quarterly financial services update

FIRST QUARTER 2026

April 8, 2026

In this edition of the quarterly communication, we have provided information about financial reporting and accounting issues – some of which are currently being evaluated by regulatory agencies and not resolved at this time. We have also compiled a list of items for consideration in your financial reporting and disclosures for the first quarter and a summary of recently issued accounting pronouncements (see Appendices for summary of recently issued accounting pronouncements and the related effective dates).

This quarterly update is organized as follows:

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FASB update

The Financial Accounting Standards Board (FASB) did not issue any Accounting Standards Updates (ASUs) or other significant guidance during the first quarter. A complete list of all ASUs issued or effective in 2026 is included in Appendix A.

regulatory update

SEC Chair Discusses AI and Disclosure Considerations

In a March 4, 2026 address, SEC Chairman Paul Atkins emphasized that AI is a transformative force for investors, markets, and regulators, and outlined the SEC's efforts to responsibly integrate AI into risk assessment, enforcement, and disclosure review while preserving human judgment and due process. He reaffirmed a principle-based, materiality-driven approach to AI disclosures and stressed the importance of ongoing dialogue between regulators and industry to keep pace with technological change and protect investors.

SEC Clarifies Crypto and the Federal Securities Laws

On March 17, 2026, the SEC issued a joint interpretation with the Commodity Futures Trading Commission (CFTC) clarifying how federal securities and commodities laws apply to crypto assets and related transactions. The interpretation establishes a token taxonomy, explains when non-security crypto assets may fall in or out of investment contract treatment, and clarifies how securities laws apply to activities such as airdrops, staking, mining, and asset wrapping.

SEC Chair Lays Out Strategy to Reform SEC Rules

At the SEC Speaks conference, Chairman Paul Atkins outlined his three-pillar A-C-T strategy built around efforts to advance, clarify, and transform SEC rules to align with how markets operate today. Atkins has called for cutting back burdensome disclosure requirements and providing clarity on crypto assets. He has criticized the prior administration's aggressive rulemaking activities.

- **Advance:** Atkins said the SEC will align "with the world as it is," rather than outdated assumptions. "Advancing new regulatory frameworks means choosing a different approach. It means crafting rules that are clear enough to guide markets, flexible enough to accommodate innovation, and firm enough to protect investors."
- **Clarify:** "Dually registered firms have long been forced to navigate two agencies, two regulatory regimes, two or more examination cycles, two reporting pipelines, and often two supervisory cultures, even where the underlying risks are substantially similar… Where one agency's framework achieves comparable regulatory outcomes, then the regulator should accept the overlapping requirements of the other."
- **Transform:** The SEC will trim "immaterial requirements that burden the market without a corresponding benefit to investors." The Division of Corporation Finance (CorpFin) is leading a first-principles review of disclosure rules, and the enforcement division will prioritize "cases that provide meaningful investor protection and strengthen market integrity rather than technical rule violations in situations where investors have not been harmed."

SEC Staff Guidance Clarifies Smaller Reporting Company Status and Rule 701 Disclosure Requirements

On March 6, 2026, CorpFin issued updated interpretive guidance under the Exchange Act and Regulation S-K addressing several technical issues. The updates focus primarily on smaller reporting company (SRC) status and Rule 701 disclosure requirements.

SRC Status and CIK Retention: The guidance clarifies that a company does not lose SRC status solely because it failed to check the SRC status box, provided the issuer otherwise qualifies. In addition, companies converting from an LLC to a C corporation may retain its existing Central Index Key (CIK), as long as EDGAR records are properly updated.

Rule 701 Guidance: Rule 701(e) disclosures are required only for option grants that exceed $10 million within a single consecutive 12-month period. In those cases, disclosures apply only to the period in which the threshold is exceeded, and failure to provide disclosures on time voids the exemption for that period only, not for earlier or later grants.

