

# Navigating FASB Developments, SEC Reform, & Leadership Trends

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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

- 01** – **The FASB was quiet in the first quarter of 2026:** While there were no new ASUs issued during Q1, the FASB is expected to finalize standards related to accounting for debt exchanges, environmental credit programs, and disclosure of paid-in-kind dividends on cumulative preferred stock in Q2.
- 02** – **SEC to propose a rule eliminating quarterly reporting requirements:** The SEC is expected to propose a rule that would change reporting requirements to semi-annually, with quarterly reporting becoming optional for public companies. The change would cause companies to rethink reporting strategies, balancing investor expectations with reduced requirements.
- 03** – **The PCAOB is adjusting to new leadership and a reduced budget:** Jim Logothetis was appointed as the PCAOB Chair in February, with investors waiting to see how this changes the Board's strategic direction. The SEC also approved a reduced budget for the PCAOB, with steep reductions in compensation for the Chair and other Board Members and indications that the SEC is sharpening its focus on how funding is being deployed.
- 04** – **AI is evolving the accounting function:** As management teams receive directives to implement AI, repeatable processes in the accounting function are frequently targeted. While AI builds efficiencies in processes, it's important to understand the impact and risks of using an evolving technology.

With CFOs increasingly focused on forward-looking strategic priorities and technology becoming integral to success, accounting leadership is taking on more operational and leadership responsibilities, supporting both the CFO and broader business objectives.

# 01 | Accounting Standards Update

Although the first quarter of 2026 was quiet for standard-setting at the FASB, with no new standards issued, the FASB agenda indicates that three ASUs are expected to be finalized and issued in the second quarter of 2026. These include:

## 1. Accounting for Debt Exchanges

The FASB decided to add this topic to its agenda after stakeholders expressed concerns that accounting for an exchange of debt instruments as a modification as opposed to an extinguishment is not an accurate reflection of the economic substance of the transactions. Additionally, the calculations required to reach the relevant conclusion are difficult for registrants to practically apply.

Deliberation by the FASB resulted in the consensus that if certain requirements are met, an exchange of debt instruments should be accounted for as the issuance of a new debt instrument and the extinguishment of an existing debt instrument. If those requirements are not met, registrants must follow the existing debt modification and extinguishment model outlined in Subtopic ASC 470-50.

This will result in a simpler application of ASC 470 for companies that are engaging in an exchange of debt instruments that meet certain requirements.

## 2. Accounting for Environmental Credit Programs

In 2022, the FASB added this topic to its agenda to improve the accounting for regulatory credits. The recognition and measurement model primarily depends on whether it is probable that a credit will be used for compliance or sold, which requires evaluating management's intent.

Credits that are probable of being used to settle an environmental credit obligation are measured at cost and are not tested for impairment. Noncompliance credits are also recognized at cost but require impairment testing. An accounting policy election will allow for subsequent measurement of a class of noncompliance environmental credits at fair value. Environmental credits purchased solely for voluntary purposes are not considered probable of being used to settle an obligation or being sold or transferred. The cost for these credits will be recognized as an expense immediately.

Environmental credit obligations will be measured based on the compliance environment of credits the entity has and expects to use to settle the obligation.

## 3. Initial Measurement of Paid-in-Kind Dividends on Equity-Classified Preferred Stock

In 2025, the Emerging Issues Task Force recommended that the FASB consider adding the measurement of paid-in-kind dividends on equity-classified preferred stock to its agenda. The ASU would require that paid-in-kind dividends on equity-classified preferred stock be initially measured on the basis of the stated dividend rate multiplied by the liquidation value of the preferred stock. The ASU is expected to reduce reliance on analogizing to existing guidance on common stock dividends which only discloses dividends as they are declared.

This ASU is expected to eliminate diversity in practice by standardizing how paid-in-kind dividends are initially measured.



## 02 | Regulatory Updates

### SEC Prepares Proposal to Eliminate Quarterly Reporting Requirement

The SEC is preparing a proposal that would make quarterly earnings reporting optional for US public companies, allowing firms to instead report financial results semiannually. The rule, potentially released as soon as April 2026, will go through a public comment period before any final vote, and it would not eliminate quarterly reporting outright but give companies flexibility in how often they disclose results. Over time, this could mark a significant shift away from a system that has been in place for more than 50 years, aligning the US more closely with markets like Europe and the UK, where quarterly reporting is no longer mandatory.

Supporters argue the change would reduce compliance costs and administrative burden, potentially encouraging more companies to go public and focus on long-term strategy rather than short-term earnings pressure. Critics, however, warn that less frequent reporting could reduce transparency, limit investor visibility into company performance, and increase market risk or volatility. Even if the rule is adopted, many analysts expect most large companies to continue reporting quarterly voluntarily due to investor expectations, meaning the practical impact may be gradual and uneven across the market.

For accounting and finance leaders, this is less about if quarterly reporting goes away and more about how

reporting strategy evolves in response. While fewer mandated filings could reduce workload and costs, it also introduces complexity around maintaining investor confidence, redesigning close and reporting processes, and ensuring timely disclosure through other mechanisms (e.g., Form 8-K). Leaders should watch closely how the final rule is structured (e.g., optional vs. tiered adoption), how investors and analysts react, and whether voluntary quarterly reporting remains the market norm. In the near term, expect increased scrutiny on transparency practices, potential divergence between large and small filers, and a greater emphasis on real-time disclosures and narrative reporting to fill information gaps.

