Enforcement of Principles-Based IFRS: What have we learned?

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Abstract

This survey examines what we know about the enforcement of IFRS. As IFRS adoption alone does not guarantee benefits for investors and stakeholders, there is consensus that enforcement is essential. However, enforcement is shaped by the standards' principles-based nature as IFRS rely heavily on professional judgment. We synthesize research spanning two decades to understand how enforcement operates, including research on enforcement institutions and their effectiveness, the social processes through which preparers, auditors, and enforcers construct compliance, the role of courts in interpreting the standards, and how political actors influence enforcement outcomes. Our analysis reveals that enforcement is a socially constructed, incentive-driven process where institutional structures mask operational deficiencies, preparers engage in anticipatory compliance, courts are rarely involved, and political interests can override technical debate. We identify various avenues for future research and provide takeaways for the IASB on further integrating insights from enforcement into standard-setting.

Keywords: Courts, Enforcement, IFRS, Politics, Principles-based standards

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Abstract

This survey examines what we know about the enforcement of IFRS. As IFRS adoption alone does not guarantee benefits for investors and stakeholders, there is consensus that enforcement is essential. However, enforcement is shaped by the standards' principles-based nature as IFRS rely heavily on professional judgment. We synthesize research spanning two decades to understand how enforcement operates, including research on enforcement institutions and their effectiveness, the social processes through which preparers, auditors, and enforcers construct compliance, the role of courts in interpreting the standards, and how political actors influence enforcement outcomes. Our analysis reveals that enforcement is a socially constructed, incentive-driven process where institutional structures mask operational deficiencies, preparers engage in anticipatory compliance, courts are rarely involved, and political interests can override technical debate. We identify various avenues for future research and provide takeaways for the IASB on further integrating insights from enforcement into standard-setting.

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1. Introduction

As International Financial Reporting Standards (IFRS) commemorate 25 years of existence, the academic community has witnessed the establishment of a robust research stream, generating extensive evidence on intended policy outcomes, such as enhanced global mobility of capital, liquidity in capital markets, and reduced cost of capital (for reviews, see De George et al., 2016; Becker et al., 2021). Yet, one fundamental precondition for these benefits remains both widely acknowledged and poorly understood: the imperative of "strong" enforcement mechanisms to ensure IFRS compliance. As investor benefits of IFRS are contingent on effective enforcement, our survey draws on more than two decades of research on IFRS enforcement.

Specifically, the IFRS literature consistently emphasizes that the mere adoption of IFRS is insufficient; their efficacy hinges on rigorous enforcement regimes (e.g., Ball, 2006, 2016). For example, this is highlighted in these seminal studies: "*The liquidity effects around IFRS introduction are […] limited to five EU countries that concurrently made substantive changes in reporting enforcement.*" (Christensen et al. 2013, p. 147), and "*The benefits of enforcement depend on the quality of the standards being enforced, and the benefits of accounting standards rely on the strength of the enforcement of the standard. The largest benefits obtain when the change to IFRS is combined with change in enforcement*." (Barth and Israeli, 2013, p. 187).

While there is consensus in the IFRS literature that enforcement matters (e.g. Holthausen, 2009), it is more difficult to empirically capture enforcement. Early studies tended to rely on rather crude dichotomous classifications, partitioning adopting jurisdictions simply into "high" and "low" enforcement environments based on broad institutional proxies such as the "rule of law" or "legal origin" (e.g., Armstrong et al., 2010; Daske et al., 2008). While subsequent scholarship has progressively adopted more granular enforcement proxies and datasets (Brown et al., 2014; Quagli et al., 2021a; Bissessur et al., 2026), this research has still only scratched the surface of what constitutes substantive enforcement activity.

This challenge intensifies when considering the design of IFRS standards themselves. By deliberate choice for universal applicability and adaptability, IFRS are principles- rather than rules-based, defining broad principles without prescribing exhaustive implementation rules. Accordingly, judgement must be exercised by preparers and their auditors when applying IFRS. Consequently, enforcement regulators confront a delicate paradox: how can they implement "strong" enforcement when the standards explicitly mandate the application of professional judgement across numerous accounting areas? Thus, the complexity of enforcing principles-based standards renders the notion of "strong enforcement" far from trivial in practice. Therefore, this paper aims to synthesize and reflect upon the insights we have garnered concerning this issue: *Enforcement of Principles-Based IFRS: What Have We Learned?*

Conceptually, the enforcement of compliance with IFRS is a multifaceted, multilayered system involving numerous institutional actors and regulatory mechanisms. Based on the framework established by the Federation of European Accountants (FEE, 2001), compliance starts with self-enforcement through the preparation of financial statements, statutory audit procedures, and formal approval processes by boards and shareholders. It then includes comprehensive public oversight systems with enforcement regulators, judicial sanctions, and complaint mechanisms, which are the focus of this survey. Additionally, it involves the reactive pressures exerted by public scrutiny. This expansive conception recognizes that ensuring compliance with principles-based standards requires coordinated activity across multiple stages of the financial reporting process, from the preparation of financial reports to their final public dissemination.

This survey is about IFRS enforcement, that is, the monitoring and verification of compliance with IFRS, which is distinct from fraud investigation, which concerns intentional deception under securities law or criminal statutes. Enforcement addresses whether preparers and auditors correctly apply principles-based standards; fraud addresses deliberate misrepresentation for personal or corporate gain and requires proof of intent. While the boundaries can be fluid and

IFRS enforcement decisions can extend across the border and be submitted to prosecutors for criminal charges (e.g., Hartmann et al., 2018), our focus is on IFRS enforcement.

Examining the accumulated evidence from over two decades of research on IFRS enforcement, we seek to illuminate what we know about different aspects of enforcement: its institutions, the practices of the actors involved, the role of courts, and the impact of politics. We systematically examine how enforcement operates across these dimensions to better understand the central mechanisms for achieving “effective” oversight. Given the complexity of IFRS enforcement, we deliberately embrace methodological pluralism, drawing on the full spectrum of accounting research traditions, from empirical-archival and analytical modeling to qualitative interview-based studies. We augmented these insights by collecting selected descriptive evidence and observational cases from the field, illustrating the mechanisms by which enforcement translates IFRS adoption into tangible economic benefits, while acknowledging the nuanced challenges posed by the standards’ principles-based architecture.

In the spirit of IFRS, we take a global perspective while anchoring some of the deeper analysis in German enforcement experiences to provide concrete illustrations of enforcement dynamics that often resonate across jurisdictions. As the largest member state of the European Union, which mandated IFRS adoption in 2005, Germany frequently provides a benchmark for other jurisdictions adopting IFRS. Prior literature has extensively utilized Germany as a setting to explore IFRS-related questions (e.g., Leuz and Verrecchia, 2000; Leuz, 2003; Daske, 2006; Hung and Subramanyam, 2007; Hitz et al., 2012; Heese, 2022; Gros et al., 2026).

Our work follows the tradition of other surveys in the accounting literature and sits at the intersection of research on disclosure regulation (Leuz & Wysocki, 2016; Christensen et al., 2021), the enforcement of law (Coffee, 2007), and corporate fraud (Amiram et al., 2018; Campa et al., 2025). While there is a rich literature on enforcement in the United States, corresponding evidence from other jurisdictions is much scarcer and more fragmented. Correspondingly, we offer multiple avenues for future research on accounting enforcement issues internationally. Finally, we address repeated calls in the accounting literature for more policy-relevant accounting research (e.g., Barth, 2007; Leuz, 2018; Rajgopal, 2021; Clor-Proell et al., 2025) by identifying some tangible takeaways from our survey for the International Accounting Standard Board (IASB).

This paper is structured as follows. First, we outline how principles-based IFRS create distinctive enforcement challenges. Then, we synthesize research insights on enforcement institutions, regulatory practices, and the roles of courts and political actors. Finally, we highlight potential avenues for future research and provide takeaways for the IASB.

2. The Issue

2.1 Principles-based IFRS

By deliberate design, IFRS constitute a principles-based framework that fundamentally relies upon professional judgment rather than prescriptive rules. Unlike rules-based regimes that offer bright-line thresholds and exhaustive guidance, IFRS address transactions through broad principles that necessitate interpretative assessment by preparers and auditors (e.g., Schipper, 2003; Nobes, 2005; Wüstemann & Wüstemann, 2010). This reliance on judgment is quantitatively substantial: the term "judgement" appears approximately 540 times across the corpus of IFRS standards, distributed among 72 individual documents comprising standards and interpretations contained in the IFRS Blue Book (2022; pdf-version, own count).[1] Moreover, many specific standards explicitly mandate judgment, as exemplified by IFRS

[1] The Blue Book contains the official pronouncements of the IASB as required at 01 January 2022 and is organized in a set of three volumes: Part A (Required Standards and the Conceptual Framework for Financial Reporting), Part B (Accompanying Guidance and IFRS Practice Statements) and Part C (Bases for Conclusions). The electronic pdf-version mirrors this organization and contains 67, 44, and 67 documents in the Part A, B, and C folders.

10.B23 on control over subsidiaries, which states that "determining whether rights are substantive requires judgement, taking into account all facts and circumstances." The Conceptual Framework further reinforces this orientation through the principle of "faithful representation" which draws on the notion of "substance over form" (IASB 2018, para. 2.12), while measurement requirements involving fair value inherently embed judgment through their estimation-based nature (e.g., Hitz, 2007; Laux and Leuz, 2009). The IASB's goals in adopting this principles-based approach include reducing complexity, limiting transaction structuring opportunities, and ensuring standards remain widely applicable across diverse economic contexts and national jurisdictions (see Becker et al., 2021, Chapter 2).

Sir David Tweedie, founding Chairman of the IASB, articulated the philosophical underpinning of this system in remarks delivered at The Empire Club of Canada in 2008 (Tweedie, 2008). He emphasized that "a principle-based standard relies on judgements" requiring preparers and auditors to reference core principles when confronting uncertainty regarding particular issues. Tweedie observed that "the profession will get the standards it deserves," asserting that the viability of principles-based accounting depends critically upon implementation integrity. He warned that if preparers fail to act with integrity, if courts attack reasonable judgments that hindsight reveals as incorrect, if the profession perpetually demands voluminous interpretations or additional guidance, or if regulators insist upon particular treatments for unpalatable economic facts, then the inevitable consequence would be regression toward a rules-based system. This perspective illuminates the delicate equilibrium upon which principles-based standards depend: professional competence and ethical conduct serve as the essential foundation for the system's effectiveness.

