should disclose its election. An entity may elect to apply the practical expedient for contract modifications that is permitted for entities using the modified retrospective transition method in Topic 606.
- 32. Early adoption is permitted, including adoption in any interim period for periods in which financial statements have not yet been made available for issuance. An entity may not adopt the amendments earlier than its adoption date of Topic 606.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2018-17 – Consolidation (Topic 810) – Targeted Improvements to Related Party Guidance for Variable Interest Entities	Fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021.	Retrospective	✓	This Update amends the current guidance for determining whether fees paid to decision makers and service providers in which indirect interests are held through related parties under common control are variable interests. As amended, indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. In addition, the Update amends and supersedes the private company accounting alternative for leasing arrangements under common control to include all private reporting entities and legal entities that meet certain criteria.
ASU 2018-16 – Derivatives and Hedging (Topic 815) – Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	Effective with ASU 2017-12, as amended. ³³	Prospective	✓ ³⁴	The amendments in this Update permit use of the OIS rate based on SOFR as a U.S. benchmark interest rate for hedge accounting purposes under Topic 815 in addition to the UST, the LIBOR swap rate, the OIS rate based on the Fed Funds Effective Rate, and the SIFMA Municipal Swap Rate.
ASU 2018-15 – Intangibles – Goodwill and Other- Internal-Use Software (Subtopic 350-40)	Fiscal years beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021	Retrospective, Prospective	✓	This ASU amends and improves current guidance on accounting for implementation costs of a hosting arrangement that is a service contract. The amendments in this update align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license).
ASU 2018-14 – Compensation – Retirement Benefits – Defined Benefit Plans – General (Topic 715-20); Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans	Fiscal years ending after December 15, 2021	Retrospective	✓	This ASU includes amendments, which remove, modify, and add certain required disclosure requirements in the financial statements of employers that sponsor defined benefit pension or other postretirement plans.

33. For private companies that have already adopted the amendments in ASU 2017-12, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years.

34. Early adoption is permitted in any interim period upon issuance of this Update if an entity already has adopted Update 2017-12.

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Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2018-13 – Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement	Fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019	Retrospective	✓	The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, by removing, modifying, and adding certain required disclosures. In addition, the amendments eliminate the phrase “at a minimum” in regards to an entity’s required disclosures to clarify that materiality is an appropriate consideration when evaluating disclosure requirements and to promote the use of the appropriate exercise of discretion.
ASU 2018-12 – Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts	Fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022	Retrospective	✓	This ASU amends the guidance in Topic 944 for insurance entities that issue long-duration contracts. Under the Update, the entity is required to review and, if applicable, update the assumptions used to measure cash flows at least annually and update the discount rate assumption at each reporting date. The change in the liability estimate as a result of updating the discount rate assumption is required to be recognized in other comprehensive income. The entity is required to measure all market risk benefits associated with deposit (or account balance) contracts at fair value. The portion of any change in fair value attributable to a change in the instrument specific credit risk is required to be recognized in other comprehensive income. The amendments also simplify the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits, or gross margins and require that those balances be amortized on a constant level basis over the expected term of the related contracts.
ASU 2018-11 – Leases (Topic 842): Targeted Improvements	Fiscal years beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020 ³⁵	Modified Retrospective	✓	The amendments in this ASU provide entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption consistent with preparers’ requests. In addition, the amendments in this Update provide lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component, similar to the expedient provided to lessees. The lessor practical expedient is limited to circumstances in which the non-lease component(s) otherwise would be accounted for under the new revenue recognition guidance and both (1) the timing and pattern of transfer are the same for the non-lease component(s) and associated lease component and (2) the lease component(s), if accounted for separately, would be classified as an operating lease.

35. For entities that have adopted Topic 842, the practical expedient may be elected in the first reporting period following the issuance of this update or at original effective date of Topic 842 for that entity.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2018-10 – Codification Improvements to Topic 842, Leases	Fiscal years beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020	Modified Retrospective	✓	This ASU provides clarification to guidance in Topic 842 and corrects unintended application of the guidance. Notable amendments included in the ASU include (1) Clarification that a lessor should account for the exercise by a lessee of an option to extend or terminate the lease or to purchase the underlying assets as a lease modification unless the exercise of that option by the lessee is consistent with the assumptions that the lessor made in accounting for the lease at the commencement date of the lease; (2) Clarification that the period covered by a lessor-only option to terminate the lease is included in the lease term; (3) Clarification that a lessor should not continue to accrete the unguaranteed residual asset to its estimated value over the remaining lease term to the extent that the lessor sells substantially all of the lease receivable associated with a direct financing lease or a sales-type lease; and (4) Clarification that a rate implicit in the lease of zero should be used when applying the definition of the term rate implicit in the lease results in a rate that is less than zero.
ASU 2018-09 – Codification Improvements	Annual periods beginning after December 15, 2019 ³⁶	Modified Retrospective, Prospective ³⁷	✓	ASU 2018-09 was issued to clarify, correct errors, or make minor improvements to current guidance on various Topics in the Codification. Users should review the entire document to assess any effects that the amendments may have on entities that are within the Update’s scope.
ASU 2018-08 – Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made	Annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019 (resource receiver); Annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020 (resource provider)	Modified Prospective ³⁸ , Retrospective	✓	ASU 2018-08 was issued to clarify and improve current guidance for contributions received and made. The amendments should assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and determining whether a contribution is conditional. These amendments are designed to reduce diversity in practice when applying current guidance.

36. Effective date for each amendment within the Update is based on facts and circumstances of each amendment. Some amendments are effective upon issuance. See detail of ASU 2018-09 for effective dates of each amendment.

37. Transition requirements vary based on the individual amendment. See guidance in ASU 2018-09 for transition requirements of each amendment within the Update.

