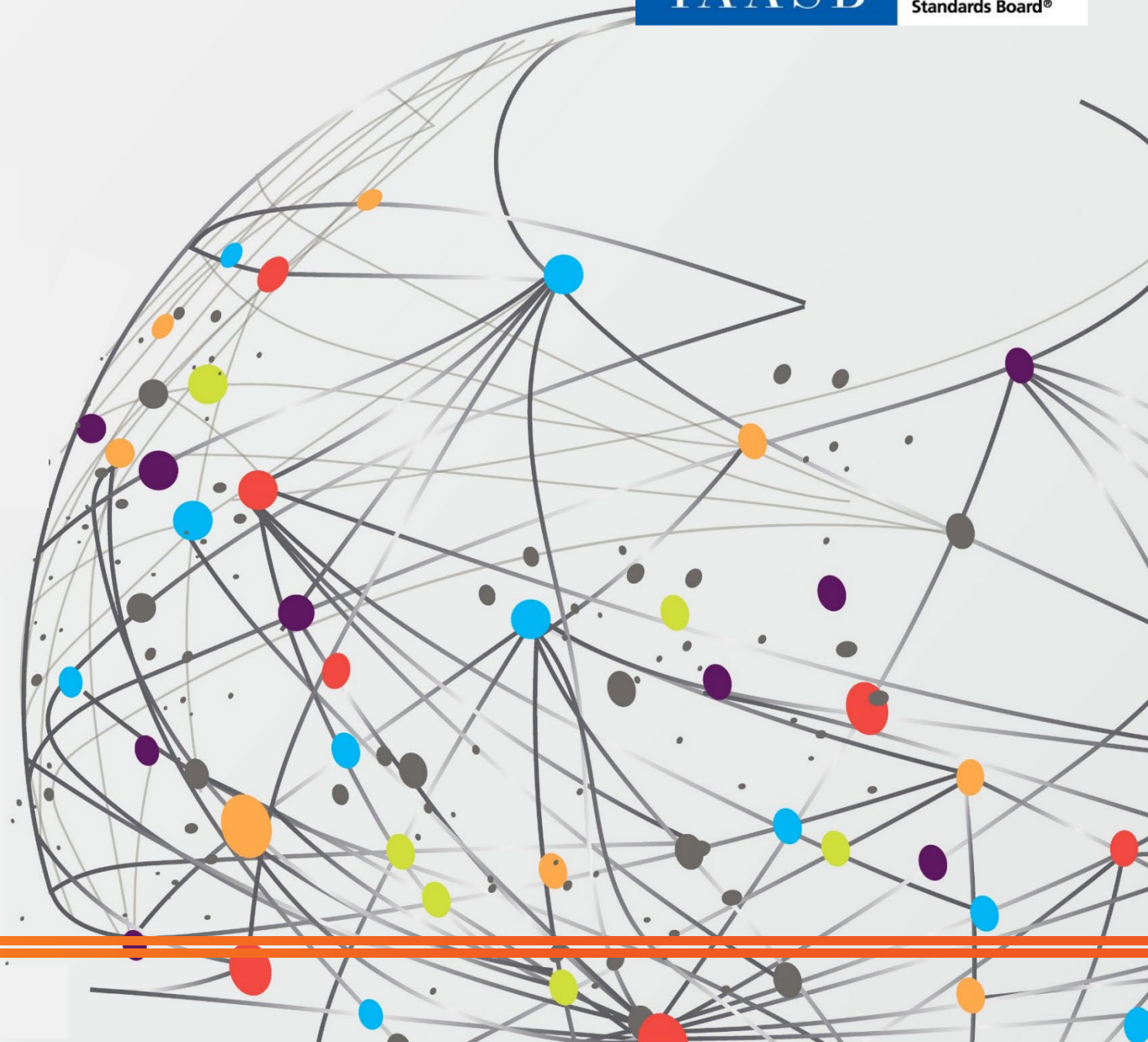


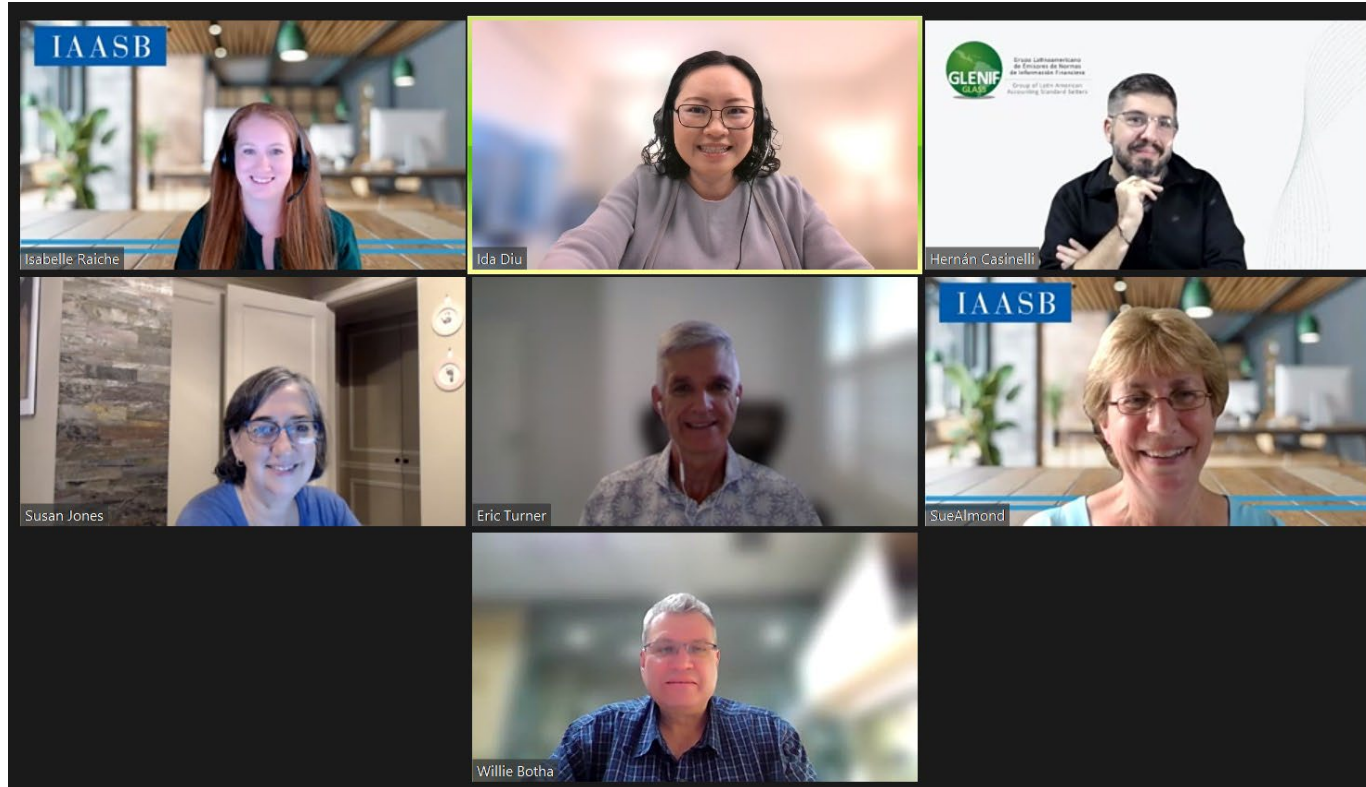
# Listed Entity and PIE

Sue Almond, *TF Chair*  
Ida Diu, *Senior Manager*  
Isabelle Raiche, *Senior Manager*