However, the explicit authorization of professional judgment necessarily entails variability in accounting outcomes. By design, exact implementation details are delegated to preparers and auditors, with the consequence that the application of judgment can result in different accounting solutions that remain acceptable under IFRS. For example, the IFRS Interpretations Committee (IFRS IC) acknowledges this reality, as demonstrated in its January 2019 tentative decisions regarding IAS 27, where it concluded that "a reasonable reading of the requirements in IFRS Standards could result in the application of either one of the two approaches."[2] This perspective finds reflections in the IFRS commentaries. For instance, the "International GAAP" guide published annually by EY illustrates this ambiguity regarding IAS 36, noting that "some might argue" for one interpretation while "others may argue" for alternative treatments, suggesting that professional consensus regarding specific applications remains elusive despite ostensibly uniform standards.[3]

Recognizing this potential for interpretative divergence, the IFRS Foundation explicitly maintains a mission "to develop, in the public interest, high-quality, understandable, *enforceable* and globally accepted standards for general purpose financial reporting based on clearly articulated principles" (IFRS Foundation, 2026, para. 1.1, emphasis added). The IASB supports consistent application through numerous activities, including implementation support and educational initiatives accessible through its official website. Furthermore, in its standard-setting deliberations, the IASB systematically revises areas where judgment under specific IFRS has precipitated significant variation in practice. For example, the Effect Analysis accompanying IFRS 10 and IFRS 12 explicitly states that the Board "expect[s] that this [IFRS 10] will lead to more consistent application in practice," thereby providing benefits for preparers through clarified scope and control principles, and for users through enhanced comparability of financial information. Thus, while judgment remains central to IFRS application, the IASB works to reduce "unwarranted" variability that undermines comparability.[4] In this regard, Lin et al. (2025) show that IFRS have become more rules-based

[2] See IFRS IC, IFRIC Update January 2019, Tentative Decisions, at https://www.ifrs.org/news-and-events/updates/ifric/2019/ifric-update-january-2019/.
[3] See International GAAP 2021, pp. 1560-1561.
[4] However, there are also exceptions to this. Stadler & Nobes (2025) show persistent diversity in the accounting

as a result of the IASB's convergence work with the Financial Accounting Standards Board (FASB).

From an academic perspective, this architecture reflects deliberate trade-offs identified by Nelson (2003) and Schipper (2003). Nelson (2003) defines standards as existing on a spectrum from more to less rules-based, acknowledging that less rules-based standards must rely more on principles to guide behavior. He defines "rules" broadly to encompass specific criteria, bright-line thresholds, examples, scope restrictions, exceptions, subsequent precedents, and implementation guidance. Although additional rules increase precision, they simultaneously increase complexity. Standard setters consequently face a critical trade-off between including too few rules, which risks vague communication and inconsistent interpretation, versus including too many rules, which risks creating standards so complex that parts are applied incorrectly or missed entirely.

Schipper (2003) further examines the costs and benefits of detailed guidance, questioning whether excessive prescriptive detail converts principles-based standards into rules-based standards. While rules-based approaches may offer increased comparability and verifiability through common knowledge bases and assumptions, they also present risks of "surface comparability" where dissimilar arrangements are forced into identical accounting treatments. Detailed guidance may reduce difficulties for enforcement bodies in after-the-fact disputes and reduce litigation incidence by providing preparers and auditors with protection against allegations of defective accounting. However, this guidance also creates opportunities for earnings management through transaction structuring rather than management judgments.

The empirical literature operationalizes the principles-versus-rules distinction through text-

for exploration and evaluation (E&E) costs by extractive companies, but the IASB decided in 2023 not to conduct standard-setting in this area. This example illustrates the difficulty for the standard-setter in judging to what extent the variability in application practice exceeds certain limits and in defining and delineating such boundaries.

based content analysis of accounting standards and subsequent mapping of standards to firms' reporting exposure. Their key innovation is to move beyond a binary classification and construct a "Rules-Based Continuum (RBC) score" for both IFRS and US-GAAP, based on their underlying characteristics, such (i) bright-line thresholds, (ii) scope and legacy exceptions, (iii) large volumes of implementation guidance, and (iv) a high level of detail, to classify standards along a principles-versus-rules spectrum (Donelson et al., 2012; 2016; see also Bradbury and Schröder, 2012 for a similar idea, both based on the conceptualization in SEC, 2003). These measures are then linked to firms, producing firm-year exposures that capture how much of a firm's reporting is governed by more principles-based versus more rules-based standards.

The main empirical insights highlight a consistent trade-off between information quality and legal/contracting frictions. Folsom et al. (2017) show that greater exposure to principles-based standards is associated with higher-quality earnings, specifically greater persistence, stronger mapping into future cash flows, and higher value relevance, consistent with improved reflection of underlying economic substance. However, this flexibility enables opportunistic reporting when adverse managerial incentives are strong. Donelson et al. (2012) document that rule-intensive standards reduce securities litigation risk by providing clearer compliance boundaries and stronger legal defensibility, while Ashraf et al. (2025) present evidence that fair value-based reporting increases litigation exposure, particularly when valuation uncertainty is high. Finally, Donelson et al. (2016) provide a unifying interpretation: rule intensity is endogenous, driven primarily by litigation risk and, to a lesser extent, economic complexity, implying that accounting standard design reflects a trade-off between decision usefulness and enforceability.

Principles-based IFRS deliberately leave interpretative space, creating demand for practical guidance that standard-setters do not directly supply. Big audit firms have responded by developing comprehensive accounting manuals, such as the EY "International GAAP" guide quoted above, that operationalize IFRS through detailed implementation outlines, drawing on non-authoritative IASB materials and views from their own professional practice departments (Kohler et al., 2021b).[5] While lacking formal regulatory authority, these manuals achieve quasi-authoritative status through widespread global adoption. They provide advice to preparers reducing costs of exercising judgment by offering templated solutions and are a central resource for field auditors to achieve procedural certainty.

In addition, in jurisdictions rooted in distinct legal traditions, localized interpretative sources are developed. For example, in Germany, commentary literature fills the void left by principles-based ambiguity, gaining quasi-authoritative status through repeated use by local preparers and auditors. Anchored in the German code-law tradition (German commercial code: HGB), these commentaries translate IFRS into localized legal terminology and provide expert solutions without transparent methodological safeguards or cross-border coordination. For example, the 20th edition of the Haufe IFRS commentary exemplifies this, spanning approximately 2,880 pages. Such commentaries effectively rewrite IFRS through German lenses, raising accountability concerns as they may standardize judgment within jurisdictionally isolated settings.

This reliance on such interpretative support reflects underlying demand mechanisms in accounting practice. Principles-based IFRS create demand for procedural certainty, leading local preparers and auditors to default to available expert guidance. Over time, these localized interpretations can harden into accepted doctrine, standardizing how professional judgment is exercised (see e.g., Friedrich, 2020; Downar et al, 2022). This creates a self-reinforcing cycle that resonates with Watts and Zimmerman's (1979) notion of a "market for excuses": preparers rely on interpretative sources to justify accounting choices, and auditors accept them. However,

[5] As noted by Herman (2020), there is also informal coordination on interpretations between the big audit firms.

such interpretations remain jurisdictionally isolated. Consequently, rather than fostering global IFRS harmonization, this cycle reinforces local accounting cultures and fragmented implementation.

In summary, IFRS deliberately rely on professional judgment rather than prescriptive rules, which creates natural differences in interpretation. In practice, preparers and auditors turn to guidance from big audit firms and local commentaries to fill this gap. However, rather than promoting consistent global application, these mechanisms for exercising judgment may also reinforce local accounting practices that undermine the comparability that IFRS aim to achieve.

2.2 The IFRS Enforcement Challenge

From a *legal* perspective, compared to US Generally Accepted Accounting Principles (GAAP), which is rules-based and makes it relatively easy to establish misstatements through rule violations, the principles-based nature of IFRS complicates enforcement. According to Phillips (2010), it is difficult to identify governing principles in IFRS, management latitude constitutes a viable defense of innocence, and the exercise of professional judgment undermines intent and scienter, that is, awareness that their conduct was illegal or wrong when they did it. These factors make it difficult to build legally stable cases on misapplications of IFRS. Consequently, public regulatory oversight bodies, private litigation claims, and ultimately courts encounter difficulties with principles-based standards, highlighting that they pose distinctive enforcement complexities.

From an *economic* perspective, enforcing principles-based standards involves nuanced and conditional interactions between the strength of enforcement and other institutional and procedural factors. Ewert and Wagenhofer (2019) demonstrate that, in weak enforcement regimes, enforcement and auditing are complementary, but in strong regimes, they can become substitutes. Their analytical model shows that, although stronger enforcement generally mitigates earnings management, the effects of specific enforcement instruments are ambiguous and can enhance or impair reporting quality. This theoretical insight challenges the notion that higher enforcement strength is always advantageous.

Schantl and Wagenhofer (2021) demonstrate that, for principles-based standards such as IFRS, the strength of enforcement determines whether investment efficiency advantages materialize. However, absent sufficiently strong penalties, these standards fail to deter misreporting, backing the idea that imperfect enforcement erodes their benefits. Similarly, Franke and Simons (2023) analyze disclosure outcomes and reveal that enforcement effects on disclosure are double-edged. While compliance with mandatory disclosure increases, voluntary disclosures are crowded out. This requires calibrated enforcement intensity to preserve overall information production. Together, these insights from theory suggest that enforcement must be carefully calibrated to achieve the benefits of principles-based standards without producing unintended side effects.

From an *institutional* perspective, IFRS enforcement exhibits significant variation across jurisdictional boundaries while also displaying patterns of international coordination. As Holthausen (2009) points out, enforcement institutions primarily operate at the local level. National public regulators and enforcement agencies are the main sources of oversight authority. In contrast, the IASB has no direct enforcement authority; it is responsible for setting standards rather than monitoring compliance. This creates a distinctive governance structure in which an international body promulgates global standards, yet they are enforced by decentralized national or regional actors. This necessitates cross-border coordination mechanisms to achieve consistency in application.

From an *ex-ante* perspective, before IFRS were widely adopted from 2005 onward, scholars expected major enforcement challenges. They identified obstacles to coordinated oversight, including regulatory structures specific to each jurisdiction that would complicate uniform application (Brown & Tarca, 2005; Schipper, 2005). It was predicted that enforcement would remain decentralized, with national bodies retaining primary responsibility amid varying legal environments and cultural differences, creating risks of inconsistent compliance and uneven sanctions (Schipper, 2005). There were also warnings that political and economic realities suggested substantial international variation in reporting quality that would persist despite uniform standards, potentially misleading investors about the true extent of comparability and transforming IFRS into a cheap-quality label (Ball, 2006). Additionally, literature pointed to capacity constraints among preparers, auditors, and regulators, including gaps in expertise and resource limitations that could impede compliance (Brown & Tarca, 2005). Taken together, these expectations created a significant degree of uncertainty regarding the regulatory oversight of IFRS.

Early studies on IFRS adoption then confirmed these expectations as they "reveal substantial non-compliance" (Glaum et al., 2013, p. 165). While several firm-levels factors are linked to compliance, Glaum et al. (2013) also show the importance of country-level factors, in particular the strength of the enforcement system for compliance. In a more detailed setting of goodwill impairments, Glaum et al. (2018) add that firms in countries with strong enforcement are more responsive to declines in the economic values of assets compared to countries with weaker enforcement, while also providing indications that in weak enforcement countries companies have more discretion in avoiding or limiting goodwill impairments. In their survey on non-compliance with IFRS disclosures, Tsalavoutas et al. (2020) conclude that research continues to document "high levels of non-compliance in most countries examined" (p. 21).[6] Thus, the expectations of ex ante literature on uneven application and consequences for reporting quality

[6] Pownall and Wieczynska (2018) even find that a substantial number of companies in EU countries did not adopt IFRS but continued to follow local GAAP, largely unaffected by the country's enforcement. However, Alsarghali et al. (2025) show that these findings are driven by insufficient disclosure of coding policies by commercial databases.

manifest in documented patterns of non-compliance and jurisdictional variation.

While these findings on IFRS compliance and enforcement effects remain at a high level, the following section synthesizes evidence accumulated over two decades to examine how IFRS enforcement actually operates in practice. It analyzes enforcement institutions, regulatory oversight practices, courts' role in interpreting principles-based standards, and political influences on enforcement outcomes.