38. Under the modified prospective basis, in the first set of financial statements following the effective date, the amendments should be applied to agreements that are either (1) not completed as of the effective date; or (2) entered into after the effective date. A completed agreement is an agreement for which all the revenue or expense has been recognized before the effective date.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2018-07 – Compensation—Stock Compensation, Improvements to Nonemployee Share-Based Payment Accounting	Fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020	Modified Retrospective	✓	This ASU expands the scope of FASB ASC Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees, currently addressed primarily in ASC Subtopic 505-50, Equity—Equity-Based Payments to Nonemployees. This ASU also seeks to more closely align the accounting for nonemployee awards to those with employees. Early adoption is permitted, but not prior to adoption of Topic 606 – Revenue from Contracts with Customers.
ASU 2018-01 – Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842	Effective with ASU 2016-02	N/A	✓	The amendments in this ASU permit an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that exist or expired before the entity’s adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. An entity that elects this practical expedient should apply the practical expedient consistently to all of its existing or expired land easements that were not previously accounted for as leases under Topic 840.
ASU 2017-13 - Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842): Amendments to SEC Paragraphs Pursuant to the Staff Announcement at the July 20, 2017 EITF Meeting and Rescission of Prior SEC Staff Announcements and Observer Comments	Effective with ASU 2014-09 and ASU 2016-02, both as amended	Full or Modified Retrospective (ASU 2014-09) Modified Retrospective (2016-02)	✓	<p>This ASU amends the early adoption date option for certain companies related to the adoption of ASU 2014-09 and ASU 2016-02. Both of the below entities may still adopt using the public company adoption guidance in the related ASUs, as amended.</p> <p>The SEC staff stated the SEC would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity’s filing with the SEC adopting ASC Topic 606 for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.</p> <p>The SEC staff stated the SEC would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity’s filing with the SEC adopting ASC Topic 842 for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.</p>




APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2017-12 - Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities	Fiscal years beginning after December 15, 2019, and interim periods beginning after December 15, 2020	Modified Retrospective ³⁹	✓	This ASU is intended to improve and simplify accounting rules around hedge accounting and also help financial statement users better understand an entity's risk exposures and how hedging strategies are used to manage those exposures. The new standard refines and expands hedge accounting for both financial and nonfinancial risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements. Its provisions create more transparency around how economic results are presented, both on the face of the financial statements and in the footnotes, for investors and analysts.
ASU 2017-11 - Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Non-controlling Interests with a Scope Exception	The amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The amendments in Part II of this Update do not require any transition guidance because those amendments do not have an accounting effect	Retrospective ⁴⁰	✓	This ASU was issued to address narrow issues identified as a result of the complexity associated with applying generally accepted accounting principles (GAAP) for certain financial instruments with characteristics of liabilities and equity. There are two parts to the update. The first addresses the complexity of accounting for certain financial instruments with down round features while the second addresses the difficulty of navigating Topic 480, Distinguishing Liabilities from Equity. The amendments related to the second part replace an indefinite deferral on certain guidance in Topic 480 with a scope exception, but ultimately does not have an accounting effect.
ASU 2017-08 - Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities	Annual periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020	Modified Retrospective	✓	This ASU was issued in order to shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity.

39. For cash flow and net investment hedges existing at the date of adoption, an entity should apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the beginning of the fiscal year that an entity adopts the amendments in this Update. The amended presentation and disclosure guidance is required only prospectively.

40. For part one, an entity can elect to adopt the amendments either: (1) Retrospectively to outstanding financial instruments with a down round feature by means of a cumulative-effect adjustment to the statement of financial position as of the beginning of the first fiscal year and interim period(s) in which the pending content that links to this paragraph is effective; or (2) Retrospectively to outstanding financial instruments with a down round feature for each prior reporting period presented in accordance with the guidance on accounting changes in paragraphs 250-10-45-5 through 45-10. Part two does not have any transition guidance as there is not accounting effect.

APPENDIX C – ACCOUNTING STANDARDS AFFECTING PRIVATE COMPANIES IN 2020 AND BEYOND

Accounting Standards Update	Private Company Effective Date	Transition	Early Adopt	Summary
ASU 2017-04 - Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	All other entities, including Not-for-Profit entities, should adopt for their annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021	Prospective	 ⁴¹	<p>This ASU was issued in order to simplify the subsequent measurement of goodwill by eliminating the Step 2 goodwill impairment test. Under the amendments in this ASU, an entity should perform its annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity will then recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, however the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when measuring the goodwill impairment loss, if applicable.</p> <p>The amendments in this ASU also eliminated the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and therefore the same impairment assessment now applies to all reporting units. An entity is required to disclose the amount of goodwill allocated to each reporting unit with a zero or negative carrying amount of net assets.</p> <p>The ASU did not affect the option to perform the qualitative assessment (Step 0) for a reporting unit to determine if the quantitative impairment test is necessary and private companies will still have the option to elect the PCC alternative on goodwill.</p>
ASU 2016-13 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	For fiscal years beginning after December 15, 2022, including interim periods within those fiscal years.	Modified Retrospective	 ⁴²	<p>The ASU is intended to improve financial reporting by requiring timely recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The ASU requires the measurement of all expected credit losses for financial assets not recorded at fair value based on historical experience, current conditions, and reasonable and supportable forecasts.</p>
ASU 2016-02 – Leases (Topic 842)	Fiscal years beginning after December 15, 2021, and interim periods within annual periods beginning after December 15, 2022.	Modified Retrospective		<p>All leases (except for short-term leases) will be required to be recognized on the lessee's balance sheet at commencement date as a lease liability for the obligation of lease payments and a right-of-use asset for the right to use/control a specified asset for the lease term. Lessor accounting is largely unchanged.</p>

41. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017.

42. Early adoption is permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018.

APPENDIX D – SEC FINAL RULES

The following table presents certain SEC Rules with effective and compliance dates during 2020 and beyond. Please refer to the individual SEC rules in their entirety for additional guidance.