Key clarifications include:

- **$10 million threshold and repriced options.** When a company reprices employee stock options at a lower exercise price within 12 months of the original grant, the company may be excluded when determining whether the $10 million issuance threshold under Rule 701 is exceeded. However, the repriced options are treated as a new sale and included in calculating the aggregate sales price or amount of securities sold in any consecutive 12-month period that includes the repricing date. If the company expects Rule 701 sales to exceed $10 million in a 12-month period, the enhanced disclosure required by Rule 701(e) must be provided to all investors in the offering—not just those purchasing securities after the threshold is crossed. Failure to provide disclosures before sales occur results in the loss of the exemption for the entire offering.
- **Timing and scope of disclosures across multiple periods.** Rule 701(e) disclosure obligations are based solely on whether the $10 million threshold is exceeded in a particular 12-month period. Vesting or exercise activity does not affect the analysis. Disclosures are required only for recipients who receive awards during the period in which the threshold is exceeded.
- **Financial statement requirements.** Companies exceeding the $10 million threshold in Rule 701 are required to provide financial statements no more than 180 days old, regardless of foreign issuer status and regardless of whether the financials are reconciled to U.S. GAAP or prepared under International Financial Reporting Standards. Practically, the 180-day rule means that financial statements must typically be available at least quarterly.
- **Post-Exchange Act reporting.** Companies that end Exchange Act reporting may rely on Rule 701 for employee stock options. Options granted after reporting obligations end start with a "clean slate," meaning shares underlying previously granted options are excluded when calculating the 12-month sales limits and disclosures.
- **Merger and acquisition considerations.** After a merger, an acquiring company must aggregate its own Rule 701 sales with securities previously sold by the target company when determining whether the $10 million threshold has been exceeded during any consecutive 12-month period.
- **Restricted stock units (RSUs).** When Rule 701 RSU grants exceed the $10 million cap, the required Rule 701(e) disclosures must be delivered before grant, not at settlement, because RSUs are deemed sold on the grant date. Disclosure timing rules applicable to derivative securities do not apply.
- **Ineligible issuer status.** A foreign court conviction does not trigger ineligibility under "ineligible issuer" definition in Rule 405. The rule covers issuers (or their subsidiaries) convicted of certain offenses in U.S. courts within the past three years.

FDIC Quarterly Banking Profile Fourth Quarter 2025

On February 24, 2026, the FDIC released its most recent Quarterly Banking Profile covering the fourth quarter of 2025. The Quarterly Banking Profile provides the earliest comprehensive summary of financial results for all FDIC-insured institutions. The report includes data from 4,336 commercial banks. Highlights are included below:

- In the fourth quarter of 2025, net income for FDIC-insured institutions decreased by 2%, or $1.6 billion, to $77.7 billion, driven primarily by higher noninterest expense and non-recurring items at several larger institutions. Insured depository institutions reported a return on assets (ROA) of 1.24%.
- Community bank income decreased 3.8% to $7.9 billion, driven by higher noninterest expense and higher securities losses. These losses more than offset increases in net interest income compared to the prior quarter.
- Net interest income rose by $4.1 billion (2.2%) as interest expense declined at a faster rate relative to interest income. The net interest margin (NIM) increased 5 basis points to 3.39%, which is the highest level since first quarter 2019. Community bank NIM widened 4 basis points from the prior quarter to 3.77%.
- Asset quality remained generally favorable, though there were continued signs of weakness in certain portfolios.
- Loan growth increased and domestic deposits increased for the sixth consecutive quarter.
- The Deposit Insurance Fund reserve ratio climbed to 1.42%.

FDIC, OCC, Fed Announce CRA Threshold Revisions for 2026

The OCC, Federal Reserve, and FDIC announced updated 2026 Community Reinvestment Act asset-size thresholds, adjusted for inflation based on Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). For 2026, a “small bank” is one with assets under $1.649 billion, and an “intermediate small bank” is a small bank with assets of at least $412 million but less than $1.649 billion, effective from the later of January 1, 2026, or Federal Register publication through December 31, 2026.

OCC Proposes Heightened Standards Framework Amendments

The OCC proposes raising the asset threshold for its heightened risk governance standards from $50 billion to $700 billion, significantly narrowing their application to only the largest and most complex banks while reducing regulatory burden for others. The proposal also clarifies compliance dates, makes technical amendments, and seeks public comment on whether and how the guidelines should be revised, tailored, or partially retained.