3. What have we learned?

3.1 Enforcement Institutions

The archival literature examining the economic consequences of IFRS adoption has historically relied on rather crude empirical proxies for enforcement strength, typically employing single-point-in-time indicators, such as the rule-of-law or country-level legal origin that were not originally designed to capture *accounting* enforcement (e.g., Kaufmann et al., 2009; La Porta et al., 2006). More direct approaches include identifying countries with substantive enforcement reforms around the time of IFRS adoption (Christensen et al., 2013) and constructing more targeted and granular indices based on national enforcement infrastructures (Brown et al., 2014). However, these approaches remained largely *static* snapshots capturing institutional structures rather than operational effectiveness. Notably, only one study by Christensen et al. (2020) has examined in detail a specific feature of accounting enforcement, *proactive reviews*, suggesting that academic inquiry has only superficially probed the actual functioning of enforcement bodies rather than their formal structures.

Quagli et al. (2021a) advance this operational turn by constructing a composite indicator (FRC) that aggregates the intensity of targeted financial reporting controls across governance, audit, and enforcement domains using factor analysis (see also Isidro et al., 2020, for a similar analysis framing enforcement around IFRS adoption within a wider ecosystem of countries' institutional factors). Unlike static indices relying on snapshot surveys, their framework employs *process-oriented* data capturing observable regulatory actions, including reviews and sanctions, within European contexts. They establish a modular system in which domain-specific measures can be deployed independently or in combination, offering longitudinal flexibility and statistical robustness. Their enforcement measure operationalizes this intensity focus by drawing upon the European Securities and Markets Authority (ESMA)'s annually *updated* activity reports to construct process-based indicators that capture national enforcer staffing, examination intensity, focused review rates, and enforcement action rates, thereby measuring actual enforcement behavior *over time* and *beyond* mere compliance with ESMA guidelines.

A recent study by Bissessur et al. (2026) offers the most comprehensive framework for IFRS enforcement, based on an extensive dataset comprising 32 variables that capture a wide range of enforcement elements in the European Union context. This framework categorizes these enforcement elements into four dimensions: 1) the probability of detecting non-compliance; 2) the severity of sanctions (based on the idea of "economic deterrence", i.e., the probability of detecting non-compliance and the size of sanctions, e.g., Becker, 1968); 3) the independence of enforcers from the influence of those they regulate and from political actors (based on fears about "regulatory capture"; i.e., missing independence of the enforcer, e.g., Stigler, 1971), and 4) enforcer cooperation (based on the idea of "information sharing", i.e., mechanisms between regulatory bodies across jurisdictions that foster efficient oversight, e.g., Silvers, 2020). Their findings show important differences between formal compliance and the actual practice of enforcement institutions. "On-the-books" IFRS enforcement, defined as the formal structures of national enforcement and compliance with the European Securities and Markets Authority (ESMA) guidelines, has demonstrably become stronger over time in the EU, as jurisdictions progressively implement these guidelines (see also ESMA, 2022). Conversely, however, "in-practice" IFRS enforcement, measured by variables such as allocated resources, performed reviews, sanctions actually issued, public disclosure of enforcement actions, and submission of cases to the European Enforcers Co-ordination Sessions (EECS), has become weaker over time. This divergence suggests that while enforcement institutions appear increasingly robust in formally structuring their systems according to the ESMA guidelines, their operational effectiveness increasingly falls behind, likely due to competing priorities for scarce resources (e.g., Albu et al., 2021) or for oversight topics perceived as more pressing in society (e.g., non-financial/sustainability reporting, see e.g., Christensen, 2022).

Enforcement *capacity* varies dramatically across IFRS adopting jurisdictions. For example, as of 2022, Romania assigned a single part-time position (70% time allocation) to oversee all 94 listed companies (ESMA, 2022). In contrast, in response to the Wirecard scandal and the corresponding criticism of German accounting enforcement (ESMA, 2020), the public enforcement regulator BaFin in Germany now deploys about 60 staff for fewer than 500 listed companies (ESMA, 2024, p. 12).[7] These extremes reveal substantial national differences in enforcement resources.

The study by Bissessur et al. (2026) largely draws on yearly reports issued by ESMA and national enforcers. From these reports, it can be discerned that *sanctions* typically involve corrections in *future* financial statements, with few public corrective notes (error findings) and *very rare* restatements. For instance, ESMA's 2025 data show 240 enforcement actions: 213 were prospective corrections, 24 were public notes, and only three were restatements (ESMA, 2026, p. 10). This composition suggests that enforcement operates largely behind the scenes, most actions remaining effectively unseen by users of financial statements and stakeholders. Prospective corrections are typically embedded as a small-scale footnote in the next annual

[7] This is more than twice the number of staff in the previous German two-tier enforcement system (until 2021), in which a private enforcement body (the Financial Reporting Enforcement Panel, or FREP) primarily conducted enforcement investigations, with the public regulator BaFin only rarely becoming involved (e.g., see Hitz et al., 2012; Böcking & Gros, 2015).

report, making them difficult to see. This results in significant information processing costs for interested users, particularly in terms of 'awareness costs' and the need to monitor for the existence of a correction (see Blankespoor et al., 2020, for a framework). Also, the simultaneous publication of a correction ‘bundled’ with the latest financial information on the new financial year, conference call discussions and potential future outlooks and guidance likely crowds out the information content of the correction itself. At least, due to these information confounds, the market’s response to the correction is impossible to identify empirically.

For the few EU member states that publish error findings (see Bissesur et al.’s, 2026, dataset),[8] these error notes are often difficult to locate, even when using AI tools such as GPT or Claude. This is because they are located on specific, local-language websites,[9] which may contain outdated links to company websites,[10] or are located behind paywalls. Table 1 illustrates the accessibility restrictions for the G20 countries and other EU member states. Consequently, there is markedly less public transparency regarding IFRS enforcement processes and outcomes than in the US SEC setting, where all information is easily accessible through the EDGAR website.

Insert Table 1 about here.

Enforcement regulators tend to withhold detailed decision-making processes and analytical bases from public view, instead feeding them into internal databases. ESMA’s EECS database, for instance, contains 1,501 IFRS enforcement decisions and 840 emerging issues as of 2025,

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[8] In addition, firms may voluntarily disclose information about ongoing or completed IFRS enforcement reviews. However, existing evidence indicates that disclosures of ongoing enforcement reviews are rare, whereas disclosures of concluded reviews already in the public domain are more frequent (Hitz and Schnack, 2019).

[9] For example, in Germany, error findings were only published in the online version of the German Federal Gazette until 2022: https://www.bundesanzeiger.de

[10] See, for example, in Austria, the enforcement authority’s list of error findings at https://www.fma.gv.at/kapitalmaerkte/emittentenaufsicht/enforcement/

serving as “an important source of information for enforcers when they make enforcement decisions” (ESMA, 2026, p. 18). Yet this resource remains largely inaccessible; only truncated *summaries* of a total of 320 decisions were publicly disseminated until 2025 (ESMA, 2025a). In 2025, for example, only eight decisions were published as extracts from the database. Typically, a one-page summary is provided, including a description of the issuer’s accounting treatment, the enforcement decision, and a brief overview of the rationale for the decision, with references to the relevant paragraphs in IFRS standards (ESMA, 2025b). The same pattern extends globally: The International Organization of Securities’ Commissions (IOSCO)’s IFRS enforcement database is restricted to “use of participating IOSCO members” (https://www.iosco.org/ifrs/). This information asymmetry grants enforcers a strategic advantage within closed regulator networks while shielding them from public accountability. Consequently, preparers and auditors cannot systematically learn from prior enforcement cases, hindering the development of consistent application norms across countries.

Given the low transparency and limited availability of enforcement actions, there is little evidence on *market-based discipline* of IFRS-related actions by enforcement regulators. In capital markets, Hitz et al. (2012) and, over a longer period, Berninger (2024) document, on average, negative stock price reactions of only around –0.8% to error announcements by the German enforcers FREP/BaFin. Over time, the magnitude of detected errors becomes less important, but errors attributable to the unjustifiable application of professional judgment lead to significantly more adverse stock-price effects. In Korea, however, Kim and Shin (2025) find that a misreporting firm’s enforcement action is priced with a more pronounced negative market reaction of, on average, –1.65%, likely triggered by the severe penalties that the Korean enforcement regulator can and does impose for IFRS violations.[11] Finally, Silvers (2016) adds

[11] This includes restrictions on securities issuance for certain periods or working bans for executives and auditors, see e.g., the PENALTY variable in Kim and Shin (2025), which was constructed based on a proprietary dataset of sanctions imposed by the Financial Supervisory Service (FSS).

that enforcement actions on individual firms (in his setting, foreign issuers by the U.S. SEC) have *spillover effects* on other, *non-targeted* firms. These firms experience *positive* stock reactions during the event windows of SEC enforcement actions on targeted firms' peers, consistent with enforcement reducing the risk of expropriation for investors, particularly for firms from countries with weak legal environments.

While this section has documented the divergence between formal compliance and operational realities, these findings remain rather at the "macro" level. They analyze what institutions look like, not how they function internally. The following section, at the operational "micro" level of enforcement, thus draws on qualitative studies to offer insights into decision-making, judgments, and interactions that reflect actual enforcement practice.

3.2 Enforcement Practices

Qualitative field studies on IFRS enforcement grounded in interviews with preparers, auditors, advisors and enforcers offer insights into the *processes* through which compliance with IFRS is constructed in practice. Anchored in institutional theory and social construction perspectives, this research reveals that compliance results not from mechanical application of codified rules but rather from complex social processes involving continuous interaction between the actors involved. There is co-construction of understandings of IFRS compliance by both regulator and the regulated as acceptable solutions emerge within networks of interacting professionals. Empirical investigation of enforcement practices reveals distinct patterns across jurisdictional contexts: in countries such as Austria and Germany (Meusburger and Pelger, 2021), Denmark and the UK (Johansen and Plenborg, 2018), enforcement has matured into sophisticated institutional structures and processes;[12] whereas in other countries such as Greece (Caramanis

[12] However, these frameworks can also fail, most visibly in the Wirecard scandal in Germany, where enforcement proved unable to detect major accounting fraud. ESMA's subsequent fast-track peer review (ESMA, 2020) revealed multiple system deficiencies, standing in sharp contrast to its earlier assessment that, in some areas, Germany was "a good example for other [enforcement regulators] to learn from" (ESMA, 2017, p. 21).

et al., 2015) or Romania (Albu et al., 2021), enforcement practices reflect ongoing institutional evolution and adaptation.

Johansen and Plenborg (2018) demonstrate that enforcement "styles" can vary significantly between countries, using Denmark and the UK as comparative cases. Their research focuses on how IFRS note disclosures are enforced. They find that in Denmark, the enforcer maintains a conservative, low-materiality threshold approach, relying on disclosure checklists and rarely engaging in dialogue with preparers. It challenges preparers based on its own independent views of materiality, creating a defensive compliance climate in which preparers follow every requirement rather than exercise judgment. By contrast, the UK Financial Reporting Council exhibits a facilitative style characterized by predictable behavior, supportive publications encouraging "cutting clutter" in the notes, and general reliance on preparer judgments. The UK enforcer establishes trust through normative guidance and unofficial dialogue with auditors, whereas the Danish enforcer emphasizes formalistic adherence. These divergent styles illustrate that national regulatory culture shapes whether enforcement functions as a compliance check or a collaborative dialogue.