SEC Final Rules	Summary
33-10935 - Adoption of Updated EDGAR Filer Manual, Form ID Amendments	The Securities and Exchange Commission (the “Commission”) is adopting amendments to Volumes I and II of the Electronic Data Gathering, Analysis, and Retrieval system (“EDGAR”) Filer Manual (“EDGAR Filer Manual” or “Filer Manual”), a related form, and related rules. The amendments result in a more uniform and secure process for EDGAR access by requiring certain applicants that already have an EDGAR Central Index Key (or CIK) account number, but do not have EDGAR access codes, to submit the related form and an authenticating document to obtain access to EDGAR. The related form has also been amended to update its instructions and cross-references to Volume I of the Filer Manual. The revisions to Volume II reflect additional updates to the EDGAR system. The amendments are effective on the date of publication in the Federal Register.
33-10913 - Modernization of Delegations of Authority to Commission Staff and Division and Office Descriptions	The Securities and Exchange Commission (the “Commission”) is amending its rules delegating authority to the Commission’s staff to modernize these rules and more efficiently use the Commission’s resources, as well as descriptions of the responsibilities of its divisions and offices. This rule was effective February 16, 2021.
IA-5653 - Investment Adviser Marketing	The Securities and Exchange Commission (the “Commission” or the “SEC”) is adopting amendments under the Investment Advisers Act of 1940 (the “Advisers Act” or the “Act”) to update rules that govern investment adviser marketing. The amendments will create a merged rule that will replace both the current advertising and cash solicitation rules. These amendments reflect market developments and regulatory changes since the advertising rule’s adoption in 1961 and the cash solicitation rule’s adoption in 1979. The Commission is also adopting amendments to Form ADV to provide the Commission with additional information about advisers’ marketing practices. Finally, the Commission is adopting amendments to the books and records rule under the Advisers Act. This rule is effective May 4, 2021.
34-90667 - Exemption from the Definition of “Clearing Agency” for Certain Activities of Security-Based Swap Dealers and Security-Based Swap Execution Facilities	The Securities and Exchange Commission (“Commission”) is adopting a rule pursuant to Section 36 of the Securities Exchange Act of 1934 (“Exchange Act”) to exempt from the definition of “clearing agency” in Section 3(a)(23) of the Exchange Act certain activities of a registered security-based swap dealer, a registered security-based swap execution facility, and a person engaging in dealing activity in security-based swaps that is eligible for an exception from registration as a security-based swap dealer because the quantity of dealing activity is de minimis. This rule is effective April 2, 2021.
34-90679 - Disclosure of Payments by Resource Extraction Issuers	We are adopting a rule under the Securities Exchange Act of 1934 (“Exchange Act”) and an amendment to Form SD to implement Section 13(q) of the Exchange Act. Section 13(q) directs the Commission to issue rules requiring resource extraction issuers to include in an annual report information relating to payments made to a foreign government or the Federal Government for the purpose of the commercial development of oil, natural gas, or minerals. Section 13(q) requires these issuers to provide information about the type and total amount of payments made for each of their projects related to the commercial development of oil, natural gas, or minerals, and the type and total amount of payments made to each government. In addition, Section 13(q) requires a resource extraction issuer to provide information about those payments in an interactive data format. The final rule and form amendment were effective March 16, 2021.
34-89963 - Whistleblower Program Rules	The Securities and Exchange Commission (“Commission”) is adopting several amendments to the Commission’s rules implementing its congressionally mandated whistleblower program. Section 21F of the Securities Exchange Act of 1934 (“Exchange Act”) provides, among other things, that the Commission shall pay—under regulations prescribed by the Commission and subject to certain limitations—to eligible whistleblowers who voluntarily provide the Commission with original information about a violation of the federal securities laws that leads to the successful enforcement of a covered judicial or administrative action, or a related action, an aggregate amount, determined in the Commission’s discretion, that is equal to not less than 10 percent, and not more than 30 percent, of monetary sanctions that have been collected in the covered or related actions. The Commission is adopting various amendments that are intended to provide greater transparency, efficiency and clarity to whistleblowers, to ensure whistleblowers are properly incentivized, and to continue to properly award whistleblowers to the maximum extent appropriate and with maximum efficiency. The Commission is also making several technical amendments, and adopting interpretive guidance concerning the term “independent analysis.” The amendments were effective December 7, 2020.

