Riveron

Q3 2026 Accounting Advisory Guide:

Preparing for Year-End Amid Accounting and Regulatory Change



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For accounting leaders and financial reporting teams, Riveron accounting advisory professionals round up the latest insights, examine evolving accounting standards, and explore relevant business trends.

Key Points to Know this Quarter

Q3's developments share a common theme: finance leaders are navigating continued regulatory and market change while strengthening the controls, documentation, and governance needed for year-end reporting and beyond.

01 – **FASB activity puts fair value and digital assets in focus:** New guidance changes how investment companies measure certain equity securities subject to contractual sale restrictions, while a separate proposed ASU addresses whether certain stablecoins may qualify as cash equivalents and would expand cash-equivalent disclosures. Finance leaders should assess whether these developments affect valuation, treasury, or disclosure processes while monitoring additional FASB activity related to digital assets, goodwill impairment, and debt transactions.

02 – **Regulatory developments reinforce the importance of reporting and audit readiness:** The SEC created a dedicated enforcement unit focused on financial reporting and accounting matters, while significant SEC proposals and PCAOB quality-control changes could affect the reporting and audit environment. Heading into year-end, finance leaders should ensure significant judgments, unusual transactions, and control matters are well documented and discuss potential audit-planning implications with their engagement teams.

03 – **Tariff changes are creating new accounting and controls demands:** Changing duties and the continuing IEEPA refund process are increasing the need for finance teams to track tariff programs and related entries separately. Companies should establish consistent policies for accounting for potential refunds, strengthen controls over customs data, and coordinate across accounting, tax, treasury, legal, customs, and supply chain functions.

04 – **AI adoption is shifting from experimentation toward controlled execution:** As accounting teams expand AI use across forecasting, risk assessment, close support, and technical accounting, governance needs to mature alongside adoption. Finance leaders should define approved tools and data sources, establish appropriate human review, retain supporting evidence, and keep management accountable for accounting and financial reporting conclusions.

> *Keep **human** accountability explicit. AI can propose, classify, reconcile, summarize, and flag. Management remains **responsible** for its accounting conclusions and its financial statement reporting.*

01 | Accounting Standards Update

The FASB issued ASU 2026-03 in September 2026, which established a targeted exception to fair value measurement guidance for investment companies holding equity securities subject to contractual sale restrictions. The Board also proposed two ASUs addressing the evaluation and disclosure of certain digital assets as cash equivalents and a series of Codification improvements.

ASU 2026-03—Fair Value Measurement (Topic 820): Investment Companies with Equity Securities Subject to Contractual Sale Restrictions

FASB issued ASU 2026-03 on Sept. 9, 2026, to address the measurement of equity securities held by investment companies within the scope of ASC 946 when those securities are subject to contractual sale restrictions, such as an initial public offering (IPO) lock-up or market-standoff agreements.

Under existing guidance, including ASU 2022-03, contractual sale restrictions were generally not reflected in the fair value of an equity security because they were viewed as a characteristic of the holder rather than the security itself. ASU 2026-03 creates a narrow exception for ASC 946 investment companies. Those entities must now incorporate a market-participant discount for qualifying contractual sale restrictions into the fair value measurement of affected equity securities and disclose the amount of the related discount.

The update responds to stakeholder concerns that measuring restricted and unrestricted shares identically could overstate net asset value (NAV), distort performance reporting and management fees, and create inequitable outcomes among redeeming and remaining fund investors. The amendments do not change the fair value measurement model for entities outside the scope of ASC 946.

The guidance is effective for annual reporting periods beginning after Dec. 15, 2027 , including interim periods within those fiscal years. Early adoption is permitted. Investment companies apply the guidance prospectively to all affected equity securities, with any transition-date adjustment recognized in current-period earnings.

Proposed ASU—Statement of Cash Flows (Topic 230): Cash Equivalents—Disclosure Enhancement and Evaluation of Certain Digital Assets

The FASB issued this exposure draft on Aug. 18, 2026, with comments due Nov. 19, 2026. The proposal requires entities that present cash equivalents to disclose the significant components and related amounts of cash equivalents, including Treasury bills, commercial paper, stablecoins, and money market funds. This disclosure requirement would apply to all entities, not only entities holding digital assets. The enhanced disclosure is intended to provide greater transparency over an entity's liquidity and management of cash and cash equivalents.