Qualitative research on the application of IFRS has found that preparers do not make accounting decisions in isolation (Barker & Schulte, 2017; Huikku et al., 2017). Rather, their decisions are based on broader networks of auditors, advisors, third-party experts, and peers. Specifically, Huikku et al. (2017) demonstrate how preparers facing uncertain future developments, such as when accounting for goodwill impairment, construct defendable accounting solutions through collective consultation with these networks.[13] They observe that this network-based process yields accounting outcomes that are *more market-oriented* and *less entity-specific* than the

[13] This evidence is consistent with our field observation that chief accountants at large-cap firms in Germany use an internal mailing list to exchange ideas about possible applications of challenging IFRS accounting issues, even across otherwise competing firms.

principles-based IFRS standards would suggest.

Meusburger and Pelger (2021) show that these preparer networks serve not merely for constructing accounting solutions, but also for acquiring knowledge about regulatory expectations as preparers actively seek to *integrate enforcer perspectives* into their decision-making: Preparers participate in enforcer events, such as workshops organized or attended by the enforcers,[14] and leverage personal networks to enforcers, who often have a background in big audit firms, specifically to acquire direct knowledge of regulatory views before enforcement actions occur. Enforcers use such events to communicate the boundaries of appropriate judgement within the principles-based framework and establish the scope of acceptable professional discretion. This is particularly relevant with regard to "enforcement priorities", which are published on a yearly basis upfront by ESMA (ESMA, 2025c) and national enforcers (e.g., FMA, 2025) and reflect the focus areas of future enforcement investigations. Thus, preparers construct compliance by *anticipating* what enforcers will consider acceptable, effectively making the enforcers' views an implicit participant in their preparatory processes.

This anticipatory compliance approach requires substantial investment in *documentation*. Preparers compile extensive "defence files" to justify their accounting judgements, for example with regard to materiality assessments (Johansen & Plenborg, 2018). These files incur significant compliance costs, as preparers must document not only the final accounting outcome, but also the deliberative process, information constraints, and professional judgements made. The creation of such comprehensive documentation to withstand potential enforcement investigation also influences preparers' accounting decisions, as they may favor formal compliance over developing innovative approaches (Johansen & Plenborg, 2018).

[14] As an example, the Austrian enforcement bodies regularly organise a workshop on accounting enforcement ("Fachtagung Rechnungslegungskontrolle"), where enforcers provide detailed insights into their views on error findings and IFRS interpretations. For example, see the slides of the 2017 workshop: https://www.fma.gv.at/wp-content/plugins/dw-fma/download.php?d=2799&nonce=94cace4c3d067dc4.

This anticipatory approach builds on earlier phases of compliance construction when preparers and their audit firms actively shaped the standards that would later be subject to enforcement actions. In this vein, the study by Kohler et al. (2021a) shows that compliance construction begins very early during standard-setting, well before enforcement authorities engage with the standards. In the due process for the IFRS standard on revenue recognition, preparers and their audit firms actively collaborated to reach an "agreed-upon standard's meaning" (Kohler et al., 2021a, p. 13) that could later be enforced as authoritative. Acting as regulatory intermediaries, audit firms mediated between the IASB and preparers, helping to shape wording and interpretations that would ultimately serve as the basis for judging compliance. The influence of regulatory intermediaries extends into enforcement proceedings as well. As Meusburger and Pelger (2021) observe, the major accounting firms play significant roles as enforcement advisors in their "accounting advisory" consulting businesses. They provide specialized experience in dealing with enforcement to *both* preparer and regulatory sides on different cases, and thus possess insider information advantages across assignments and time. When confronted with difficult issues that are not clearly resolved by standards, they rely on internal consultations within their global networks (Kohler et al., 2021b) and draw on the same expertise they used earlier to influence the standard's wording. Thus, big audit firms play a central intermediary role between preparers and regulatory authorities, from standard-setting through enforcement investigation.

Ultimately, enforcement engagements can amount to battles of resources. Large audit firms have extensive national office networks and specialized professional practice departments that systematically pool enforcement experiences, regulatory anticipations, and interpretative strategies across global engagements (Kohler et al., 2021b). Preparers, lacking comparable internal expertise resources, effectively purchase access to this concentrated advisory capacity, outsourcing their enforcement defense to firms that possess information advantages disproportionate to any single preparer's means. Conversely, enforcers draw upon centralized databases, such as ESMA's EECS repository (see Section 3.1) to accumulate case knowledge and coordinate decisions. However, their access to industry expertise and cross-jurisdictional audit firm networks remains institutionally constrained. Thus, a resource asymmetry emerges, with enforcers using institutional databases against companies armed with purchased expertise, while preparers depend on the quality of their advisory resources when navigating enforcement encounters. Thus, enforcement outcomes are partially contingent on financial capacity to secure sophisticated representation rather than on the quality of accounting decisions alone. Due to the resources invested, enforcement investigations also become battles of arguments, where reaching agreement on what compliance means and what constitutes an error requires lengthy discussions, reflecting the intellectual challenge of convincing the other side of one's views.

In summary, compliance with IFRS in practice emerges from a complex social construction within networks of preparers, auditors, and advisors. In this network, preparers anticipate enforcement perspectives to determine acceptable accounting treatments in advance. Big audit firms exert continuous influence as regulatory intermediaries, shaping standard interpretations during the due process. They then serve as enforcement advisors, holding information advantages that are disproportionate to those of institutional enforcers. Ultimately, enforcement engagements become battles of resources and arguments, where preparers' financial capacity to secure sophisticated advisory representation partially determines outcomes rather than the quality of accounting decisions alone. This micro-level evidence reveals that principles-based IFRS enforcement is a dynamic interplay of network-based compliance construction, strategic anticipation, asymmetric resources and intellectual contests over arguments for IFRS application judgments to be challenged or defended across diverse economic contexts.

3.3 The Role of Courts

Courts are a critical yet underexplored part of the IFRS enforcement architecture. Despite the international nature of the standards themselves, courts serve as the ultimate arbiters of compliance disputes. Since IFRS are incorporated into the laws of each adopting jurisdiction (e.g., Bischof & Daske, 2016), local regulators' enforcement actions are governed by domestic legal frameworks and subject to judicial review. Consequently, courts and judges possess de facto final authority over local disputes regarding IFRS application. They have the formal power to set precedential interpretations that could influence preparer behavior across regional markets. Academic literature (e.g., Schipper, 2005) has expressed concern that local authorities might develop jurisdiction-specific interpretations of IFRS, similar to those rich literatures that evolved under local GAAP regimes, such as HGB, which interpret local court decisions to derive accounting solutions (see Section 2.1), thereby undermining the aspiration for truly global standards. However, important questions remain: How frequent are such court cases, and what interpretative guidance do they provide?

Our descriptive investigation, based on comprehensive AI-powered searches of jurisdictional legal databases in G-20 countries, reveals the following pattern (Table 1, Panel A): References to IFRS appear regularly in some countries' court decisions, but many of these rulings do not substantively address IFRS interpretation or enforcement. Instead, these court decisions usually mention IFRS briefly, such as in the context of shareholder disputes, insolvency proceedings, contractual disagreements, or tax issues, without substantively assessing compliance with accounting standards. Court decisions that materially address the application of IFRS fall into two categories: *public enforcement disputes* (e.g., sanctions imposed by regulators that are challenged by preparers), and *private litigation*, in which IFRS compliance is often tangential to broader legal claims (e.g., allegations of fraud or auditor negligence).

Insert Table 2 about here.

Table 2, Panel B documents stark disparities in judicial engagement: public enforcement court decisions remain rare in most jurisdictions, with Poland standing out as an outlier, recording 41 decisions.[15] This exception reflects Poland's distinctive enforcement setting, where administrative penalties for IFRS non-compliance are frequently challenged in provincial administrative courts (e.g., UKNF/KNF, 2025, p. 109). Notably, the reported court decision counts overstate actual judicial activity on IFRS application cases, as a single dispute can generate multiple court decisions, as reflected in the column on unique cases. These statistics show that different instances and levels of courts engage with IFRS, with some cases even reaching the highest court for administrative matters within a country (e.g. in Austria, as detailed below). When courts do examine IFRS issues, they typically discuss specific paragraphs in depth, producing lengthy and detailed opinions as reflected in the length of texts documented in Table 2, Panel B.

Given this limited judicial engagement, why are there so few IFRS enforcement court cases? Several factors contribute to this scarcity of litigation. First, in many jurisdictions, enforcement regulators employ "explain and improve" approaches, wherein controversies involving reasonable alternative judgments are typically resolved through negotiated discussion rather than adversarial proceedings (see Section 3.1.). Second, penalties imposed in cases of error detection tend to be mild. They are often limited to corrective disclosure notes and modest market reactions or personal consequences for *individual* auditors (Brocard et al., 2018) and chief accountants, rather than severe institutional sanctions for the *firm* (see Section 3.1.). Third, when preparers challenge enforcement regulators' decisions through formal litigation, they face

[15] In the United States, the only public enforcement case US SEC v. Takeyasu represents a special case concerning individual CFO liability rather than corporate IFRS compliance.

substantial legal costs, lengthy resolution times, and uncertain outcomes (see below). Consequently, cost-benefit analysis typically favors acquiescence over litigation, and preparers rarely bring controversies to court. This leaves judicial interpretation of IFRS substantially underdeveloped.

However, there are some notable exceptions that highlight judicial engagement with the interpretation of IFRS. The only study of IFRS enforcement and courts in the academic literature is by Hartmann et al. (2018), who provide an example of disagreement between enforcement authorities and courts. In the Swedish *HQ Bank AB* case, the Financial Supervisory Authority concluded that the bank's measurement practices under IAS 39 were not compliant with the standard and posed risks to financial stability. However, the *Stockholm District Court* later ruled that the same practices were compliant, clearing the board members and auditors of charges. This case also demonstrates that principles-based standards can result in different compliance assessments, depending on the examining institution, highlighting the importance of the judicial perspective adopted, whether it be capital market (enforcer), prudential oversight (public law), or fraud allegations (criminal law).

Another case shows that even courts within the same jurisdiction at different levels may reach opposite conclusions on identical IFRS issues, complicating the goal of consistent enforcement. In *Austria*, the Supreme Administrative Court overturned a lower court's decision favoring *BAWAG P.S.K.*, a large Austrian bank, in a dispute over embedded interest rate derivatives.[16] The lower court initially sided with the bank's treatment of embedded derivatives, relying heavily on an expert opinion from an Austrian university professor who stated that "the FMA reaches a reasonable conclusion, [but this…] is not the only compelling one [as…] room for

[16] The case centred on whether the floors of acquired building society deposits required separation under IFRS 3 and IAS 39/IFRS 9. The Austrian regulator, the Financial Market Authority (FMA), had insisted on separation, arguing that the floors were "in the money" at the time of acquisition. However, BAWAG P.S.K. claimed that they were economically integrated.

interpretation remains, which, provided there is a logically sound basis, permits different solutions" (BVwG, 2022, p. 35). However, the Supreme Administrative Court sharply criticized this approach, finding that the lower court improperly delegated its judicial function by adopting the expert's conclusions without independently analyzing IFRS requirements.[17]

The case evolved further when the matter was remanded to the lower court. The lower court essentially reaffirmed its original position with only minimal modifications. It noted that the expert opinion was "understandable" and "conclusive" (BVwG, 2024, pp. 46, 49), but there was no new substantive analysis. This procedural defiance prompted the Supreme Administrative Court's second intervention, in which it noted that the lower court had failed again to conduct an independent analysis of IFRS, instead merely rubber-stamping the external expert's conclusions, despite the Supreme Administrative Court's earlier explicit instructions to "provide a clear, case-specific and comprehensibly reasoned answer to the relevant legal question of the separation requirement" (VwGH, 2025, p. 4). The lower court's next verdict is still pending. Overall, the case reveals deficiencies in how courts may engage with IFRS, such as overreliance on external experts and reluctance to evaluate accounting treatments independently against standards.