APPENDIX D – SEC FINAL RULES

SEC Final Rules	Summary
34-89964 - Procedural Requirements and Resubmission Thresholds under Exchange Act Rule 14a-8	We are adopting amendments to certain procedural requirements and the provision relating to resubmitted proposals under the shareholder-proposal rule in order to modernize and enhance the efficiency and integrity of the shareholder-proposal process for the benefit of all shareholders. The amendments to the procedural rules: amend the current ownership requirements to incorporate a tiered approach that provides three options for demonstrating a sufficient ownership stake in a company—through a combination of amount of securities owned and length of time held—to be eligible to submit a proposal; require certain documentation to be provided when a proposal is submitted on behalf of a shareholder proponent; require shareholder-proponents to identify specific dates and times they can meet with the company in person or via teleconference to engage with the company with respect to the proposal; and provide that a person may submit no more than one proposal, directly or indirectly, for the same shareholders’ meeting. The amendments to the resubmission thresholds revise the levels of shareholder support a proposal must receive to be eligible for resubmission at the same company’s future shareholders’ meetings from 3, 6, and 10 percent to 5, 15, and 25 percent, respectively. The amendments were effective January 4, 2021.
33-10871 - Fund of Funds Arrangements	The Securities and Exchange Commission (the “Commission”) is adopting a new rule under the Investment Company Act of 1940 (“Investment Company Act” or “Act”) to streamline and enhance the regulatory framework applicable to funds that invest in other funds (“fund of funds” arrangements). In connection with the new rule, the Commission is rescinding rule 12d1-2 under the Act and certain exemptive relief that has been granted from sections 12(d)(1)(A), (B), (C), and (G) of the Act permitting certain fund of funds arrangements. Finally, the Commission is adopting related amendments to rule 12d1-1 under the Act and to Form NCEN. This rule was effective January 19, 2021.
33-10876 - Qualifications of Accountants	The Securities and Exchange Commission (“Commission” or “SEC”) is adopting amendments to update certain auditor independence requirements. These amendments are intended to more effectively focus the independence analysis on those relationships or services that are more likely to pose threats to an auditor’s objectivity and impartiality. The amendments are effective June 9, 2021.
34-90244 - Customer Margin Rules Relating to Security Futures	The Commodity Futures Trading Commission (“CFTC”) and the Securities and Exchange Commission (“SEC”) (collectively, the “Commissions”) are adopting rule amendments to lower the margin requirement for an unhedged security futures position from 20% to 15% and adopting certain conforming revisions to the security futures margin offset table. This rule was effective December 24, 2020.
33-10884 - Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Markets	We are adopting amendments to facilitate capital formation and increase opportunities for investors by expanding access to capital for small and medium-sized businesses and entrepreneurs across the United States. Specifically, the amendments simplify, harmonize, and improve certain aspects of the exempt offering framework to promote capital formation while preserving or enhancing important investor protections. The amendments also seek to close gaps and reduce complexities in the exempt offering framework that may impede access to investment opportunities for investors and access to capital for businesses and entrepreneurs. The final rules were effective March 15, 2021.
IC-34084 - Use of Derivatives by Registered Investment Companies and Business Development Companies (Note: This replaces the version initially issued on October 28, 2020.)	The Securities and Exchange Commission (the “Commission”) is adopting a new exemptive rule under the Investment Company Act of 1940 (the “Investment Company Act”) designed to address the investor protection purposes and concerns underlying section 18 of the Act and to provide an updated and more comprehensive approach to the regulation of funds’ use of derivatives and the other transactions addressed in 17 CFR 270.18f-4 (“rule 18f-4”). In addition, the Commission is adopting new reporting requirements designed to enhance the Commission’s ability to effectively oversee funds’ use of and compliance with rule 18f-4, and to provide the Commission and the public additional information regarding funds’ use of derivatives. Finally, the Commission is adopting amendments to 17 CFR 270.6c-11 (“rule 6c11”) under the Investment Company Act to allow leveraged/inverse ETFs that satisfy the rule’s conditions to operate without the expense and delay of obtaining an exemptive order. The Commission, accordingly, is rescinding certain exemptive relief that has been granted to these funds and their sponsors. This rule was effective February 19, 2021.
33-10889 - Electronic Signatures in Regulation S-T Rule 302	We are adopting amendments to Regulation S-T and the Electronic Data Gathering, Analysis, and Retrieval system (“EDGAR”) Filer Manual (“EDGAR Filer Manual” or “Filer Manual”) to permit the use of electronic signatures in signature authentication documents required under Regulation S-T in connection with electronic filings on EDGAR that are required to be signed. We are also adopting corresponding revisions to several rules and forms under the Securities Act of 1933 (“Securities Act”), Securities Exchange Act of 1934 (“Exchange Act”), and Investment Company Act of 1940 (“Investment Company Act”) to permit the use of electronic signatures in signature authentication documents in connection with certain other filings. These amendments were effective December 4, 2020.

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34-90442 - Amendments to the Commission's Rules of Practice	The Securities and Exchange Commission (“Commission”) is adopting amendments to its Rules of Practice to require persons involved in Commission administrative proceedings to file and serve documents electronically. The final rules are effective 30 days after publication in the Federal Register, except Instruction 8 which is effective July 12, 2021.
33-10890 - Management’s Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information	We are adopting amendments to modernize, simplify, and enhance certain financial disclosure requirements in Regulation S-K. Specifically, we are eliminating the requirement for Selected Financial Data, streamlining the requirement to disclose Supplementary Financial Information, and amending Management’s Discussion & Analysis of Financial Condition and Results of Operations (“MD&A”). These amendments are intended to eliminate duplicative disclosures and modernize and enhance MD&A disclosures for the benefit of investors, while simplifying compliance efforts for registrants. The amendments were effective February 10, 2021.
IC-34128 - Good Faith Determinations of Fair Value	The Securities and Exchange Commission (“Commission”) is adopting a new rule under the Investment Company Act of 1940 (“Investment Company Act” or the “Act”) that will address valuation practices and the role of the board of directors with respect to the fair value of the investments of a registered investment company or business development company (“fund”). The rule will provide requirements for determining fair value in good faith for purposes of the Act. This determination will involve assessing and managing material risks associated with fair value determinations; selecting, applying, and testing fair value methodologies; and overseeing and evaluating any pricing services used. The rule will permit a fund’s board of directors to designate certain parties to perform the fair value determinations, who will then carry out these functions for some or all of the fund’s investments. This designation will be subject to board oversight and certain reporting and other requirements designed to facilitate the board’s ability effectively to oversee this party’s fair value determinations. The rule will include a specific provision related to the determination of the fair value of investments held by unit investment trusts, which do not have boards of directors. The rule will also define when market quotations are readily available under the Act. The Commission is also adopting a separate rule providing the recordkeeping requirements that will be associated with fair value determinations 2 and is rescinding previously issued guidance on the role of the board of directors in determining fair value and the accounting and auditing of fund investments. This rule was effective March 8, 2021.
34-90610 - Market Data Infrastructure	The Securities and Exchange Commission (“Commission” or “SEC”) is amending Regulation National Market System (“Regulation NMS”) under the Securities Exchange Act of 1934 (“Exchange Act”) to modernize the national market system for the collection, consolidation, and dissemination of information with respect to quotations for and transactions in national market system (“NMS”) stocks (“NMS information”). Specifically, the Commission is expanding the content of NMS information that is required to be collected, consolidated, and disseminated as part of the national market system under Regulation NMS and is amending the method by which such NMS information is collected, calculated, and disseminated by fostering a competitive environment for the dissemination of NMS information via a decentralized consolidation model with competing consolidators. These amendments are effective 60 days after publication in the Federal Register.
33-10900 - Delegation of Authority to Director of the Division of Enforcement	The Securities and Exchange Commission (“Commission”) is revising its regulations with respect to the delegations of authority to the Director of the Division of Enforcement. These revisions are the result of the Commission’s experience with its nonpublic investigations, litigation in Federal court, and disgorgement and Fair Fund plans in administrative and cease-and-desist proceedings instituted by the Commission. The revisions are intended to conserve Commission resources and make Commission operations more efficient by delegating to the Director the discretion to take the actions described below. These amendments were effective December 29, 2020.
33-10901 - Administration of the Electronic Data Gathering, Analysis, and Retrieval System	The Securities and Exchange Commission (“Commission”) is adopting a new rule that specifies several actions that the Commission, in its administration of the Electronic Data Gathering, Analysis, and Retrieval system (“EDGAR”), may take to promote the reliability and integrity of EDGAR submissions. The new rule establishes a process for the Commission to notify filers and other relevant persons of its actions under the rule as soon as reasonably practicable. In addition, the Commission is adopting amendments to delegate authority to the Director of the Commission’s EDGAR Business Office to take actions pursuant to the new rule and two current rules relating to filing date adjustments and the continuing hardship exemption. These amendments were effective February 3, 2021.