The proposal also provides illustrative guidance for evaluating whether certain fiat-backed digital assets, including stablecoins, meet the existing definition of cash equivalents. The examples focus on whether the holder has an on-demand contractual redemption right directly with the issuer for known amounts of cash and whether the issuer maintains segregated reserves on at least a one-to-one basis in cash or other short-term, highly liquid assets.



Proposed ASU—Codification Improvements

Issued Sept. 2, 2026, this evergreen proposal includes 21 technical corrections, clarifications, and other targeted improvements across the Codification. FASB specifically highlighted six matters for stakeholder feedback:

- The scope of the ASU 2025-05 practical expedient and accounting policy election for current accounts receivable and contract assets.
- Application of consolidation guidance to rabbi trusts that are variable interest entities.
- Continued application of ASC 718 to certain modified employee share-based payment awards after termination.
- The timing of the normal purchases and normal sales scope-exception assessment under ASC 815.
- Application of the spot method to certain net investment hedges.

The FASB is accepting comments through Nov. 19, 2026.

Looking Ahead: What's on FASB's radar

Beyond the standards issued and proposed during Q3, FASB's current technical agenda signals continued focus on digital assets, fair value measurement, goodwill impairment, and selected implementation matters.

- **Digital assets:** the cash-equivalents disclosure proposal already issued, plus a separate proposal on accounting for crypto asset transfers, with an exposure draft expected in Q4 2026, together signaling sustained standard-setting activity for digital assets into 2027.
- **Fair value or contractual sale restrictions:** ASU 2026-03 narrowly addressed ASC 946 investment companies; FASB has now opened a follow-on project to consider extending that same restricted-equity fair value treatment to all entities.
- **Goodwill impairment testing:** a new project is underway looking at both the level at which goodwill is tested and how often, with potential knock-on effects for the timing, complexity, and governance of impairment assessments.
- **Debt exchanges:** while the proposed ASU on debt exchanges has broad support, the FASB has decided to add an agenda item to revisit the accounting models for debt exchanges to more broadly address the complexity and burden preparers face under the existing guidance.



02 | Regulatory Updates

SEC establishes a dedicated financial reporting and accounting enforcement unit

On Aug. 5, 2026, the SEC announced the creation of a Financial Reporting and Accounting Unit within its Division of Enforcement. The unit consolidates attorneys and accountants whose work was previously spread across headquarters and the regional offices, and it will be led by Timothy Zimmerman, reporting to Principal Deputy Director Osman Nawaz. Its mandate spans GAAP compliance, revenue recognition, reserves and estimates, asset valuation, disclosure, and internal control over financial reporting, and it expressly reaches auditor conduct (not only issuer reporting). This is not an expansion of the SEC's authority; it is an expansion of capacity, which makes proactively generated cases more likely.

CFOs should confirm that significant estimates, unusual or non-recurring transactions, and identified control deficiencies are documented to a standard that would survive third-party review, and that the escalation path to the audit committee is written down rather than assumed.

Tariff developments continue to affect earnings and controls

The tariff landscape shifted again during the quarter: the temporary Section 122 surcharge expired on July 24, and new Section 301 duties tied to forced-labor import prohibitions took effect the same day. The IEEPA refund program continues to progress, with more than $100 billion paid or queued for payment through August; Phase 2 opened on June 29 for entries with additional complexities, while Phase 3 (covering older, finally liquidated entries) has not launched and remains subject to the government's pending appeal. A Section 301 investigation into excess industrial capacity is ongoing, and recent White House and DOJ actions point toward heightened customs enforcement.

CFOs should track each tariff program separately rather than in aggregate, apply a consistent and documented accounting policy for refund recognition by category, and tighten controls over entry-level customs data. This is a cross-functional exercise spanning customs, legal, tax, treasury, supply chain, and accounting.

PCAOB adopts amendments to its quality control standard

On Sept. 9, 2026, the PCAOB adopted amendments to QC 1000, *A Firm's System of Quality Control,* and to related rules and forms. The amendments are intended to reduce compliance costs and improve alignment with other quality management standards while preserving investor protections. Among other things, they:

- Rescind the "design-only" requirement, so QC 1000 applies only to firms required to comply with applicable professional and legal requirements with respect to an engagement.
- Rescind the requirement to maintain an External QC Function.
- Permit certain specified QC roles to be assigned to non-firm personnel and divided among multiple individuals.
- Narrow the requirement to evaluate whether similar deficiencies exist on other engagements, limiting it to deficiencies that resulted or could result in insufficient evidence or an inappropriate overall conclusion.
- Clarify that compensating quality responses may be considered in determining whether a QC deficiency exists.
- Allow firms to select their annual quality control evaluation date rather than requiring a September 30 evaluation.
- Shorten the retention period for quality control documentation from seven years to five.