Another relevant IFRS enforcement case occurred in *Germany*, where the Higher Regional Court (OLG Frankfurt) adjudicated a dispute involving *Axel Springer SE*, the publishing house of Germany's leading tabloid "Bild-Zeitung." Due to Axel Springer's substantial resources and willingness to bear litigation costs, this case is a rare instance in which a court issued a comprehensive interpretative judgment on IFRS application. The judgment was 85 pages long and included detailed reasoning. Initially, the two German enforcement regulators FREP and BaFin detected four alleged errors in the financial statements and requested the publication of

[17] "An expert witness is not entitled to answer legal questions nor may he venture into the realm of the assessment of evidence. Rather, the adjudicating court must undertake its own examination of the legal question to be answered [i.e. whether the financial statements comply with IFRS]" (VwGH, 2023, p. 12).

corrective notes. However, Axel Springer SE disagreed with the assessment of the errors and challenged the regulatory determination at the OLG Frankfurt, the specialized German court responsible for IFRS enforcement disputes. Within Germany, accounting scholars extensively debated the court's reasoning, and referred to the court decision as a "turning point in financial reporting jurisprudence" (Böcking et al., 2019, p. 341). However, this discourse remained predominantly in German and was consequently poorly disseminated within the international academic community.

The OLG Frankfurt decision reveals important guiding principles regarding the judicial perception of enforcement authority. First, the court recognized the enforcement agencies' legitimate role in capital market protection and affirmed their authority to interpret and apply *their own reading* of IFRS standards, even in circumstances where the preparer had applied reasonable judgment. The court upheld the regulator's power to require corrective note issuance (OLG Frankfurt, pp. 37-38, p. 42), generally backing the authority of the enforcer. However, the court introduced significant *qualifications to the enforcers authority*: it explicitly held that the issuance of a corrective note does not automatically imply fault on the part of preparers or other involved individuals (p. 40). Moreover, the court restricted the enforcer's authority to impose specific interpretations solely to cases involving corrective notes, distinguishing these from situations involving more severe sanctions where significantly more restrictive legal standards of criminal law apply – requiring accounting errors to be "evidently" incorrect or "wholly" unjustifiable (p. 40). The court further established a *materiality threshold* (pp. 42-43), applying this standard to conclude that two of the four contested errors were immaterial and therefore exempt from corrective note requirements. Thus, the court effectively limited the scope of possible sanctions in IFRS enforcement, linking the *principles-based nature* of the standards to the *severity of potential penalties*.

Second, the court explicitly anchored its determination of possible "errors" in IFRS's own definitional framework, particularly IAS 8.5. The court interpreted IAS 8.5 as assuming a subjective set of information available to the preparer at the time of authorization, defining error as misuse of reliable information that was (a) “available when financial statements for those periods were authorized” and (b) “could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements”, thus not involving all theoretically feasible information. Acknowledging that preparers face cost-benefit considerations and limited access to information in practice, the court emphasized that preparers and auditors must exercise judgment explicitly granted by IFRS standards “within a reasonable time-frame and available at the time” (p. 80). For instance, as long as the preparer conducted analysis regarding fair value measurement “on the basis of information that was reasonably available to them,” an error under IFRS’s own definition would not apply, and preparers cannot be punished by enforcement regulators (p. 80). Consequently, the court did not follow the enforcer’s position on fair value measurement, instead protecting the preparer’s judgment constrained by practical information availability.

The Austrian and German cases also showcase that, even when IFRS enforcement disputes reach a judicial resolution, the process spans many years. The Austrian case originated with financial statements from 2019, yet a final court verdict has not yet been issued as of 2026. Similarly, the OLG Frankfurt’s decision on Axel Springer’s 2012 financial statements was not finalized until 2019. These protracted timelines undermine the timeliness of enforcement actions and entail substantial costs. For example, in its verdict, the OLG Frankfurt set the “amount in dispute” (legal costs and court fees) at 800,000 EUR. Consequently, the extended duration of court cases, coupled with uncertain outcomes and substantial legal costs, provides further incentives to preparers to favor acquiescence over court challenge.

Overall, court cases involving the enforcement of IFRS remain rare, with most disputes being resolved through non-adversarial channels. When cases do reach the courts (and are not settled before a verdict), the resulting court decisions tend to be highly context-specific and are seldom disseminated internationally or referenced systematically across jurisdictions. This scarcity and insularity create a transparency deficit, largely driven by missing accessible court case databases internationally.[18] The result is a paradox of global accounting standards that may ultimately be interpreted by opaque national rulings and expert opinions, as reflected in enforcement court cases.

3.4 The Role of Politics

The U.S. SEC is widely regarded as the "gold standard" of securities regulation and oversight (e.g., La Porta et al., 2006), serving as the primary enforcement body for financial reporting compliance in the world's largest capital market. However, empirical evidence reveals that political connections significantly influence the likelihood and intensity of SEC enforcement actions. Seminal work shows that firms with ties to U.S. politicians, those deemed "politically connected" (see Correia, 2014; Heese et al., 2017, and Jennings et al., 2021, for more nuanced analyses), or those employing ex-SEC employees through "revolving door" arrangements (see de Haan et al., 2015) experience markedly lower probabilities of enforcement intervention.

Furthermore, Mehta and Zhao (2020) demonstrate that influential members of the U.S. Congress exert direct influence over SEC enforcement actions, protecting firms located in their electoral districts. Such geographically motivated regulatory forbearance is driven by the fact that corporate misconduct has significant consequences for politicians' future election outcomes. Heese (2019) extends this analysis, showing that the SEC's decision to pursue enforcement actions reflects broader political objectives beyond compliance, including unemployment levels in voting districts. Finally, Pandey et al. (2025) find that the SEC is more

[18] Such as, e.g., the Stanford Securities Class Action dataset for U.S. securities litigation cases, see https://securities.stanford.edu/. In the EU, the European Case Law Identifier (ECLI), which is a standardized format used to uniformly identify, cite, and search for court decisions across the European Union and Member states, is a step into this direction.

likely to launch an investigation against a firm whose political ideology was misaligned with that of the agency, illustrating the influence of political partisanship on SEC investigations and AAER enforcement actions (see also Steel, 2024). Overall, these findings are consistent with theories of regulatory capture and political influence, which predict that enforcement agencies may respond not only to statutory mandates but also to political and economic pressures (Stigler, 1971; Peltzman, 1976).

This political dimension extends to the SEC's treatment of foreign issuers applying IFRS. The SEC takes a notably soft approach to IFRS enforcement for foreign issuers ("explain and improve"), primarily using comment letters rather than punitive sanctions. According to empirical evidence by Gietzmann and Isidro (2013) and Linthicum et al. (2017) approximately 50% of enforcement cases result merely in amended disclosures for *future* periods, and less than 1% necessitate *refiling*. Notably, Accounting and Auditing Enforcement Releases (AAER) do not include any sanctions for IFRS-related violations. In fact, the SEC's public AAER enforcement webpage related to foreign private issuers does not list a single case referencing IFRS issues related to foreign private issuers.[19]

Beyond the U.S. context, incentive issues permeate local IFRS enforcement setups across diverse national environments. In *Germany*, enforcement personnel of the private enforcer FREP that existed until the Wirecard scandal frequently maintained high-paid side positions within firms they officially supervised, creating conflicts of interest by being "financially connected". Heese (2022) documents that German public IFRS-reporting firms with active regulators from the private FREP serving on their supervisory boards were less likely to face FREP enforcement actions, suggesting regulatory capture through paid corporate board membership. Similarly, in *Romania*, the state suspended its commitment to accounting

[19] https://www.sec.gov/enforcement-litigation/accounting-auditing-enforcement-releases

enforcement when it realized that its international constituents were satisfied. The state then reallocated resources to other governmental projects with higher political priority (Albu et al., 2021). In *Greece*, the accounting and auditing oversight board was essentially inactive, constrained by the protection of pre-existing local structures rather than active regulatory engagement (Caramanis et al., 2015). Although the settings are very different, these patterns consistently demonstrate the enforcement of IFRS that exists "on the books" rather than "in practice," with their formal institutional presence masking actual regulatory dormancy.

Due to national (e.g., EU member states) and supranational (e.g., ESMA across the EU) oversight and/or overlap in the enforcement of accounting and disclosure rules by securities regulators (e.g., BaFin in Germany) and prudential regulators (e.g., Deutsche Bundesbank in Germany), multi-layer enforcement architectures introduce additional complexity through diverse incentives at the involved oversight institutions. This shifts responsibilities and balances power dynamics, as shown by Agarwal et al. (2014) regarding the enforcement of state vs. federal banking supervisors and Bischof et al. (2022) regarding overlapping risk disclosures under IFRS and Basel Pillar 3. In Italy, political interests and the prudential regulator, Banca d'Italia, influenced the enforcement agency CONSOB's opinions on Italian banks' asset revaluation practices, which notably deviated from IAS 39 requirements. However, both ESMA (in Brussels) and the IFRS IC (in London) refrained from supporting the local Italian IFRS enforcer's position or providing authoritative guidance on these controversial deviations. This suggests hierarchical enforcement paralysis when technical standards confront powerful political exigencies (see Quagli et al., 2021b).

Enforcement regulators can also become part of broader "regulatory forbearance" strategies. For example, in *Spain*, local enforcement agencies and auditors overlooked significant deviations from IFRS impairment rules in the politically connected major bank *Bankia* (now merged into *CaixaBank*), due to explicit government pressure to qualify the institution for a bailout by the European Financial Stability Facility (EFSF) (Giner and Mora, 2021). In *Germany*, during the financial crisis, the enforcement regulators explicitly defined enforcement priorities that excluded the main potential IFRS accounting issues in banks emerging from the crisis (e.g., impairments, fair values) from their investigative scope, after the German government's announcement of a massive rescue package of the financial sector worth up to €500 billion. The public enforcement regulator is under the jurisdiction of the German Federal Ministry of Finance, the same institution that organized the bailout package in the first place (Becker et al., 2021). In *Brazil*, after the enforcement regulator, CVM, asked the partially state-owned multinational corporation *Petrobras* to restate its financial statements in March 2017 regarding the application of IFRS hedge accounting rules, it reversed its decision only later, in July. The CVM board's decision was not unanimous; reports suggest significant political background interventions, for example, because the rapporteur of the case at the CVM's decisive board meeting was very close to the Brazilian Minister of Finance (Contabilidade Financeira, 2017). These cases illustrate that when IFRS rules become entangled with "real" politics, they are reframed according to prevailing interests rather than technical accounting requirements. In such cases, the political authority of elected representatives supersedes the technical authority of bureaucratic regulators.