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33-10902 - Adoption of Updated EDGAR Filer Manual, Proposed Collection and Comment Request for Form ID	The Securities and Exchange Commission (the “Commission”) is adopting revisions to Volumes I and II of the Electronic Data Gathering, Analysis, and Retrieval system (“EDGAR”) Filer Manual (“EDGAR Filer Manual” or “Filer Manual”) and related rules. The revisions substantially reduce the length of Volume I, and amend Volume I and related rules under Regulation S-T, including provisions regarding electronic notarizations and remote online notarizations, which include electronic signatures. The revisions to Volume II reflect changes made to EDGAR on December 14, 2020. The Commission is also providing notice and soliciting comments on the Form ID collection of information pursuant to the Paperwork Reduction Act of 1995. These amendments were effective February 3, 2021.
33-10825 – Modernization of Regulation S-K Items 101, 103, and 105	The SEC is adopting amendments to modernize the description of business, legal proceedings, and risk factor disclosures that registrants are required to make pursuant to Regulation S-K. These disclosure items have not undergone significant revisions in over 30 years. The amendments update these rules to account for developments since their adoption or last revision, to improve disclosure for investors, and to simplify compliance for registrants. Specifically, the amendments are intended to improve the readability of disclosure documents, as well as discourage repetition and the disclosure of information that is not material. The final rules were effective November 9, 2020.
33-10824 – Amending the “Accredited Investor” Definition	The SEC is adopting amendments to the definition of “accredited investor” in our rules to add new categories of qualifying natural persons and entities and to make certain other modifications to the existing definition. The amendments are intended to update and improve the definition to identify more effectively investors that have sufficient knowledge and expertise to participate in investment opportunities that do not have the rigorous disclosure and procedural requirements, and related investor protections, provided by registration under the Securities Act of 1933. Specifically, the amendments add new categories of natural persons that may qualify as accredited investors based on certain professional certifications or designations or other credentials or their status as a private fund’s “knowledgeable employee,” expand the list of entities that may qualify as accredited investors, add entities owning \$5 million in investments, add family offices with at least \$5 million in assets under management and their family clients, and add the term “spousal equivalent” to the definition. We are also adopting amendments to the “qualified institutional buyer” definition in Rule 144A under the Securities Act to expand the list of entities that are eligible to qualify as qualified institutional buyers. This final rule was effective December 8, 2020.
34-89618 – Rescission of Effective-Upon-Filing Procedure for NMS Plan Fee Amendments and Modified Procedures for Proposed NMS Plans and Plan Amendments	The SEC is amending Regulation NMS under the Securities Exchange Act of 1934 (“Exchange Act”) to rescind a provision that allows a proposed amendment to a national market system plan (“NMS plan”) to become effective upon filing if the proposed amendment establishes or changes a fee or other charge. As a result of rescinding the provision, such a proposed amendment instead will be subject to the procedures set forth in Rule 608(b)(1) and (2), under which there must be an opportunity for public comment and Commission approval by order prior to effectiveness. The Commission also is amending Rule 608(a)(1) to require that proposed NMS plans and proposed amendments to existing NMS plans be filed with the Commission by email, and is amending Rule 608(b)(1) and (2) to modify the procedures applicable to the Commission’s handling of proposed NMS plans and plan amendments, including fee amendments. Finally, the Commission is adopting amendments to its rules of practice regarding disapproval proceedings and its delegations of authority to the Director of the Division of Trading and Markets (“Division”). The amendments were effective November 16, 2020.
34-89394 – Covered Broker-Dealer Provisions under Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act	The Federal Deposit Insurance Corporation (“FDIC” or “Corporation”); Securities and Exchange Commission (“SEC” or “Commission” and, collectively with the FDIC, the “Agencies”, in accordance with section 205(h) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), are jointly adopting a final rule to implement provisions applicable to the orderly liquidation of covered brokers and dealers under Title II of the Dodd-Frank Act (“Title II”). The final rule was effective October 30, 2020.