The amendments remain subject to SEC approval. QC 1000's effective date is unchanged at Dec. 15, 2026; if approved, the amendments take effect the same day.

Beyond the mechanics, Chairman Logothetis tied the amendments to a proposed strategic goal of modernizing PCAOB inspections around a quality-control-focused approach; the change most likely to affect how audits are planned and executed. Additionally, the vote was not without friction: Board member George Botic objected to rescinding the External QC Function requirement, noting it applied only to the five largest firms.

While the standard directly affects auditors, preparers should consider the downstream effects. As audit season approaches, ask your engagement partner how the firm's QC changes affect audit planning, scoping, and required communications for the current-year audit, and whether a QC-focused inspection model would change anything about how the engagement is staffed.



Comment periods close on three landmark SEC proposals

Q3 2026's most consequential developments were procedural: the comment windows closed on three proposals that would significantly reshape public company reporting.

1. **Semiannual reporting** (proposed May 5; comments closed July 6): Response volume was record-setting, exceeding 200,000 submissions, driven primarily by individual and institutional investors defending the comparability and transparency of standardized quarterly information. Issuers and preparers generally supported greater flexibility while recommending targeted changes, coordination with the FASB and PCAOB, and continued attention to disclosure quality.
2. **Filer status and executive compensation disclosure** (proposed May 19; comments closed July 20): This proposal generated fewer than 200 letters. Support for simplifying the framework is broad, but views diverge sharply on scope, particularly the significant expansion of exemptions from SOX 404(b) auditor attestation. By the SEC's own estimate, roughly 81% of registrants would qualify as non-accelerated filers under the proposal.
3. **Rescission of the climate-related disclosure** rules (proposed May 29; comments closed August 3): The rules remain stayed. A final rescission is unlikely before late 2026 or early 2027.

SEC proposes rescinding the shareholder proposal rule and modernizing proxy solicitation

On Sept. 16, 2026, the SEC proposed rescinding Exchange Act Rule 14a-8, which governs inclusion of shareholder proposals in company proxy materials. Under the proposal, the role of shareholder proposals would be left to state law and company governing documents. The Commission separately proposed amendments to Rule 14a-4(c) intended to give companies more flexibility and shareholders more control over proposals for which a company may seek discretionary proxy voting authority.

A second, separate release proposed to modernize the proxy solicitation process by:

- Eliminating the requirement to deliver an annual report to security holders.
- Eliminating the delivery deadline for documents incorporated by reference into a proxy statement.
- Eliminating both the requirement and the ability to submit Notices of Exempt Solicitation.
- Shortening the minimum broker search period from 20 business days to five business days.

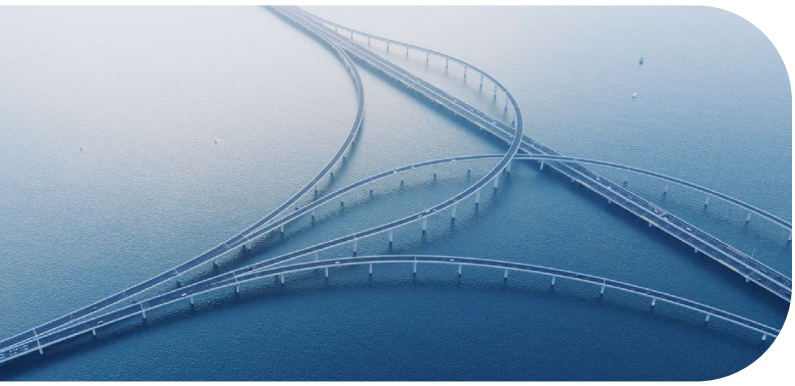
These are proposals, not final rules. Each proposing release carries its own 60-day comment period running from publication in the Federal Register. Read the SEC announcement.