**IAASB Meeting**  
**September 16-20, 2024**

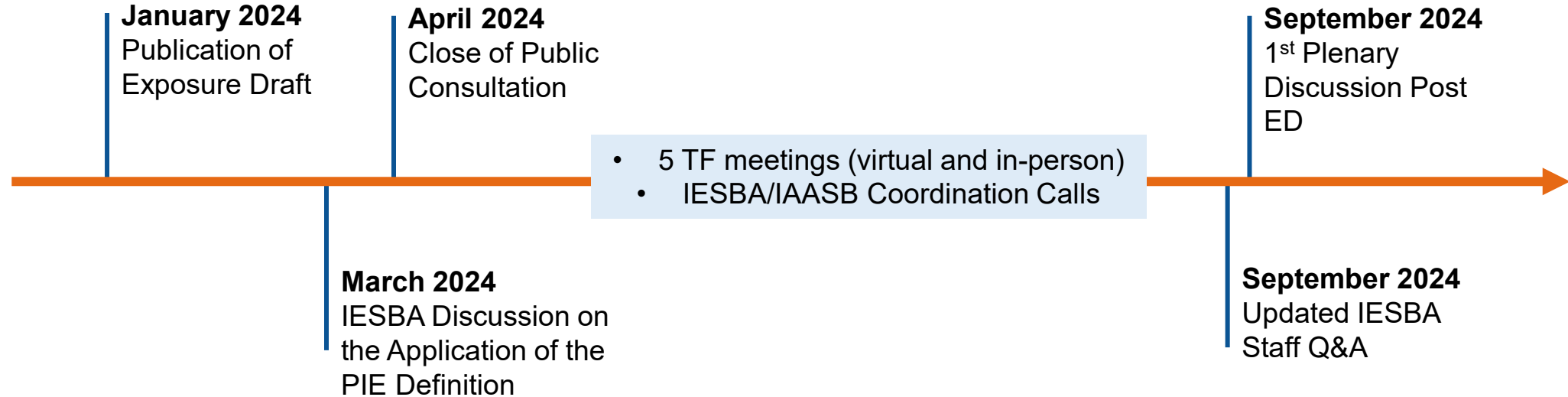


# PIE Task Force



*IESBA Correspondent Member: Sung-Nam Kim*

# Post Exposure Draft Activities



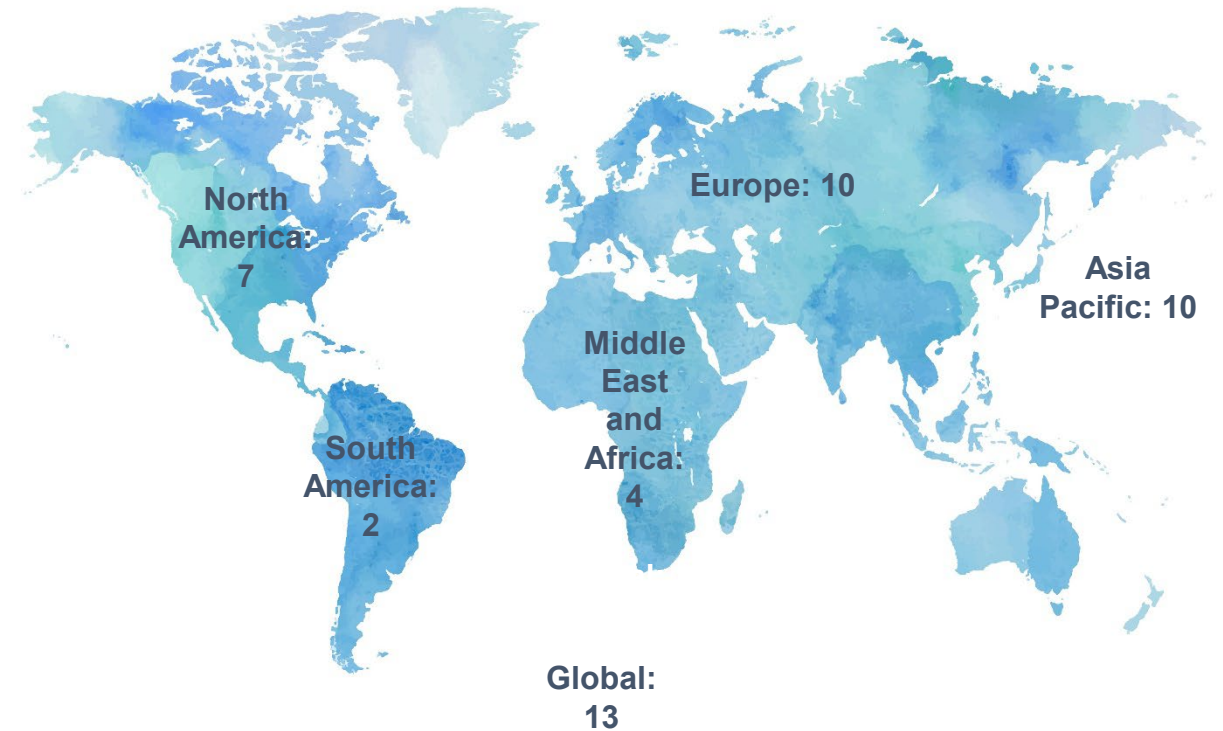
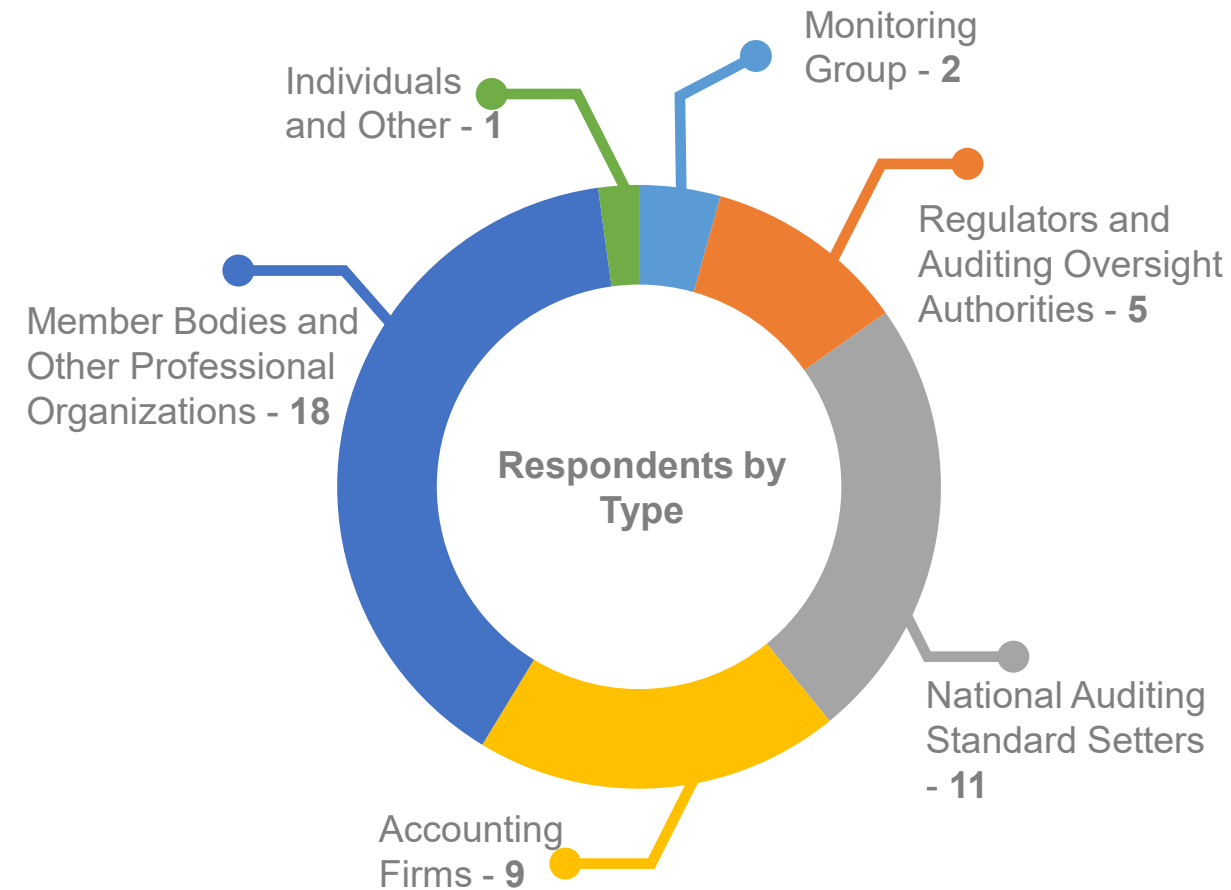


# Project Objectives

- 01 **Achieve** to the greatest extent possible **convergence between the definitions and key concepts** underlying the definitions used in the IESBA PIE revisions and the ISQMs and ISAs **to maintain their interoperability**.
- 02 **Establish an objective and guidelines** to support the IAASB's judgments regarding specific matters for which differential requirements for certain entities are appropriate.  
  