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34-89372 – Exemptions from the Proxy Rules for Proxy Voting Advice	The SEC is adopting amendments to its rules governing proxy solicitations so that investors who use proxy voting advice receive more transparent, accurate, and complete information on which to make their voting decisions, without imposing undue costs or delays that could adversely affect the timely provision of proxy voting advice. The amendments add conditions to the availability of certain existing exemptions from the information and filing requirements of the Federal proxy rules that are commonly used by proxy voting advice businesses. These conditions require compliance with disclosure and procedural requirements, including conflicts of interest disclosures by proxy voting advice businesses and two principles-based requirements. The first principles-based requirement calls for proxy voting advice businesses to adopt written policies and procedures designed to ensure that the proxy voting advice is made available to registrants. The second principles-based requirement calls for proxy voting advice businesses to adopt written policies and procedures designed to ensure that they provide clients with a mechanism by which the clients can reasonably be expected to become aware of a registrant’s views about the proxy voting advice so that they can take such views into account as they vote proxies. Although the requirements are principlesbased, the amendments provide a non-exclusive list of methods, or safe harbors, that satisfy the conditions to the exemptions. In addition, the amendments codify the Commission’s interpretation that proxy voting advice generally constitutes a solicitation within the meaning of 2 the Securities Exchange Act of 1934. Finally, the amendments clarify when the failure to disclose certain information in proxy voting advice may be considered misleading within the meaning of the antifraud provision of the proxy rules, depending upon the particular facts and circumstances. The rules were effective November 2, 2020.
IC-33921 – Amendments to Procedures with Respect to Applications Under the Investment Company Act of 1940	The SEC is adopting amendments to rule 0-5 under the Investment Company Act of 1940 to establish an expedited review procedure for applications that are substantially identical to recent precedent as well as a rule to establish an internal timeframe for review of applications outside of such expedited procedure. In addition, the Commission is adopting an amendment to rule 0-5 under the Investment Company Act of 1940 to deem an application outside of expedited review withdrawn when the applicant does not respond in writing to comments within 120 days. The amendments are effective June 14, 2021.
BHCA-9 – Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds	The OCC, Board, FDIC, SEC, and CFTC (together, the agencies) are adopting amendments to the regulations implementing section 13 of the Bank Holding Company Act (BHC Act). Section 13 contains certain restrictions on the ability of a banking entity or nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (covered funds). These final amendments are intended to improve and streamline the regulations implementing section 2 13 of the BHC Act by modifying and clarifying requirements related to the covered fund provisions of the rules. The final rule was effective October 1, 2020.
33-10786 – Amendments to Financial Disclosures about Acquired and Disposed Businesses	The Securities and Exchange Commission is adopting amendments to the Commission’s rules and forms to improve their application, assist registrants in making more meaningful determinations of whether a subsidiary or an acquired or disposed business is significant, and to improve the disclosure requirements for financial statements relating to acquisitions and dispositions of businesses, including real estate operations and investment companies. The changes are intended to improve for investors the financial information about acquired or disposed businesses, facilitate more timely access to capital, and reduce the complexity and costs to prepare the disclosure. The final rules were effective on January 1, 2021.
34-88890 – Amendments to the National Market System Plan Governing the Consolidated Audit Trail	The Securities and Exchange Commission is adopting amendments to the national market system plan governing the consolidated audit trail. The amendments impose public transparency requirements on the self-regulatory organizations that are participants in the plan. Under the amendments, plan participants are required to publish and file with the Securities and Exchange Commission a complete implementation plan for the consolidated audit trail and quarterly progress reports. The amendments also establish financial accountability provisions. The amendments were effective June 22, 2020.
34-88616 – Definition of “Covered Clearing Agency”	The Securities and Exchange Commission is adopting amendments to the definitions of “covered clearing agency,” “central securities depository services,” and “sensitivity analysis” pursuant to Section 17A of the Securities Exchange Act of 1934 (Exchange Act) and the Payment, Clearing, and Settlement Supervision Act of 2010 (Clearing Supervision Act), enacted in Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act). These amendments were effective July 13, 2020.

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<p>33-10771 – Securities Offering Reform for Closed-End Investment Companies</p>	<p>The Securities and Exchange Commission is adopting rules that will modify the registration, communications, and offering processes for business development companies (BDCs) and other closed-end investment companies under the Securities Act of 1933. As directed by Congress, the Commission is adopting rules that will allow these investment companies to use the securities offering rules that are already available to operating companies. These rules will extend to closed-end investment companies offering reforms currently available to operating company issuers by expanding the definition of “well-known seasoned issuer” to allow these investment companies to qualify; streamlining the registration process for these investment companies, including the process for shelf registration; permitting these investment companies to satisfy their final prospectus delivery requirements by filing the prospectus with the Commission; and permitting additional communications by and about these investment companies during a registered public offering. In addition, the Commission is amending certain rules and forms to tailor the disclosure and regulatory framework to these investment companies. These amendments also will modernize the Commission’s approach to securities registration fee payment by requiring closed-end investment companies that operate as “interval funds” to pay securities registration fees using the same method as mutual funds and exchange-traded funds and extend the ability to use this payment method to issuers of certain continuously offered, exchange-traded products (ETPs). Additionally, the Commission is expanding the ability of certain registered closed-end funds or BDCs that conduct continuous offerings to make changes to their registration statements on an immediately effective basis or on an automatically effective basis a set period of time after filing. Lastly, the Commission is adopting certain structured data reporting requirements, including for filings on the form providing annual notice of securities sold pursuant to the rule under the Investment Company Act of 1940 that prescribes the method by which certain investment companies (including mutual funds) calculate and pay registration fees. This final rule was effective August 1, 2020, except for amendatory instructions 21, 22, 30, 31, 33, 34, 41, 42, and 45 which are effective August 1, 2021.</p>
<p>34- 88365 – Amendments to the Accelerated and Large Accelerated Filer Definitions</p>	<p>The Securities and Exchange Commission (SEC) adopted amendments to the accelerated filer and large accelerated filer definitions in Exchange Act Rule 12b-2. The amendments in the rule exclude from the accelerated and large accelerated filer definitions an issuer that is eligible to be a smaller reporting company and had annual revenues of less than \$100 million in the most recent fiscal year for which audited financial statements are available. (Business development companies will be excluded in analogous circumstances);increase the transition thresholds for an accelerated filer becoming a non-accelerated filer from \$50 million to \$60 million and for a large accelerated filer to becoming an accelerated filer from \$500 million to \$560 million; add a revenue test to the transition thresholds for exiting both accelerated and large accelerated filer status; and add a check box to the cover page of annual reports on Forms 10-K, 20-F, and 40-F to indicate whether an ICFR auditor attestation is included in the filing. This final rule was effective April 27, 2020 and applies to annual report filing due on or after the effective date.</p>
<p>33-10765 – Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts</p>	<p>The Securities and Exchange Commission is adopting rule and form amendments intended to help investors make informed investment decisions regarding variable annuity and variable life insurance contracts. The amendments modernize disclosures by using a layered disclosure approach designed to provide investors with key information relating to the contract’s terms, benefits, and risks in a concise and more reader-friendly presentation, with access to more detailed information available online and electronically or in paper format on request. New rule 498A under the Securities Act of 1933 will permit a person to satisfy its prospectus delivery obligations under the Securities Act for a variable annuity or variable life insurance contract by sending or giving a summary prospectus to investors and making the statutory prospectus available online. The rule also will consider a person to have met its prospectus delivery obligations for any portfolio companies associated with a variable annuity or variable life insurance contract if the portfolio company prospectuses are posted online. To implement the new disclosure framework, we are also amending the registration forms for variable annuity and variable life insurance contracts to update and enhance the disclosures to investors in these contracts, and to implement the proposed summary prospectus framework, and adopting amendments to our rules that will require variable contracts to use the Inline eXtensible Business 2 Reporting Language (Inline XBRL) format for the submission of certain required disclosures in the variable contract statutory prospectus. The Commission is also taking the position that if an issuer of a discontinued contract that is discontinued as of July 1, 2020 that provides alternative disclosures does not file post-effective amendments to update a variable contract registration statement and does not provide updated prospectuses to existing investors, this would not provide a basis for enforcement action so long as investors are provided with the alternative disclosures or modernized alternative disclosures described below. We are also adopting certain technical and conforming amendments to our rules and forms, including amendments to rules relating to variable life insurance contracts, and rescinding certain related rules and forms. This final rule was effective July 1, 2020, except as specifically defined in the rule.</p>