SEC advances crypto asset offering and tokenized securities initiatives

The SEC continued developing its approach to digital assets during Q3 through both proposed rules and conditional exemptive relief:

- **Crypto asset offerings:** On Aug. 18, 2026, the SEC proposed *Regulation Crypto Assets*, a tailored framework for certain investment contracts involving crypto assets, building on the Commission's March 2026 interpretation. The proposal includes a one-time registration exemption for offerings of up to $5 million over four years and a separate exemption for offerings of up to $75 million in each 12-month period. Both require principles-based narrative disclosure to investors; the larger exemption also requires financial statements and ongoing reporting. The proposal includes a conditional safe harbor addressing when a crypto asset would no longer be deemed subject to an investment contract, and, significantly, would preempt state securities registration and qualification requirements for offerings made under either exemption or for certain secondary market transactions.
- **Tokenized stock trading:** On Sept. 17, 2026, the SEC issued temporary, conditional relief (the Innovation Exemption) allowing qualifying Tokenized Securities Venues to trade tokenized National Market System stocks through permissioned automated market makers and liquidity pools. Conditions include limits on symbols and volume, verification that holders receive rights equivalent to traditional stock of the same class, publicly auditable smart contracts on a permissionless ledger, and trading stoppages aligned with the underlying stock's primary listing exchange. A parallel conditional exemption from the "dealer" definition applies to liquidity providers. The exemptions expire five years after publication.



The condition that matters most to issuers is easy to miss: before a TSV makes available a tokenized version of a stock that was tokenized by an unaffiliated third party, it must give written notice to the issuer of the underlying stock and an opportunity to object. An issuer is therefore more likely to encounter this framework as the recipient of a notice than as a participant.

CFOs in the crypto industry must decide in advance who receives, evaluates, and responds to a TSV notice, and on what criteria. For companies considering a crypto asset offering, assess financial reporting, custody, valuation, and internal control implications, and distinguish clearly between proposed exemptions and relief already granted.

03 | Other Current Topics and Trends

Q3 IPO activity and IPO trends

Recent IPO activity points to a more constructive market, with US IPO proceeds surging in the first half of this year driven by AI-related issuers and a cooler market in Q3. The enterprise software industry continued to have a muted IPO window while companies are evaluating the impacts of AI. Biotechnology, defense, and AI-adjacent industries maintained their near-term anticipation of improved IPO conditions. While the US IPO market currently possesses a deep pipeline of companies that are seeking public listings, there are several factors that will shape the IPO performance for the remainder of the year, including inflation risk, geopolitical uncertainty, and general investor risk appetite.

While OpenAI initially reported plans for an IPO in the second half of this year, the company has reportedly delayed its plans until 2027. Anthropic reportedly plans to delay its IPO until November of 2026. These significant market events are symptomatic of the uncertainty that exists in the broader market and the trickle-down effect across companies.

AI adoption in the accounting function

While most companies are adopting AI in some form across their accounting function, the standout adoptions that companies are reporting on involve improvements in the company's ability to make critical decisions in a timely and efficient manner. This includes using AI not just to process significant amounts of transactions or data, but to incorporate AI into planning, forecasting, risk assessment, commercial analysis, close support, and research and documentation of critical accounting activities.

For companies that are scaling toward an IPO, the following points capture a measured and strategic process to AI adoption:

1. Start with controlled, high-volume pain points. Pick use cases with measurable baseline metrics, such as bank reconciliations, or fluctuation analyses, to AI-enable, rather than AI-enabling the entire close process at once.

2. Design the control framework before deployment. For every material use case, define the data source, approved tool/vendor, access permissions, allowed inputs, the human reviewer, evidence retained, and escalation process. Ensure all AI-generated output has reliable underlying documentation.

3. Fix the data needed for priority use cases. Poor master data, fragmented ERP instances, inconsistent chart of accounts mapping, and spreadsheet-driven processes are often the real constraints. Rather than attempting a broad data cleanup exercise, improve the specific data sets on which the initial use cases depend.

4. Keep human accountability explicit. AI can propose, classify, reconcile, summarize, and flag. Management remains responsible for its accounting conclusions and its financial statement reporting.

Companies should continue to remain aware of areas that are limiting AI's usefulness, notably:

- Fragmented or inconsistent source data
- Unclear ownership of accounting activities
- Supporting documentation that requires manual logic updates

Even more importantly, AI governance has emerged as a key predictor of companies with stronger improvements in error reductions within the accounting function. Companies should be documenting their controls and processes around AI use cases to scale their AI use effectively and expect stronger improvement outcomes.

This update provides general information and insights — consult with your advisors for specific guidance.

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