NCUA Announces Proposed Changes to Reduce Regulatory Burden on Credit Unions

The National Credit Union Administration (NCUA) announced a second round of proposed rulemakings under its Deregulation Project, seeking public comment on four proposals aimed at clarifying guidance and removing obsolete, duplicative, or overly burdensome requirements. The proposals address surety and guarantor requirements, limits on loans to other credit unions, catastrophic act reporting, and advertising and insured status disclosures.

FDIC Approves Amendments to Guidelines on Supervisory Appeals

The FDIC is adopting revised Guidelines for Appeals of Material Supervisory Determinations that replace the Supervision Appeals Review Committee with an independent Office of Supervisory Appeals to decide supervisory appeals. The changes are intended to strengthen independence, transparency, and consistency in the appeals process while clarifying standards of review, eligible determinations, and how appeals interact with enforcement actions.

Agencies Issue Joint Proposal to Revise Calculation of Risk-Weighted Assets (Standardized Approach)

The FDIC, Federal Reserve, and OCC proposed revisions to the standardized approach for calculating risk-weighted assets and regulatory capital for banks not subject to the expanded risk-based framework. The proposal updates risk weights for certain mortgage, retail, and corporate exposures and adjusts capital treatment of accumulated other comprehensive income (AOCI) and mortgage servicing assets; comments are due June 18, 2026.

Agencies Issue Joint Proposal to Revise Calculations for Category I and II Banking Organizations

The FDIC, Federal Reserve, and OCC proposed a new expanded risk-based framework to significantly revise how Category I and II banking organizations calculate risk-weighted assets across credit, operational, market, and credit valuation adjustment (CVA) risks. The proposal replaces dual capital calculations and internal models with a single, more standardized framework and allows other banking organizations to opt in; comments are due June 18, 2026.

OCC Issues Two Final Rules to Reduce Regulatory Burden for Community Banks

The OCC issued two final rules aimed at easing regulatory burden for community banks by eliminating obsolete home loan data collection requirements and simplifying licensing for corporate activities and transactions. The changes expand eligibility for streamlined filing processes, allowing community banks to devote more resources to core operations and local economic support.

on the horizon

The following selected FASB exposure drafts and projects are outstanding as of March 31, 2026.

EITF Agenda Items

The Emerging Issues Task Force (EITF) met on March 12, 2026, and deliberated on "Mortgage Servicing Rights-Recapture."

The EITF recommended that the Board add a project to its technical agenda to clarify how an entity should consider recapture when accounting for mortgage servicing rights (MSRs). The EITF recommended that an MSR and recapture be treated as a single unit of account and, therefore, that the fair value measurement of an MSR include the effects of recapture (Vote 9-1). The EITF also recommended that:

- Recapture not be defined (Vote 10-0)
- The proposed changes apply to residential MSRs (Vote 10-0)
- The current amortization guidance for MSRs not be amended (Vote 10-0)
- No additional disclosures be required beyond those already required for MSRs under generally accepted accounting principles (GAAP) (Vote 10-0)
- The proposed changes apply to all entities (Vote 10-0)

The FASB will discuss this issue, including transition and whether early adoption would be permitted, at a public meeting to determine whether to add a project to the FASB's technical agenda.

The EITF's recommendations do not constitute an amendment to GAAP. Amendments to the Codification are made only after extensive due process and deliberations by FASB.

PCC Activities

The Private Company Council (PCC) met on March 3, 2026. Below is a summary of topics discussed by PCC and FASB members at the meeting:

- PCC Agenda Priorities: The PCC discussed its three current research projects, including: (1) subjective acceleration clauses and related debt disclosures, (2) lease accounting simplifications, and (3) debt modifications and extinguishments and troubled debt restructurings. The PCC also discussed employee stock ownership plans as a potential topic to be added to its research agenda.
  - Subjective acceleration clauses and related debt disclosures: PCC members recommended that the FASB add a project to its technical agenda on subjective acceleration clauses in determining the classification of debt as a current or noncurrent liability in a classified balance sheet. PCC members made recommendations to the FASB to (a) remove the probability-based assessment guidance and instead, subjective acceleration clauses would affect the classification of debt only when triggered, (b) describe a trigger as when a lender demands repayment of the underlying debt because of noncompliance with a subjective acceleration clause, (c) require that long-term debt subject to a subjective acceleration clause be classified as a current liability when the subjective acceleration clause is triggered, (d) add an illustrative example on the application of subsequent events guidance, (e) make conforming changes to the intent and ability to refinance guidance so that subjective acceleration clauses only affect the classification of debt when triggered, (f) make conforming changes to the guidance on revolving credit agreements with subjective acceleration clauses to be trigger-based, (g) require disclosures in the period in which a trigger of a subjective acceleration clause occurs, including a description of the event that led to the trigger, an explanation of the trigger, the

amount of the obligation subject to the trigger, and if applicable, the terms of the waiver, and (h) require prospective transition. A few PCC members indicated that retrospective application should be a permitted transition method. At a future meeting, the FASB will discuss subjective acceleration clauses and related debt disclosures.

- Lease accounting simplifications: PCC members discussed the key takeaways from the January 2026 leases working group meeting and recent stakeholder feedback. PCC members agreed with the following recommendations of the leases working group (all from a lessee perspective):
  - Continue research on (a) lease modifications, (b) embedded leases, and (c) lease classification criteria
  - In combination with other lease accounting issues (rather than as a standalone project), continue research on (a) weighted-average lease disclosures and (b) related party lease disclosures
  - Discontinue research on (a) an optional single lease classification accounting model and (b) a scope exception for low value leases.
- Debt modifications and extinguishments and troubled debt restructurings: PCC members discussed the key takeaways from the January 2026 debt modifications, extinguishments, and troubled debt restructurings working group meeting. The PCC noted concerns with the complexity of the current accounting models for debt restructurings and FASB members highlighted recent feedback received in response to the 2025 Invitation to Comment, Agenda Consultation (2025 ITC). PCC members acknowledged that the FASB plans to discuss this topic at a future meeting and agreed to postpone further research on this topic until that meeting occurs.
- Employee stock ownership plans: PCC members discussed recent feedback received from private company stakeholders during PCC liaison meetings and in response to the 2025 ITC, which primarily focused on repurchase obligations of employee stock ownership plans from a plan sponsor perspective. PCC members added this topic as an area to research as part of their agenda priorities and requested that an education session be held in connection with an upcoming PCC meeting.

- Private Company Survey and Academic Research on Private Company Financial Reporting: An academic PCC member presented academic research on private company financial reporting based on survey responses from 542 private companies. The academic PCC member conducted that research in collaboration with academic colleagues from several universities. PCC members provided input and asked questions on various areas of the research.
- FASB Update: FASB staff noted that the Board has been discussing the feedback received in response to the 2025 ITC. FASB staff highlighted several areas for which projects were added to the technical agenda, as well as areas for which the Board decided not to add projects.
- Town Hall/Liaison Meeting Update: PCC members discussed feedback received during the recent liaison meetings with (1) the Institute of Management Accountants (IMA) Small Business Shared Interest Group, (2) the Construction Financial Management Association (CFMA) Emerging Issues Committee, and (3) representatives of the surety industry through the National Association of Surety Bond Producers (NASBP) and The Surety and Fidelity Association of America (SFAA). PCC members will hold a town hall-style forum at the AICPA ENGAGE Conference in June 2026.
- Other Business: The PCC chair welcomed new PCC member, Wim Schaffers, whose term began on January 1, 2026, and welcomed new FAF Trustee, Mark Baer, who will observe PCC meetings. The PCC chair announced that the PCC Annual Report will be published in the coming weeks and will highlight the activities of the PCC during 2025. The PCC chair also announced that a formal call for PCC member nominations will be issued soon and that the PCC is seeking a preparer and a user for terms beginning January 1, 2027. The next PCC meeting is scheduled for Monday, June 1, and Tuesday, June 2, 2026.

APPENDIX A

important implementation dates

The following table contains significant implementation dates and deadlines for standards issued by the FASB and others.