On the contrary, IFRS enforcement regulators have also been accused of "regulatory activism and overreach", i.e., excessive or expansive enforcement for political motives. In *Germany*, following the Wirecard scandal, BaFin significantly tightened IFRS enforcement (e.g., in the case of *Deutsche Bank*'s deferred tax assets). Some observers saw this as BaFin becoming aggressively interventionist to restore political credibility after its embarrassing failure to detect the Wirecard fraud (Storbeck, 2024). In *Korea*, the *Samsung* (Biologics) case became highly politicized as critics argued that enforcement regulators aggressively reframed a debatable IFRS judgment as accounting fraud amid anti-chaebol reforms and broader scrutiny of the Samsung

Group and its heir, Lee Jae-yong's, succession strategy. The company was later largely cleared of these allegations in court (Song, 2025).

The press has reported on multiple other examples around the world. All of these cases have in common that they involve system-relevant sectors or national-champion firms. Thus, these findings suggest that when the stakes are high, political forces play a dominating role in shaping IFRS enforcement actions across diverse institutional contexts. Policymakers systematically utilize leniency, or activism at the other extreme, with IFRS enforcement as a strategic tool for regulatory forbearance or intervention, thus prioritizing systemic stability, other political objectives, or resource allocation preferences over compliance with principles-based accounting standards. This political dimension complicates the enforcement landscape of global standards, undermining the comparability envisioned by IFRS.

3.5 Summary

Returning to the question that motivated our study – what constitutes substantive enforcement of principles-based IFRS – we find that the answer defies the crude dichotomies that initially characterized IFRS research. Economic analysis casts doubt on the unconditional desirability of stronger enforcement and suggests that enforcement must be carefully calibrated to achieve the benefits of principles-based standards. Accordingly, we review what empirical research reveals about enforcement institutions and practices, courts, and the role of politics.

First, regarding institutions, research reveals a striking divergence between the formal structures of IFRS enforcement ("on the books") and its operational realities ("in practice"). While EU member states progressively implement ESMA guidelines and appear increasingly robust in their institutional frameworks, actual enforcement behavior has paradoxically weakened over time. This results in enforcement that remains often intransparent and largely invisible to stakeholders and is characterized by mild sanctions embedded in future financial statements rather than public corrective action.

Second, at the micro-level of practices, compliance emerges from complex social processes within networks of preparers, auditors, advisors, and enforcers. Preparers engage in anticipatory compliance, constructing "defence files" and integrating enforcer perspectives to pre-emptively determine acceptable accounting treatments. Big audit firms serve as regulatory intermediaries throughout this process, from shaping standards during due process to serving as enforcement advisors, holding information advantages that transform enforcement engagements into asymmetric battles of resources where financial capacity influences outcomes and battles of arguments reflecting intellectual challenges over IFRS interpretation.

Third, courts serve as ultimate arbiters of compliance disputes, but judicial engagement with IFRS remains rare and opaque across jurisdictions. When cases do reach courts, they tend to be highly context-specific, rely heavily on external expert opinions, and span protracted timelines with substantial costs. The scarcity of accessible court databases and the tendency for disputes to be resolved through non-adversarial "explain and improve" approaches create another lack of transparency.

Fourth, enforcement is systematically shaped by political interests beyond technical accounting requirements. Patterns of regulatory capture and revolving doors influence enforcement intensity in both developed and emerging economies. When IFRS rules intersect with systemic stability or national interests, political authority supersedes technical debate, with enforcement deployed strategically as a tool of regulatory forbearance or activism.

4. Towards a future research agenda

Since our understanding of IFRS enforcement is still developing, this section outlines promising areas for future research.

First, as in many scholarly fields, *artificial intelligence* is revolutionizing the scope and depth of research we can conduct on IFRS enforcement. The global application of IFRS across diverse jurisdictions, legal frameworks, and languages presents both challenges and opportunities that AI-assisted research is uniquely positioned to address. Specifically, as the collection and processing of information displayed in our Tables 1 and 2 illustrate, AI can assist researchers in detecting enforcement cases across scattered databases, automating translations of complex multilingual documents, interpreting intricate accounting and legal issues, and synthesizing vast quantities of information into coherent analytical frameworks.

Second, there have been significant limitations regarding *data access*. Current research on accounting enforcement internationally often only reaches the "tip of the iceberg" due to severe constraints: (i) Coordination bodies such as IOSCO and ESMA only provide highly aggregated, anonymized information from databases, if they provide it at all, and this information is hardly usable for empirical studies; (ii) for these supranational institutions, and in many countries outside the United States, Freedom of Information Act (FOIA)[20] requests are difficult to obtain because they apply restrictive data and information protection policies, or the institutions are not even governed by public law, e.g., when enforcement is outsourced to a private oversight body such as the FREP in Germany; (iii) in some jurisdictions, access to proprietary data was granted only to selected individual researchers with personal ties to the institution, who leveraged this advantage to capture their own research rents. For example, in Germany, former Frankfurt professors Böcking and Gros were the only ones allowed to use the data by the German BaFin (see, for example, Böcking et al., 2015; Gros et al., 2026), while other researchers' requests were denied.[21] Enforcers in other jurisdictions also allowed selected

[20] See Blackburne et al. (2020) as an example study for research on U.S. SEC enforcement actions that used FOIA requests to access information, such as investigations closed by the SEC, that were otherwise not publicly available. The rich literature on SEC enforcement actions is also due to such FOIA data access for researchers.
[21] Notably, in "tit for tat", in October 2020, Böcking and Gros wrote an expert opinion on behalf of the BaFin. The opinion aimed to shift responsibility for the enforcement of Wirecard to the private enforcer (FREP) that existed at the time in Germany (Böcking and Gros, 2020).

individuals access to their data.[22] In sum, opening new avenues for researchers to access these restrictive enforcement data sets (see Section 5) would certainly trigger many new research opportunities on enforcement. In addition, courts present a different scenario. Public-interest access provisions allow researchers to examine underlying court materials "on site," revealing far more case materials than the published verdicts alone. These underlying materials, when accessible, offer far richer insights into deliberative processes, expert testimony, and documentary evidence that support judicial determinations. This allows for the analysis of how courts make IFRS decisions.

Third, surprisingly little research examines which *standards* are subject to enforcement actions. Bradbury and Scott (2021) descriptively analyze the standards that included application errors leading to enforcement actions in New Zealand. A similar analysis of excerpts from the EECS database and published error findings in individual countries (see Table 1) would provide information on standards that companies have difficulty complying with. Beyond focusing on standards, AI-assisted research could conduct more granular analysis at the level of *individual paragraphs* to identify the underlying characteristics that cause errors across different types of standards. AI can easily collect these quoted paragraphs or even infer relevant paragraphs from content in comment letters, enforcement releases, restatement note disclosures, and court cases. Furthermore, a comparative analysis with rules-based US GAAP could help detect application issues unique to principles-based (or, conversely, rules-based) standards by examining the types of paragraphs most frequently cited in enforcement actions for both regimes (see Lin et al., 2025, for a comparison at the standards level).

Fourth, more granular studies are also needed on institutions and their differing "*menus*" of enforcement actions, including the specific features of enforcement systems within their

[22] Specifically, Bradbury and Scott (2021) use proprietary data of the Securities Commission of New Zealand (SCNZ), and Kim and Shin (2025) use proprietary data of the Korean FSS for studying IFRS enforcement.

broader ecosystems and studying features that are unique and distinct from U.S. SEC setting. So far, only Christensen et al. (2020) provide an example of a proactive review study in the UK, and Gros et al. (2026) address enforcement targeting. Under-researched features include, for example, (i) the publication of enforcement priorities, (ii) proactive review programs, (iii) the publication of restated reports, and (iv) reconciliations in future financial statements.

Fifth, effects of the *enforcement process's transparency* (or lack thereof) should be examined. We have found that enforcement processes internationally are surprisingly opaque, with enforcement actions often being invisible or hidden (see Table 2). This raises questions about enforcement agencies' accountability (see Section 3.2) and their credibility in capital markets. How can they demonstrate their commitment to rigorous, high-quality enforcement? Studies in the U.S. consistently document the benefits of the SEC's enforcement activities becoming more transparent over time (e.g., Duro et al., 2019; Hutton et al., 2022; Leonie et al., 2021); these studies provide relevant points of reference. Additionally, enforcement "styles" and geopolitics (Camfferman, 2020) warrant investigation. For example, the SEC's stance toward *foreign* firms under different Commissioners and Presidential administrations, with differing foreign policy objectives, could be analyzed in a similar vein to Pandey et al. (2025), addressing partisan enforcement action on *U.S.* firms targeted by the SEC. Finally, it would also be important to investigate enforcement styles outside the United States and Europe. Even for most G20 countries, no evidence is available (Kim and Shin, 2025, for Korea as an exception). Another area of study where we have little insight is coordination across enforcement institutions, which has long been acknowledged (Holthausen, 2009) but not yet addressed (Mora, 2025).

Sixth, empirical insights into *enforcement practices* remain limited regarding how compliance is socially constructed across diverse institutional contexts. We lack systematic evidence on how enforcement styles differentially shape preparer behavior and the boundaries of acceptable judgment. We also lack evidence on how Big 4 audit firms, through their global networks, pool enforcement experiences and influence local enforcement cases. Moreover, research could examine whether local interpretative IFRS literature functions as a "markets for excuses" (Watts & Zimmerman, 1979) and what commercial interests of contributors, including authors and their employers (Big 4, listed companies, enforcement regulators), and publishing houses, drive its production. Additionally, as literature repeatedly documents the persistence of national traditions under IFRS (e.g., Nobes, 2013), it would be useful to better understand how quasi-legal spillovers from local GAAP shape IFRS interpretation and enforcement.

Seventh, several avenues regarding *courts* merit attention. (i) The "battle of arguments" in IFRS enforcement cases demands further examination of quoted sources in court cases, as well as the role of accounting scholars. This includes situations in which scholars are quoted in verdicts,[23] serving either as paid expert witnesses for the involved parties or as neutral experts assigned by the courts. These grey areas between the roles are much larger than published verdicts reveal, but could be studied through interviews with accounting scholars known to be involved in such cases or by directly examining court case materials. As mentioned above, public-interest access provisions provide opportunities beyond published verdicts and reveal excessive case materials.

Moreover, (ii) the role of IFRS in different types of legal disputes – public enforcement challenges, private litigation, private contracting, tax disputes, and courts of (international) arbitration – requires systematic mapping. In particular, private accounting enforcement through shareholder litigation outside the United States remains unexplored, despite extensive research on shareholder litigation and corporate disclosure in the U.S. (e.g., Skinner, 1997; Rogers and Van Buskirk, 2009; Bourveau et al., 2018). For example, Schantl and Wagenhofer (2020) demonstrate analytically that private enforcement unambiguously enhances deterrence yet strategically substitutes for public enforcement, possibly crowding out public enforcement

[23] See, for example, Professor Warren Maroun in South Africa (see case Trustco Group Holdings Limited v JSE Limited (JSE1/2021) [2021] ZAFST 9 (22 November 2021)).

efforts. Future IFRS research could operationalize these insights by examining how private enforcement mechanisms interact with and possibly substitute for public enforcement across jurisdictions. Similarly, the role of activist investors targeting IFRS firms warrants deeper examination (as in Brendel and Ryan, 2021, in the U.S.).[24]

Finally, (iii) we need more systematic evidence to understand the economic consequences of court verdicts for firms and individuals involved. Market reactions to private litigation cases are severe, with an average reaction of 12.3% to announcements reported by Barko et al. (2023). However, reactions to court cases involving public enforcement remain unclear. Prior studies indicate that capital market reactions to published error findings are economically negligible (Hitz et al., 2012) and significant only when the stakes are high (see Section 3.4). Spillover effects (e.g., Silvers, 2016) on other firms in the economy when institutional enforcement powers by major IFRS court cases in a country are *backed* (e.g., in South Africa) or *constrained* (e.g., in Korea) could also be examined. Moreover, the legal consequences of detection errors range from penalties to multi-year work bans for accountants and auditors to jail sentences for individuals. An analysis of these consequences and of how they are driven by the type of error (interpretation error vs. fraud) and the local legal setting could help make sense of how companies, auditors, and enforcers construct compliance with IFRS.