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33-10762 – Financial Disclosures about Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant’s Securities	This final rule amends financial disclosure requirements for guarantors and issuers of guaranteed securities registered or being registered, and issuers’ affiliates whose securities collateralize securities registered or being registered in Regulation S-X to improve those requirements for both investors and registrants. The changes are intended to provide investors with material information given the specific facts and circumstances, make the disclosures easier to understand, and reduce the costs and burdens to registrants. By reducing the costs and burdens of compliance, issuers may be encouraged to offer guaranteed or collateralized securities on a registered basis, thereby affording investors protection they may not be provided in offerings conducted on an unregistered basis. In addition, by making it less burdensome and less costly for issuers to include guarantees or pledges of affiliate securities as collateral when they structure debt offerings, the revisions may increase the number of registered offerings that include these credit enhancements, which could result in a lower cost of capital and an increased level of investor protection. This final rule was effective January 4, 2021.
IA -5454 – Exemptions from Investment Adviser Registration for Advisers to Certain Rural Business Investment Companies	This final rule amends the definition of the term “venture capital fund” and the private fund adviser exemption under the Investment Advisers Act of 1940 to reflect in SEC rules exemptions from registration for investment advisers who advise rural business investment companies (RBICs). These exemptions were enacted as part of the RBIC Advisers Relief Act of 2018, which amended Advisers Act section 203(l), which exempts from investment adviser registration any adviser who solely advises venture capital funds, by stating that RBICs are venture capital funds for purposes of the exemption. Therefore, the SEC is amending the definition of the term “venture capital fund” to include RBICs. The RBIC Advisers Relief Act also amended Advisers Act section 203(m), which exempts from investment adviser registration any adviser who solely advises private funds and has assets under management in the United States of less than \$150 million, by excluding RBIC assets from counting towards the \$150 million threshold. Therefore, the SEC is amending the definition of the term “assets under management” in the private fund adviser exemption to exclude the assets of RBICs. This final rule was effective March 10, 2020.
33-10757 – Delegation of Authority to the General Counsel of the Commission	The Securities and Exchange Commission (Commission) is revising regulations with respect to the delegations of authority to the Commission’s General Counsel. The revisions are a result of the Commission’s experience with its bankruptcy program and they are intended to conserve Commission resources by delegating to staff the discretion to file objections in bankruptcy cases with respect to the frequently recurring issue of non-debtor thirdparty releases. The revisions will expedite and enhance the effectiveness of the Commission’s bankruptcy program by enabling staff to meet bankruptcy court deadlines that affect issues important to the Commission. This final rule was effective March 2, 2020.
33-10749 -Adoption of Updated EDGAR Filer Manual	The SEC has adopted updates to the EDGAR Filer Manual and related rules. The updates reflect changes in the EDGAR Filing Manual Volume I and II. Updates include revisions to Form ATS-N submission types to provide filers with a textbox to explain when orders in the NMS Stock ATS can be routed from the ATS and additional instructions for tagging Document Entity Identifier data in submissions that contain XBRL. The EDGAR system was upgraded on January 27, 2020 and the updated EDGAR Filer Manual revisions were effective February 19, 2020.
34-87005 Recordkeeping and Reporting Requirements for Security-Based Swap Dealers, Major Security-Based Swap Participants, and Broker-Dealers	In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Securities and Exchange Commission (Commission), pursuant to the Securities Exchange Act of 1934 (Exchange Act), is adopting recordkeeping, reporting, and notification requirements applicable to security-based swap dealers (SBSDs) and major security-based swap participants (MSBSPs), securities count requirements applicable to certain SBSDs, and additional recordkeeping requirements applicable to broker-dealers to account for their security-based swap and swap activities. The Commission also is making substituted compliance available with respect to recordkeeping, reporting, and notification requirements under Section 15F of the Exchange Act and the rules thereunder. The rule was effective February 14, 2020.
BHCA-7 Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds	The OCC, Board, FDIC, SEC, and CFTC are adopting amendments to the regulations implementing section 13 of the Bank Holding Company Act. Section 13 contains certain restrictions on the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund. These final amendments are intended to provide banking entities with clarity about what activities are prohibited and to improve supervision and implementation of section 13. The rule was effective January 1, 2020.