Selected Implementation Dates (FASB/EITF/PCC)

Pronouncement	Affects	Effective Date and Transition
ASU 2025-12, Codification Improvements	All reporting entities within the scope of the affected accounting guidance	Effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance.
ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements	All entities that provide interim financial statements and notes in accordance with U.S. GAAP	Effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, for public business entities and for interim reporting periods within annual reporting periods beginning after December 15, 2028, for entities other than public business entities. Early adoption is permitted for all entities.
ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities	All business entities that receive a government grant	Effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods for public business entities and annual reporting periods beginning after December 15, 2029, and interim reporting periods within those annual reporting periods for all other entities. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance.
ASU 2025-09, Derivatives and Hedging (Topic 815): Hedge Accounting Improvements	All entities that elect to apply hedge accounting in accordance with U.S. GAAP	Effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods for public business entities and annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods for all other entities. Early adoption is permitted on any date on or after the issuance of this ASU.
ASU 2025-08, Financial Instruments—Credit Losses (Topic 326): Purchased Loans	All entities subject to the guidance on credit losses	Effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in an interim or annual reporting period in which financial statements have not yet been issued or made available for issuance.

Pronouncement	Affects	Effective Date and Transition
ASU 2025-07, Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract	All entities that enter into nonexchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract	Effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted.
ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software	All entities subject to the internal-use software guidance	Effective for all entities for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period.
ASU 2025-05, Financial Instruments—Credit Losses (Topic 326) Measurement of Credit Losses for Accounts Receivable and Contract Assets	All entities that apply the practical expedient and entities other than public business entities that apply the accounting policy election	Effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. An entity that elects the practical expedient and the accounting policy election, if applicable, should apply the amendments prospectively.
ASU 2025-04, Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer	All entities that issue share-based consideration to a customer	Effective for all entities for annual reporting periods (including interim reporting periods within annual reporting periods) beginning after December 15, 2026. Early adoption is permitted for all entities. The amendments permit a grantor to apply the new guidance on either a modified retrospective or a retrospective basis.
ASU 2025-03, Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity	All entities engaging in acquisition transactions involving a VIE	Effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. The amendments require that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. Early adoption is permitted as of the beginning of an interim or annual reporting period.

Pronouncement	Affects	Effective Date and Transition
ASU 2025-01, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)	All public business entities	Effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted.
ASU 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments	All entities that settle convertible debt instruments for which the privileges were changed to induce conversion	Effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments may be applied on either a prospective or a retrospective basis.
ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses	All public business entities	Effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements.
ASU 2024-02, Codification Improvements—Amendments to Remove References to the Concepts Statements	All reporting entities within the scope of the affected accounting guidance	For public business entities, the amendments were effective for fiscal years beginning after December 15, 2024. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025. Early application of the amendments in this Update is permitted for all entities, for any fiscal year or interim period for which financial statements have not yet been issued (or made available for issuance).
ASU 2024-01, Scope Application of Profits Interest and Similar Awards	All entities that account for profits interest awards as compensation to employees or nonemployees in return for goods or services	For public business entities, the amendments were effective for fiscal years beginning after December 15, 2024, including interim periods within those years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2025, including interim periods within those years. Early adoption is permitted. If an entity intends to adopt the amendments in an interim period, it must do so as of the beginning of the fiscal year that includes that interim period.
ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures	All entities subject to ASC 740, *Income Taxes*	For public business entities, the amendments were effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments should be applied on a prospective basis. Retrospective application is permitted.

APPENDIX B

recently issued accounting pronouncements

The illustrative disclosures below are presented in plain English. Please review each disclosure for its applicability to your organization and the need for disclosure in your organization's financial statements. For all of the below, the Company does not expect these amendments to have a material effect on its financial statements.

{Please give careful consideration to appropriateness of highlighted text.}

ASU 2023-09 – Applicable to all entities subject to ASC 740, Income Taxes:
In December 2023, the FASB amended the Income Taxes topic in the Accounting Standards Codification to improve the transparency of income tax disclosures. The amendments are effective for *~~[annual periods beginning after December 15, 2024.-~~public business entities]* *[annual periods beginning after December 15, 2025.-all other entities]* Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance.