5. Implications for the IASB's standard-setting

The IFRS Foundation (2026, para. 1.1) claims to develop "enforceable and globally accepted standards," yet it explicitly acknowledges that enforcement responsibility lies with national jurisdictions, not the IFRS Foundation itself. This creates a paradox: although the IASB asserts enforceability as a core attribute of its standards, the enforcement issues that we discuss in this survey – local institutions and practices, courts and politics – remain outside its control. The

[24] See e.g., the list of firms targeted by activists from "Grizzly Research" which contains a meaningful number of IFRS firms https://grizzlyreports.com/wp-content/uploads/2025/11/Grizzly-suing-study-v20251121.pdf.

IASB signals awareness of this disconnect through a striking omission: its jurisdictional profiles, prominently featured on its website, contain no references to enforcement institutions or practices.[25] This effectively treats IFRS enforcement as invisible in the global standard-setting landscape. However, this approach appears short-sighted: Claiming enforceability without articulating what it means in practice, or how IASB standard-setting is linked to enforcement, leaves preparers, auditors, and enforcement regulators without clear guidance on compliance. Thus, a clearer *articulation* of what the IASB means by the "enforceability" of its standards could help to develop more consistent enforcement and court decisions across jurisdictions.

Our survey reveals that despite this jurisdictional distance, the IASB exercises de facto authority through *all* materials it publishes. Courts across jurisdictions frequently reference IFRS's own definitional frameworks, such as IAS 8.5 on accounting errors, to determine compliance, thereby creating significant legal consequences for the parties involved. Moreover, we find that *any* IASB publications, whether officially part of standards or not, such as agenda decisions by the IFRS IC (IFRS Foundation, 2026, paras. 8.3-8.7), "guidance documents, […] examples, articles, podcasts, webcasts, e-learning modules and presentations for conferences and workshops" (IFRS Foundation, 2026, para. 8.8) are systematically cited alongside standards in enforcement proceedings and court cases, transmitted through Big Four audit manuals, local interpretative guides, or as stand-alone documents. These additional materials effectively extend the boundaries of acceptable IFRS application, creating an expanded, formally unauthorized canon that shapes economic and legal outcomes. Thus, the IASB may want to acknowledge the limits of its strategy of distinguishing official and unofficial material, as all of its material is de facto used in enforcement and court decision-making.

[25] See https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/.

While it is known that the "IASB staff use Big-4 IFRS manuals" (Herman, 2020, p. 365), there is an additional layer of local written interpretations of IFRS, such as the German commentaries (see 2.1). This rich local literature reflects a black box to the IASB, simply because of language barriers and limited electronic availability. Increasingly, such barriers are reduced due to the capacity of AI translations and digital version of commentaries, which makes it possible for the IASB staff to monitor the developments of local interpretations. This may provide an important input for IASB agenda-setting and standard-setting, as differences in these interpretations could reveal where principles-based standards require further clarification or amendment.

Along these lines, the IASB could also mobilize the rich insights that arise in various interpretative arenas, including enforcement practice and court decisions. Of course, the IASB needs no case-sensitive business details but rather a deeper understanding of underlying accounting issues that caused application problems, whether these prove idiosyncratic to individual firms or are applicable across multiple preparers. Such an analysis was unrealistic in the past because of constraints on human staff resources. However, AI agents, such as Claude, can now assist in collecting and processing case-specific information from enforcement cases, restatements, and court proceedings, making this task much more feasible (see our Tables 1 and 2 as examples).

Academics could assist the IASB in this endeavor, for example, through academic fellowship positions as they exist at the PCAOB and the SEC. They could provide analysis of enforcement and court cases to provide the IASB with insights into recurring application issues. To enable systematic consideration of enforcement cases, the IASB could establish more formal cooperation channels with enforcement institutions to establish *access points* to enforcement data for academics.[26] Notably, in other policy areas with sensitive data, data use for research

[26] See IFRS Foundation (2026, para. 3.57) stating: "the boards maintain a dialogue with the International Organization of Securities Commissions and other bodies bringing together securities regulators. This dialogue is supplemented by engagement with jurisdictional securities regulators."

purposes is much more common: For example, labour market or social security data, such as from the French Statistics Office, is provided for research purposes under certain conditions via secure data-access boxes through which data analysis can be run on local servers remotely (see e.g., Daske et al., 2026). Similarly, central banks, such as Deutsche Bundesbank, allow researchers the opportunity for "on-site data" data analysis with strict output table controls (see, e.g., Bischof et al., 2026). In light of such established role models, restrictions on ESMA and IOSCO databases on IFRS enforcement cases no longer seem appropriate, and restrictions due to data privacy may be overcome. As mentioned before, the SEC is much more transparent about the interactions with issuers and the final outcomes of enforcement investigations.

A detailed review of such enforcement data could be highly useful for post-implementation reviews (PIRs) that the IASB conducts a few years after the effective date of a new standard. While the IASB staff prepares literature reviews and constituents submit their views through comment letters during public consultations, systematic consideration of enforcement data would enable the IASB to identify the specific accounting issues in a standard under review that generate recurrent application controversies. This could inform standard-setting priorities and enable targeted amendments to principles-based standards.

In sum, while the IASB claims enforceability as a core attribute of its standards, the meaning and implications of this statement remain unclear. The IASB's entire corpus of publications, including unofficial materials, are systematically cited in enforcement proceedings and court cases. To bridge this disconnect, the IASB could leverage AI-assisted analysis and academic partnerships to systematically access enforcement data and monitor local interpretative literature, thereby identifying recurring application controversies that inform post-implementation reviews and clarify principles-based standards. Therefore, systematically integrating enforcement issues through AI-assisted monitoring of application controversies, cooperation with enforcers, partnerships with academics to bridge data barriers, and enforcement-informed PIRs and agenda-setting represents a viable path to ensuring that principles-based IFRS are enforceable and comparable global standards.

Declaration of generative AI and AI-assisted technologies in the manuscript preparation process

During the preparation of this work, the authors used DeepL and Kimi to improve the language and readability. Tables 1 and 2 were prepared by consulting ChatGPT and Claude Agent. After using these tools, the authors reviewed and edited the content as needed and take full responsibility for the published article.

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Table 1. Accessibility of IFRS enforcement decisions across the G20 and member states of the European Union

Panel A. G20 jurisdictions

COUNTRY	NAME OF ENFORCEMENT AUTHORITY	PUBLIC SANCTIONS	ACCESS-IBILITY	AVAIL-ABILITY IN ENGLISH	LEVEL OF DETAIL	ACCESS CONSTRAINTS
Argentina	CNV	Yes	Easy	No (Spanish only)	Sanction notice	Single portal, but the search supports only free-text queries; there is no way to filter by IAS/IFRS, so cases must be screened manually.
Australia	ASIC	Yes	Moderate	Yes	Summary press release	No per-case decision is published. Issuers are named only inside thematic surveillance reports and short media releases under the news section, so the underlying finding cannot be recovered from the regulator's site.
Brazil	CVM	Yes	Moderate	No (Portuguese only)	Full reasoned decision	Single portal, but navigation across the docket pages is cumbersome and cases cannot be filtered by IFRS keyword.
Canada	CSA / OSC	Yes (aggregated)	Moderate	Yes (English / French)	Aggregated report	Primary enforcement competence sits with thirteen provincial regulators, each with its own portal; the federal CSA Refilings list keeps only the most recent three years.
China	CSRC	Yes (selective)	Difficult	Limited	Summary press release	Only representative cases are released and the case lists are rendered by client-side JavaScript, which prevents direct scraping.
European Union	ESMA	Yes (aggregated)	Easy	Yes	Aggregated report	Only aggregate statistics and anonymised extracts are published; individual issuers are not identified, so researchers must consult the national enforcers.

France	AMF	Yes	Easy	Yes (English / French)	Full reasoned decision	Single portal, well indexed; no material access barrier.
Germany	BaFin / formerly FREP	Yes	Moderate	Yes (English / German)	Sanction notice	The archive is split between two regulators: pre-2022 error notices were published by FREP on the Bundesanzeiger; from 2022 onwards they are published directly by BaFin.
India	NFRA / SEBI	Yes	Moderate	Yes	Full reasoned decision	Two separate enforcement portals (NFRA orders and SEBI orders) must be searched in parallel.
Indonesia	OJK	Yes	Moderate	Partial	Summary press release	No formal decision document is published. The only public artefact is a short press release, so the substantive reasoning of the regulator cannot be recovered.
Italy	Consob	Yes	Moderate	Partial	Sanction notice	Decision templates vary materially across years; the search interface is limited in English and older decisions are kept only in a separate legacy archive.
Japan	FSA / CPAAOB / SESC	Yes	Moderate	Limited	Sanction notice	Three separate portals (FSA, SESC, CPAAOB) must be searched in parallel; cross-references between them are not standardised and navigation is Japanese-only.
Mexico	CNBV	Yes	Moderate	Limited	Sanction notice	Two separate sanctions databases (securities issuers vs. banks and insurers); both can only be browsed page by page (no filtering or bulk download).
Russia	CBR / Ministry of Finance	Partial	Difficult	Partial	Sanction notice	The CBR portal has been geo-restricted from outside Russia since 2022 (requires a proxy), and a non-trivial share of the historical archive URLs no longer resolve.

Saudi Arabia	CMA	Partial	Moderate	Partial	Summary press release	Full decisions are not routinely published. Only short press releases summarising the sanction are available, so the substantive reasoning cannot be recovered.
South Africa	JSE FRIP / FSCA	Yes	Moderate	Yes	Summary press release	Findings are reported only through JSE SENS announcements and, where available, court records. The FRIP itself does not maintain a dedicated decision archive.
South Korea	FSS / SFC	Yes	Moderate	Limited	Sanction notice	Two portals (FSS sanctions list + SFC resolutions). The substantive PDFs are not directly addressable from the list and must be downloaded manually case by case.
Turkey	SPK / CMB	Yes	Moderate	Limited	Sanction notice	Decisions are not published case by case; they are aggregated into weekly bulletins (long PDFs), each containing many unrelated sanctions, and there is no per-case URL.
United Kingdom	FRC	Yes	Easy	Yes	Full reasoned decision	Single portal, well indexed; no material access barrier.
United States	SEC	Yes	Easy	Yes	Full reasoned decision	Single portal, well indexed; AAERs are issued in a stable per-case format and have been continuously archived since 1982.

Panel B. Other European Union member states

COUNTRY	NAME OF ENFORCEMENT AUTHORITY	PUBLIC SANCTIONS	ACCESSIBILITY	AVAILABILITY IN ENGLISH	LEVEL OF DETAIL	ACCESS CONSTRAINTS
Austria	AFREP / FMA	Yes	Moderate	Yes (English / German)	Sanction notice	Only the more recent FMA error findings are easily retrievable, so the historical record is fragmented.

