

Listed Entity and Public Interest Entity (PIE)

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IAASB Meeting

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PIE Task Force and Staff

- Monitoring jurisdictional developments
- Ongoing collaboration and coordination with IESBA



Recap – Project Objectives that Support the Public Interest

- A. Achieve to the greatest extent possible convergence between the definitions and key concepts underlying the definitions used in the revisions to the IESBA Code and the ISQMs and ISAs to maintain their interoperability.
- B. Establish an objective and guidelines to support the IAASB's judgments regarding specific matters for which differential requirements for certain entities are appropriate.
- C. Determine whether, and the extent to which, to amend the applicability of the existing differential requirements for listed entities in the ISQMs and ISAs to meet heightened expectations of stakeholders regarding the performance of audit engagements for certain entities, thereby enhancing confidence in audit engagements performed for those entities.

Qualitative Standard-Setting Characteristics

Scalability

Proportionality

Coherence

Relevance

Clarity and Conciseness

Implementability



**Focused on Track 2
(Agenda Item 3-A,
Appendix 2)**

December 2023 CAG Discussion

- Support for the ED for Track 2
- Recognition of the importance for
 - Aligning the PIE definitions in the IAASB and IESBA standards to support consistency in practice
 - Consideration of the role of jurisdictional laws or regulations when adopting the definitions
 - Obtaining feedback from a wide range of stakeholders and geographical regions
- Further consideration requested to confirm ISA 260 (Revised) requirement to communicate fee related matters is not weakened

Feedback from the SMPAG

Prominence needed for the following guidance

- The requirements in the ISQMs/ISAs for PIEs do not necessarily apply when law or regulation designates an entity as a PIE for reasons unrelated to the significant public interest in the financial condition of the entity
- The firm or auditor voluntarily determines to treat other entities as PIEs for the purposes of the ISQMs/ISAs

Overview: Key Proposals in the ED for Track 2

**Objective for Establishing
Differential Requirements
for PIEs**

**Definitions of PIE and
“Publicly Traded Entity”**

**Differential Requirements
in the ISQMs and ISAs**

ISRE 2400 (Revised)

Key Themes from Board Offline Comments

Theme 1

Approach for ISA 720 (Revised)

- Concerns that not having a definition for “listed entity” may cause practical difficulties and implementation challenges for some jurisdictions
- Views that the applicability for ISA 720 (Revised):
 - Should be extended to apply to “publicly traded entity”
 - Be further explored with respondents on exposure
 - Include extant definition of listed entity as applicability guidance for ISA 720 (Revised)

Key Themes from Board Offline Comments (Cont.)

Theme 2

Interdependencies with the differential requirements being proposed for Fraud and Going Concern

- Clarity needed for the way forward
- Stakeholder feedback is necessary to inform the IAASB's consideration about extending the applicability of the differential requirements for fraud and going concern

Key Themes from Board Offline Comments (Cont.)

Theme 3

PIE Definition

- Clarity for category (d) of the PIE Definition
- Suggestions for the linking of the definition to paragraph 18B of ISQM 1 and 23B of ISA 200
- Mixed views about whether both a definition and a requirement for PIE are necessary for ISQM 1 / ISA 200

Other Topics from the Board Offline Comments

Other Topics

- Early Adoption should be encouraged
- Clarity needed for the example of “listed entity” encapsulated in the definition of “publicly traded entity”
- The decision to treat an entity as a PIE should be a firm decision
- Consistency is encouraged when determining a PIE for independence and audit purposes
- Suggestions for
 - The flow of the factors to consider the extent of public interest in the financial condition of an entity
 - The alignment changes made to the application material

Matter for IAASB Consideration

Question 1

The Board is asked for its views on the proposed narrow scope amendments for Track 2 in **Agenda Item 3-B**, including on the matters discussed above





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