ASU 2024-01 – Applicable to all entities that account for profits interest awards as compensation to employees or nonemployees in return for goods or services:
In March 2024, the FASB amended the Compensation—Stock Compensation topic in the Accounting Standards Codification (ASC) to clarify when profits interest and similar awards should be accounted for in accordance with that topic. The amendments are effective for *~~[annual periods beginning after December 15, 2024, and interim periods within those annual periods.-~~public business entities]* *[annual periods beginning after December 15, 2025 and interim periods within those annual periods.-all other entities]* Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company will apply the amendments *[retrospectively to all prior periods presented in the financial statements] [prospectively to profits interest and similar awards granted or modified on or after the date at which the Company first applies the amendments].*

ASU 2024-02 – Applicable to all entities within the scope of the affected accounting guidance:
In March 2024, the FASB issued amendments to the Codification that remove references to various FASB Concepts Statements. The amendments are effective for *~~[fiscal years beginning after December 15, 2024. -~~public business entities]* *fiscal years beginning after December 15, 2025.-all other entities]* Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company will apply the amendments *[retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied] [prospectively to all new transactions recognized on or after the date that the Company first applies the amendments].*

ASU 2024-03 – Applicable to all public business entities:
In November 2024, the FASB amended the Income Statement—Reporting Comprehensive Income topic in the ASC to require public companies to disclose, in interim and annual reporting periods, additional information about certain expenses in the notes to financial statements. The amendments are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company will apply the amendments *[prospectively to financial statements issued for reporting periods after the effective date.] [retrospectively to all prior periods presented in the financial statements].*

Recently Issued Accounting Pronouncements, *continued*

ASU 2024-04 – Applicable to all entities that settle convertible debt instruments for which the conversion privileges were changed to induce conversion:
In November 2024, the FASB amended the Debt topic in the ASC to clarify requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments are effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The Company will apply the amendments *[prospectively to any settlements of convertible debt instruments that occur after the effective date of the guidance.] [retrospectively by recasting prior periods and recognizing a cumulative-effect adjustment to equity as of the later of the following dates: (1) the beginning of the earliest period presented and (2) the date the Company adopted the amendments in ASU 2020-06.]*

ASU 2025-01 – Applicable to all public business entities:
In January 2025, the FASB amended the effective date of ASU 2024-03 to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027.

ASU 2025-03 – Applicable to all entities that issue share-based consideration to a customer:
In May 2025, the FASB amended the Business Combinations and Consolidation ASC topics to revise guidance for determining the accounting acquirer for a transaction effected primarily by exchanging equity interests in which the legal acquiree is a VIE that qualifies as a business. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual periods. The amendments require that an entity apply the new guidance prospectively to any acquisition transaction that occurs after the initial application date. Early adoption is permitted as of the beginning of an interim or annual reporting period.

ASU 2025-04 – Applicable to all entities engaging in acquisition transactions involving a VIE:
In May 2025, the FASB amended the Stock Compensation and Revenue from Contracts topics in the ASC to clarify requirements for share-based consideration payable to a customer that vests upon purchasing a specified volume or monetary amount of goods and services from the entity. The amendments are effective for annual reporting periods (including interim reporting periods within annual reporting periods) beginning after December 15, 2026. Early adoption is permitted. The Company will apply the amendments *[on a modified retrospective basis, by recognizing a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption.] [on a retrospective basis, by recasting comparative periods and recognizing a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the earliest period presented.]*.

ASU 2025-05 – Applicable to all entities engaging in acquisition transactions involving a VIE:
In July 2025, the FASB amended the Financial Instruments—Credit Losses topic in the ASC to introduce a practical expedient for all entities and an accounting policy election for entities other than public business entities related to applying the current expected credit loss model to current accounts receivable and current contract assets. The amendments are effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The amendments require that an entity that elects the practical expedient and the accounting policy election, if applicable, apply the new guidance prospectively.