Belgium	FSMA	Yes (limited)	Difficult	Yes (Eng. / Fr. / Dutch)	Full reasoned decision	The Sanctions Committee publishes per-case decisions, but the news and sanctions URLs frequently return 404, so deep links into the archive are unreliable.
Bulgaria	FSC	Yes	Moderate	Limited (Bulgarian)	Sanction notice	A per-decree register exists with named issuers, articles violated and fine amounts, but the pre-2021 archive has been migrated and only 2021 onwards is fully addressable.
Croatia	HANFA	Yes	Difficult	Limited (Croatian)	Sanction notice	Decisions are buried inside HANFA Council meeting minutes (Rješenja); some candidate URLs return 404 and retrieval requires a targeted Croatian-language scrape.
Cyprus	CySEC	Yes	Easy	Yes (English / Greek)	Sanction notice	Single portal with a dedicated public-sanctions page; few accounting-specific cases as CySEC focuses on investment firms.
Czech Republic	CNB	Yes	Easy	Limited (Czech)	Full reasoned decision	A per-case PDF register (Pravomocná rozhodnutí) exists, but it is Czech-only, so substantive review of any decision requires translation.
Denmark	Finanstilsynet	Yes	Easy	Yes (English / Danish)	Full reasoned decision	Single portal with stable per-issuer decisions (Påbud/Afgørelse/Redegørelse); the search uses an AJAX endpoint rather than a plain hyperlinked listing.
Estonia	Finantsinspektsioon	No (not observed)	—	Yes (English / Estonian)	Aggregated report	No public IFRS sanctions have been issued; only the supervised-entities list and a register of supervisory notices (‘ettekirjutus’) are available.
Finland	Finanssivalvonta	Yes	Moderate	Yes (English / Finnish)	Summary press release	Risk-based IFRS review; findings are released only as a small number of press releases per

						year for major cases, with no dedicated decision register.
Greece	HCMC	Yes	Difficult	Limited (Greek)	Sanction notice	Decisions are published on a Greek-language Liferay portal where case detail is rendered by client-side JavaScript, preventing direct linking and scraping.
Hungary	MNB	Yes	Moderate	Yes (English / Hungarian)	Summary press release	Findings appear only in Hungarian-language press releases on the MNB news archive; there is no dedicated enforcement-decision database.
Ireland	IAASA	Yes	Moderate	Yes	Sanction notice	Strong public disclosure, but the annual Decisions volumes are published as compendium PDFs covering several cases each, so individual case files are not directly addressable.
Latvia	Latvijas Banka	Yes	Easy	Limited (Latvian)	Sanction notice	Latvian-language Sankcijas register on bank.lv; small market with very few cases per year.
Lithuania	Lietuvos bankas	Yes	Difficult	Limited (Lithuanian)	Sanction notice	The ‘Poveikio priemonės’ register is protected by Cloudflare against non-browser clients, which blocks programmatic retrieval.
Luxem-bourg	CSSF	Yes (aggregated)	Easy	Yes (English / French)	Aggregated report	Only annual enforcement campaign reports are published; the CSSF reports issuer-level findings on an anonymous basis, so individual issuers are not identified.
Malta	MFSA	Yes	Easy	Yes	Sanction notice	Single portal (Regulatory Actions news category); small market with very few accounting-specific cases per year.
Nether-lands	AFM	Yes	Moderate	Yes (English / Dutch)	Sanction notice	Findings are published as press-style notices and thematic review reports; per-issuer detail is

						scattered across news pages rather than a structured decision register.
Poland	KNF	Yes	Difficult	Limited (Polish)	Sanction notice	Article-by-article penalty announcements with named issuer and fine amount; the detail page is JavaScript-rendered and requires a headless browser to scrape.
Portugal	CMVM	Yes	Difficult	No (Portuguese only)	Full reasoned decision	Conselho de Administração deliberations on the SDI portal; many sub-pages return 404, so deep-link access to older decisions is unreliable.
Romania	ASF	Yes	Easy	Limited (Romanian)	Sanction notice	Romanian-only Sanctiuni register; cases cannot be filtered by IFRS issue.
Slovakia	NBS	Yes	Easy	Limited (Slovak)	Sanction notice	Slovak-only Rozhodnutia register; few cases per year.
Slovenia	ATVP	No (not observed)	—	Limited (Slovenian)	Aggregated report	The ‘Odločbe’ register is protected by Cloudflare against non-browser clients and the market is very small, so virtually no accounting-specific cases appear.
Spain	CNMV	Yes	Moderate	Limited (Spanish)	Sanction notice	Findings are reported in two streams: aggregated annual IA reports (no per-case PDFs) and per-issuer audit reports filed in the AUDITA register, which must be retrieved by the issuer’s fiscal identifier (NIF).
Sweden	Finansinspektionen	Yes	Easy	Yes (Swedish / English)	Full reasoned decision	Per-case sanction articles with named issuer and IFRS standard cited; the regulator handles only a small number of cases per year (about 5–10).

Notes. This table covers the nineteen G20 member states and the European Union (Panel A) and the remaining EU member states (Panel B).

Public sanctions. Yes = named-issuer findings routinely published; Yes (aggregated) = only thematic or anonymized reports; Yes (selective), Yes (limited), and Partial = only a subset of findings is identifiable; No (not observed) = no public IFRS error finding identified for the coverage period.

Accessibility. Reflects only structural access barriers; the language dimension is captured separately in the following column. Easy = a single well-indexed portal with per-case documents directly downloadable. Moderate = retrieval requires searching across two or more portals, an archive split, a federal–provincial structure, or compendium documents. Difficult = retrieval impeded by geo-restrictions, link decay, JavaScript-rendered listings, or the absence of any per-case decision document.

Availability in English. Yes = substantive reasoning in English; Partial / Limited = English summaries only, reasoning in the national language; No = no English version.

Level of detail. Four mutually exclusive tiers, ordered high-to-low: Full reasoned decision (issuer, IAS / IFRS, and substantive reasoning); Sanction notice (issuer and IAS / IFRS, limited reasoning); Summary press release (issuer named, no structured discussion); Aggregated report (no issuer-level data).

Access constraints. Plain-language description of the principal obstacle to retrieving an individual enforcement decision, expressed from the perspective of an external researcher or automated retrieval agent.

Table 2. IFRS court decisions across the G20 and the member states of the European Union

Panel A. ***Total number of IFRS court decisions***

Panel A1. G20 jurisdictions

JURISDICTION	YEAR OF IFRS ADOPTION	TOTAL NUMBER OF IFRS COURT DECISIONS	PUBLIC ENFORCEMENT	PRIVATE ENFORCEMENT	OTHERS
Argentina	2012	—	—	—	—
Australia	2005	2	1	1	0
Brazil	2010	1	0	0	1
Canada	2011	80	1	9	70
China	n/a	—	—	—	—
European Union	2005	136	65	18	53
France	2005	2	0	0	2
Germany	2005	20	4	7	9
India	n/a	—	—	—	—
Indonesia	n/a	—	—	—	—
Italy	2005	—	—	—	—
Japan	n/a	—	—	—	—
Mexico	2012	—	—	—	—
Russia	2012	—	—	—	—
Saudi Arabia	2017	—	—	—	—
South Africa	2005	23	9	4	10
South Korea	2011	23	1	4	18
Turkey	2005	4	1	1	2

JURISDICTION	YEAR OF IFRS ADOPTION	TOTAL NUMBER OF IFRS COURT DECISIONS	PUBLIC ENFORCEMENT	PRIVATE ENFORCEMENT	OTHERS
United Kingdom	2005	13	0	4	9
United States	n/a	23	1	17	5

Panel A2. Other European Union member states

JURISDICTION	YEAR OF IFRS ADOPTION	TOTAL NUMBER OF IFRS COURT DECISIONS	PUBLIC ENFORCEMENT	PRIVATE ENFORCEMENT	OTHERS
Austria	2005	6	5	1	0
Belgium	2005	—	—	—	—
Bulgaria	2007	—	—	—	—
Croatia	2013	—	—	—	—
Cyprus	2005	—	—	—	—
Czech Republic	2005	1	0	0	1
Denmark	2005	1	0	0	1
Estonia	2005	4	2	2	0
Finland	2005	—	—	—	—
Greece	2005	—	—	—	—
Hungary	2005	—	—	—	—
Ireland	2005	1	0	0	1
Latvia	2005	—	—	—	—

JURISDICTION	YEAR OF IFRS ADOPTION	TOTAL NUMBER OF IFRS COURT DECISIONS	PUBLIC ENFORCEMENT	PRIVATE ENFORCEMENT	OTHERS
Lithuania	2005	3	3	0	0
Luxembourg	2005	1	0	0	1
Malta	2005	—	—	—	—
Netherlands	2005	24	6	8	10
Poland	2005	54	41	0	13
Portugal	2005	—	—	—	—
Romania	2007	—	—	—	—
Slovakia	2005	5	0	0	5
Slovenia	2005	10	3	0	7
Spain	2005	2	1	0	1
Sweden	2005	2	0	0	2

Panel B. ***Unique public enforcement court cases***

Panel B1. G20 jurisdictions

JURISDICTION	PUBLIC ENFORCEMENT COURT DECISIONS	UNIQUE PUBLIC ENFORCEMENT COURT CASES	WORD COUNT / CASE
Australia	1	1	32,708
Canada	1	1	44,087
European Union	65	33	11,824
Germany	4	3	16,821
South Africa	9	6	6,798
South Korea	1	1	5,369

JURISDICTION	PUBLIC ENFORCEMENT COURT DECISIONS	UNIQUE PUBLIC ENFORCEMENT COURT CASES	WORD COUNT / CASE
Turkey	1	1	5,164
United States	1	1	13,751

Panel B2. Other European Union member states

JURISDICTION	PUBLIC ENFORCEMENT COURT DECISIONS	UNIQUE PUBLIC ENFORCEMENT COURT CASES	WORD COUNT / CASE
Austria	5	2	11,038
Estonia	2	1	7,893
Lithuania	3	3	6,091
Netherlands	6	4	14,925
Poland	41	16	12,599
Slovenia	3	3	6,030
Spain	1	1	12,117

Notes. This table reports IFRS-related court decisions across the 19 G20 member states and the European Union (Panels A1 and B1) and across the remaining EU member states (Panels A2 and B2). An em dash (—) indicates that no decision was identified for the jurisdiction in the sample; "0" indicates that the jurisdiction was searched, but no decision of that type was found. Panels B1 and B2 list only jurisdictions for which at least one public-enforcement decision was identified.

Year of IFRS adoption. Year in which IFRS became mandatory for the consolidated financial statements of listed companies in the jurisdiction; "n/a" indicates that IFRS is not mandatory for domestic issuers

Total number of IFRS court decisions. Count of judicial or quasi-judicial decisions in the dataset that cite or apply IAS / IFRS standards, regardless of enforcement type.

Public enforcement. Decisions in which a regulator, audit-oversight body, or other public authority is a party (e.g., challenges to regulator findings, sanctions, or supervisory orders).

Private enforcement. Decisions in which the dispute is between private parties (e.g., shareholder or investor claims, M&A warranty disputes, auditor negligence).

Others. Residual category covering decisions that do not fit cleanly into the public / private enforcement dichotomy.

Unique public enforcement court cases. Number of distinct underlying cases represented by the public-enforcement decisions in the jurisdiction (multiple decisions may relate to the same case, e.g., across instances).

Word count / case. Mean word count of the full decision text per unique public-enforcement case in the jurisdiction.