

April 28, 2026

Attn: AICPA Professional Ethics Executive Committee (PEEC)
Ethics-exposedraft@aicpa.org

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

Dear AICPA PEEC:

On behalf of the Texas Society of Certified Public Accountants (TXCPA) and its Professional Standards Committee (PSC), we respectfully provide feedback on the Exposure Draft: Proposed revisions related to alternative practice structures (APS), dated December 29, 2025. The Exposure Draft was issued to provide guidance for alternative practice structures arising from the increase in private equity investments in accounting firms.

TXCPA agrees with the objectives of the proposed revisions to the AICPA Code of Professional Conduct, including the proposed new interpretation “Alternative Practice Structures” and strongly supports publishing the new and revised interpretations. Revised independence interpretations relating to APS and private equity investments in accounting firms are important to ensuring independence and audit quality for firms providing professional services under these structures.

We recognize that the Exposure Draft is necessarily written in a very technical manner given the technical precision required of independence standards. However, we believe that the usefulness of the Exposure Draft could be enhanced by the inclusion of a “plain English” type discussion of how the proposed revisions would change the existing baseline of practice today regarding the application of independence rules to APS. The “plain English” discussion should also provide guidance on how the proposed revisions can be effectively understood and applied by those not specialized in independence standards.

We are also responding to the PEEC’s request for comments on specific proposed revisions to the code as follows:

- **d, f. and g.**: There is a fundamental issue with the concept of the “cooperation characteristic” as described in paragraphs 26 – 35 of the Explanation, especially paragraph 32. APS are fundamentally different forms of practice from traditional network accounting firms and the concept of one or more firms that “cooperate for the purpose of enhancing the firms’ capabilities to provide professional services” must be interpreted differently in an APS environment. The actual provision of professional services should not be a consideration in the “cooperation characteristic” determination.

While the private equity entity or investor likely does “not provide professional services” similar to a traditional network firm structure, investing in the non-attest entity (directly or indirectly) and advising on budgetary and strategic direction of the attest firm with significant influence or control over the non-attest entity should result in inclusion of the entity or investor in the definition of network or network firm and therefore subject to the same independence requirements.



- **i.:** All individuals in the non-attest entity who directly supervise or manage the *attest engagement partner* (including all successively senior levels through the chief executive officer) should automatically be considered covered members because they are individuals in a position to influence the attest engagement.
- **n.:** Immediate family members of the individuals listed in paragraph .20b can create threats to independence and, therefore, they should be subject to the "Independence Rule" [1.200.001] and its interpretations.

Additionally, we would seek clarification and reconciliation of paragraph 36 in the Explanation, which states "Network firms are not required to comply with the "Independence Rule" and its interpretations for engagements subject to the Statements on Standards for Attestation Engagements (SSAEs)..." and specifically how that paragraph relates to paragraph .14a of the interpretation, which states "The non-attest entity, and entities it controls, should comply with the "Independence Rule" [1.200.001] and its interpretations with respect to all attest clients, which includes complying with the "Independence Standards for Engagements Performed in Accordance with Statements on Standards for Attestation Engagements" subtopic [1.297]."

Finally, we believe that the proposed revisions should apply to all attest services in all circumstances, including engagements subject to the Statements on Standards for Attestation engagements.

We appreciate the opportunity to provide feedback on the Exposure Draft on proposed revisions related to alternative practice structures.

Sincerely,



Billy J. Kelley, CPA
Chair, Texas Society of Certified Public Accountants



Jeffrey Johanns, CPA
Chair, Professional Standards Committee
Texas Society of Certified Public Accountants



Jodi Ann Ray, CAE
President & CEO
Texas Society of Certified Public Accountants