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BHCA-6 – Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds	The OCC, Board, FDIC, SEC, and CFTC are adopting final rules to amend the regulations implementing the Bank Holding Company Act's prohibitions and restrictions on proprietary trading and certain interests in, and relationships with, hedge funds and private equity funds in a manner consistent with the statutory amendments made pursuant to certain sections of the Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). The EGRRCPA amendments and final rules exclude from these prohibitions and restrictions certain firms that have total consolidated assets equal to \$10 billion or less and total trading assets and liabilities equal to five percent or less of total consolidated assets. The EGRRCPA amendments and the final rules also revise the revisions applicable to the naming of a hedge fund or private equity fund to permit an investment adviser that is a banking entity to share a name with the fund under certain circumstances. These final rules are effective on the date of publication in the federal register.
34-85714 – Disclosure of Order Handling Information	The Commission is extending the compliance date for the recently adopted amendments to Rule 606 of Regulation National Market System (Regulation NMS) under the Securities Exchange Act of 1934 (Exchange Act), which require additional disclosures by broker-dealers to customers concerning the handling of customer orders. Specifically, the Commission is extending the compliance date for the recently adopted amendments to Rule 606. Following September 30, 2019, broker-dealers must begin to collect the information required by Rules 606(a) and 606(b) as amended. The compliance date remains May 20, 2019 for the amendments to Rule 605. The Commission is extending the compliance date for the recently adopted amendments to Rule 606 in order to give broker-dealers additional time to develop, program, and test for compliance with the new and amended requirements of the rule.
34-84875 – Transaction Fee Pilot for NMS Stocks	The Commission is adopting a new rule of Regulation National Market System under the Securities and Exchange Act of 1934 to conduct a Transaction Fee Pilot for National Market System stocks to study the effects that exchange transaction fee-and-rebate pricing models may have on order routing behavior, execution quality, and market quality. The final rule is effective April 22, 2019 through December 29, 2023.
33-10580 – Covered Investment Fund Research Report	The Commission is adopting a new rule under the Securities Act of 1933 to establish a safe harbor for an unaffiliated broker or dealer participating in a securities offering of a covered investment fund to publish or distribute a covered investment fund research report. If the conditions in the rule are satisfied, the publication or distribution of a covered investment fund research report would be deemed not to be an offer for sale or offer to sell the covered investment fund's securities for purposes of sections 2(a)(10) and 5(c) of the Securities Act of 1933. The Commission is also adopting a new rule under the Investment Company Act of 1940 to exclude a covered investment fund research report from the coverage of section 24(b) of the Investment Company Act, except to the extent the research report is otherwise not subject to the content standards in self-regulatory organization rules related to research reports. We are also adopting a conforming amendment to rule 101 of Regulation M, and a technical amendment to Form 12b-25. This rule was effective January 14, 2019 except that amendatory instruction 4 amending Sec. 230.139b(a)(1)(i)(A)(1) was effective May 1, 2020.
33-10577 – Form N-1A; Correction	<p>This document makes technical corrections to several amendments to Form N-1A, which the Commission adopted as part of three rulemakings: Investment Company Reporting Modernization, which was published in the Federal Register on November 18, 2016; Optional Internet Availability of Investment Company Shareholder Reports, which was published in the Federal Register on June 22, 2018; and Investment Company Liquidity Disclosure, which was published in the Federal Register on July 10, 2018. This document is being published to correct the paragraph designations that appeared in the amendatory instructions preceding certain of the form amendments that the Commission adopted as part of each of these rulemakings. This document makes technical corrections only to the paragraph designations that appear in the amendatory instructions preceding these form amendments. This document does not make any substantive changes (i.e., changes except corrections to typographical errors) to the text of the form amendments themselves. This rule is effective as of the date of the publication in the Federal Register, except:</p> <ul style="list-style-type: none"> • The revisions to Item 27(d)(3) of Form N-1A were effective May 1, 2020; • Item 27(d)(7) of Form N-1A (referenced in 17 CFR 239.15A and 274.11A) is effective January 1, 2019, through December 31, 2021; and • Item 27(d)(7) is removed effective January 1, 2022.

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33-10570 – Modernization of Property Disclosures for Mining Registrants	The SEC is adopting amendments to modernize the property disclosure requirements for mining registrants, and related guidance, currently set forth in Item 102 of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934 and in Industry Guide 7. The amendments are intended to provide investors with a more comprehensive understanding of a registrant’s mining properties, which should help them make more informed investment decisions. The amendments also will more closely align the SEC’s disclosure requirements and policies for mining properties with current industry and global regulatory practices and standards. In addition, the SEC is rescinding Industry Guide 7 and relocating the SEC’s mining property disclosure requirements to a new subpart of Regulation S-K. Registrants engaged in mining operations must comply with the final rule amendments for the first fiscal year beginning on or after January 1, 2021.
Release 33-10506, Optional Internet Availability of Investment Company Shareholder Reports	In this final rule, the SEC adopted new rule 30e-3 under the Investment Company Act of 1940 and made amendments to rule 498 under the Securities Act of 1933. Under rule 30e-3, registered investment companies are given an optional delivery method to transmit shareholder reports through a website indicated in a notice to investors. Amendments to rule 498 include a temporary transition period in which companies who elect this new transition method will be required to inform investors of the change for a two year period. The rule is effective January 1, 2019, except for certain amendments to instructions on certain forms, which are effective January 1, 2021 and 2022.
Release 33-10442, Investment Company Reporting Modernization	The Securities and Exchange Commission (the Commission) is adopting a temporary final rule that requires funds in larger fund groups to maintain in their records the information that is required to be included in Form N-PORT, in lieu of filing reports with the Commission, until April 2019. As a result, larger funds groups were required to begin submitting reports on Form N-PORT on the Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system by April 30, 2019, and smaller fund groups will be required to begin submitting reports on Form N-PORT by April 30, 2020. This rule is effective January 16, 2018, until March 31, 2026.