Recently Issued Accounting Pronouncements, *continued*

ASU 2025-06 – Applicable to all entities subject to the internal-use software guidance:
In September 2025, the FASB amended the Internal-Use Software subtopic in the ASC to update the guidance on accounting for internal-use software costs. The amendments are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. Early adoption is permitted as of the beginning of an annual reporting period. The Company will apply the amendments *[using a prospective transition approach, by applying the amendments to new software costs incurred as of the beginning of the period of adoption for all projects, including in-process projects.] [using a modified transition approach, by applying the amendments on a prospective basis to new software costs incurred, except for in-process projects that, as of the date of adoption, the Company determines do not meet the capitalization requirements under the amendments but meet the capitalization requirements under current guidance. For those in-process projects, the Company will derecognize any capitalized costs through a cumulative-effect adjustment to the opening balance of retained earnings as of the date of adoption.] [using a retrospective transition approach, by recasting comparative periods and recognizing a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the first period presented.]*

ASU 2025-07 – Applicable to all entities that enter into nonexchange-traded contracts with underlyings based on operations or activities specific to one of the parties to the contract:
In September 2025, the FASB amended Derivatives and Hedging topic and the Revenue from Contracts with Customers topic in the ASC to exclude from derivative accounting nonexchange-traded contracts with underlyings that are based on operations or activities specific to one of the parties to the contract. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company will apply the amendments *[prospectively to new contracts entered into on or after the date of adoption] [on a modified retrospective basis through a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the annual reporting period of adoption for contracts existing as of the beginning of the annual reporting period of adoption].*

ASU 2025-08 – Applicable to all entities subject to the guidance on credit losses:
In November 2025, the FASB amended the Financial Instruments—Credit Losses topic in the ASC to expand the population of acquired financial assets subject to the gross-up approach. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance.

ASU 2025-09 – Applicable to all entities that elect to apply hedge accounting in accordance with U.S. GAAP:
In November 2025, the FASB amended the Derivatives and Hedging topic in the ASC to clarify certain aspects of the guidance on hedge accounting and to address several incremental hedge accounting issues arising from the global reference rate reform initiative. The amendments are effective for *[annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. -public business entities] [annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods.-all other entities]* Early adoption is permitted on any date on or after the issuance of this ASU. Upon adoption of the amendments, entities are permitted to modify certain critical terms of certain existing hedging relationships without dedesignating the hedge.

Recently Issued Accounting Pronouncements, *continued*

ASU 2025-10 – Applicable to all business entities that receive a government grant:
In December 2025, the FASB created the Government Grants topic in the ASC to establish the accounting for government grants received by a business entity. The amendments are effective for *[annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual periods. -public business entities] [annual reporting periods beginning after December 15, 2029, and interim reporting periods within those annual periods. -all other entities]* Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company will apply the amendments using a *[modified prospective approach to both government grants that are entered into on or after the effective date and government grants that are not complete as of the effective date.] [modified retrospective approach to both government grants that are entered into on or after the beginning of the earliest period presented and government grants that are not complete as of the beginning of the earliest period presented.] [retrospective approach to all government grants through a cumulative effect adjustment to the opening balance of retained earnings as of the beginning of the earliest period presented.]*

ASU 2025-11 – Applicable to all entities that provide interim financial statements and notes in accordance with U.S. GAAP:
In December 2025, the FASB amended the Interim Reporting topic in the ASC to clarify current interim reporting requirements. The amendments are effective for *[interim reporting periods within annual reporting periods beginning after December 15, 2027. -public business entities] [interim reporting periods within annual reporting periods beginning after December 15, 2028.-all other entities]* Early adoption is permitted. The Company will apply the amendments *[prospectively] [retrospectively to any or all prior periods presented in the financial statements.]*

ASU 2025-12 – Applicable to all entities within the scope of the affected accounting guidance:
In December 2025, the FASB issued amendments to the Codification to make incremental improvements to generally accepted accounting principles. The amendments are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company will apply the amendments *[retrospectively to the beginning of the earliest comparative period presented in which the amendments were first applied] [prospectively to all transactions recognized on or after the date that the Company first applies the amendments].*

Applicable to all:
Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Company's financial position, results of operations or cash flows.