### Backlog continues to be cleared at the SEC

After the government shutdown in Q4, the SEC continues to work its way through a substantial backlog of filings:

- Backlog-driven delays are the new baseline: While the SEC is fully operational again, issuers should expect extended review timelines, particularly for complex transactions and first-time registrants.
- Comment cycles may be slower, but not lighter: Initial comment letters and follow-ups may take longer to arrive, but the depth and rigor of SEC review remains unchanged.
- Rise in “no-review” outcomes is reshaping deal dynamics: An uptick in filings receiving no SEC review is accelerating certain transactions, but shifting timing pressure downstream, particularly to FINRA, which is now absorbing tighter turnaround expectations.
- Transaction timelines require greater flexibility and coordination: IPOs and capital markets activity should incorporate additional timing buffers, with more deliberate sequencing of filings and closer alignment across issuers, underwriters, and advisors.
- Operational execution matters more than ever: With EDGAR functioning normally but staff bandwidth constrained, issuers should plan for uncertainty; starting earlier, communicating proactively, and maintaining flexibility as the SEC works through its backlog and normalizes review cadence.

### Leadership & Budget Changes at the PCAOB

In February, the SEC announced the appointment of Demetrios (Jim) Logothetis as chairman to replace George Botic, who will continue to serve as acting chairman until the swearing in of Logothetis. Botic was designated as Acting Chair of the PCAOB following a leadership transition in July 2025, serving in the role during a critical interim period for the organization.



The appointment of Jim Logothetis as Chairman marks a transition from interim stability to longer-term strategic direction. His selection, alongside the SEC's broader solicitation of candidates for all PCAOB Board seats, signals a potential reset in leadership priorities and governance approach. For accounting and finance leaders, the key consideration is how this new leadership will shape the PCAOB's enforcement posture, inspection focus, and standard-setting agenda. Finance departments should monitor shifts in regulatory tone and prepare for potential changes in oversight expectations, even as the PCAOB continues to emphasize audit quality and investor protection.

The SEC also approved the PCAOB's 2026 budget; the Board approved a 9.4% reduction in total funding alongside significant cuts to leadership compensation. The final budget of approximately \$362 million includes a 52% reduction

in the Chair's salary and a 42% reduction for other Board members, marking an unprecedented recalibration of compensation structures. These changes follow sustained pressure from the SEC, particularly around aligning PCAOB spending and pay practices more closely with public-sector norms and reducing the financial burden on issuers and broker-dealers that fund the organization.

Beyond cost-cutting, the move signals a broader shift in governance and oversight expectations for the PCAOB. While the budget reduction itself is meaningful, the more consequential takeaway is the SEC's increasing willingness to actively influence the Board's strategic direction, operational efficiency, and resource allocation. This includes a sharper focus on accountability for how the PCAOB deploys its funding, as well as a potential rethinking of its regulatory approach.

## 03 | Other Current Topics and Trends

### Evolving Role of the Chief Accounting Officer

CAOs have traditionally served as the backbone of the accounting function, overseeing audits, implementation of new accounting standards, compliance, and the integrity of the financial close process. With CFOs increasingly focused on forward-looking strategic priorities and technology becoming integral to success, accounting leadership is taking on more operational and leadership responsibilities, supporting both the CFO and broader business objectives. CAOs are being tasked with more than compliance but rather key roles in technology implementation, AI deployment and other business initiatives that are

expected to generate returns for shareholders. CAOs have to invest time in learning new technologies to stay competitive in an ever-changing environment.

### Corporate Governance on Artificial Intelligence

The adoption of AI continues to accelerate, driven by significant investment and the increasing availability of AI-enabled solutions. According to Stanford University's Institute for Human-Centered AI, global corporate investment in AI reached \$252.3 billion in 2024. The same report states there were more than 2,000 newly funded AI companies in 2024 alone. This momentum continued into 2026, highlighted by OpenAI's announced \$110 billion funding round at a \$730 billion pre-money valuation, underscoring sustained demand for increased compute capacity and AI-driven products.

A common objective of AI deployment is the automation of routine and labor-intensive processes within accounting and finance. As adoption expands, CAOs and other accounting leaders must understand how AI is being embedded within financial processes, including the scope and complexity of the tasks being undertaken and how it impacts the controls environment.

### Internal Controls

The integration of AI into financial processes introduces new considerations for internal controls. Organizations should evaluate whether existing frameworks sufficiently address:

- The completeness and accuracy of data used in AI models



- The appropriateness of the type of data being used
- The validation and consistency of model outputs
- The documentation of AI usage across account balances, transaction classes, and disclosures

Control frameworks should continue to incorporate a “human-in-the-loop” in AI driven processes and controls to validate appropriate oversight and accountability. Companies that are thinking about AI Governance now as the build-out of AI occurs will be able to avoid playing catch up later.

### Q1 2026 IPO Activity

The IPO market saw an active start to 2026, partially driven by a backlog of filings following the government shutdown in Q4 2025. In Q1 2026, 33 IPOs (excluding SPACs) raised over \$8.2 billion in proceeds, with activity concentrated in January and February. Seven IPOs accounted for approximately \$5.7 billion, representing 59% of total proceeds. The average cash raised, excluding direct listings, was \$347 million.

This compares to Q4 2025, when 44 IPOs (excluding SPACs) raised over \$14.2 billion. In that quarter, three IPOs accounted for approximately \$8.2 billion, or 57% of total proceeds, with average cash raised of \$325 million.



### 2026 IPO Outlook

Of the total IPOs and direct listings completed so far this year, only seven occurred after February 28. Geopolitical tensions, particularly the escalating conflict in Iran, introduced additional uncertainty into the market and contributed to a slowdown in March activity. Changes in monetary policy and the regulatory environment may also have an impact on IPOs.

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

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