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.
- 03



# 46 Written Responses to the ED



# What We Heard From Respondents

**Q1:** Objective for Establishing Differential Requirements for PIEs

**Q2:** Definitions of PIE and “Publicly Traded Entity”

**Qs 3A-3E & 4:** Differential Requirements in the ISQMs and ISAs

**Q5:** Proposed Revisions to ISRE 2400 (Revised)

**Q6:** Other Matters

**Q7 & Q8:** Translations & Effective Date

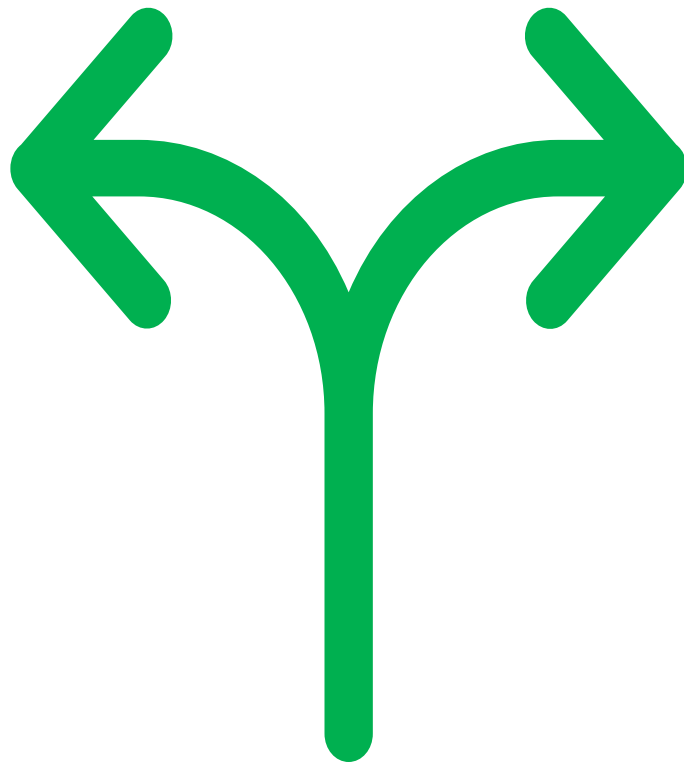
8 comment letters highlighted potential divergence between the IAASB Proposals and the IESBA PIE Revisions following the IESBA March plenary discussion

To be discussed in December 2024

General support

To be discussed in December 2024

# Potential Divergence Between IAASB Proposals and IESBA PIE Revisions



## IESBA PIE Revisions

Compliance with the IESBA Code by firms means first and foremost **compliance with local laws and regulations**, whatever they may be at the time of the audit report.

## IAASB Proposals

The **mandatory PIE categories will always apply**, whether or not the local PIE definition is aligned with the IAASB PIE definition.

# Concerns Highlighted by Respondents



1

Lack of interoperability of the two Boards' requirements, leading to inconsistent application



2

Removal of the incentive for the relevant local bodies to fulfill their intended critical role



3

Concern about the enforcement of the IESBA's clarification given that it will be contained in non-authoritative guidance



# Respondents' Suggested Courses of Actions

01

IAASB to take similar action to the IESBA in clarifying the design and intent of the PIE proposals, including the application of the mandatory PIE categories.

02

IAASB to support the global baseline built on a clear expectation that (i) the categories are mandatory, and (ii) jurisdictional authorities set appropriate thresholds and/or exemptions within the categories.

03

IAASB and IESBA to prepare a joint communication clarifying the intended application of their respective definitions and the implications for jurisdictions when they do not undertake the expected actions.

04

The differential requirements in the ISQMs and ISAs are applied to PIE based solely on the PIE definition of the relevant ethical requirements.

05

Repurposing the IAASB PIE proposal into a framework for the identification of PIE.

06

IAASB to pause its Listed Entity and PIE project (Track 2).



# Other Comments

## Objective for Establishing Differential Requirements for PIEs

- **General Support**
- Concern with the location of the overarching objective and purpose for establishing differential requirements for PIEs
- Suggestion to update the terminology used
- Creation of different level of audits

## Definitions of PIE and “Publicly Traded Entity”

- **General Support**
- Impact on local PIE and PTE definitions
- Suggestions to further align with the IESBA PIE Revisions
- Encouragement to clarify the intention regarding compliance with firm’s policies or procedures

# Matter for IAASB Consideration

## Question 1

The Board is asked whether

- They agree with the Task Force analysis and summary of respondents' feedback to Questions 1 and 2 in the EM (see **Sections I and II of Part C of Agenda Item 7**); and
- There are any other significant issues raised by respondents that also should be considered?



# Way Forward



## Option 1 – Adoption of PTE Solely













- Adoption of:
  - ✓ PTE definition as a replacement of listed entity
  - ✓ Overarching objective and purpose for differential requirements
  - ✓ Framework to determine entities to be treated as PIEs
- Differential requirements to be applicable to PTEs solely
- Firms will be encouraged, but not required to apply differential requirements to entities other than PTEs





## Option 2 – Conditional Requirement

- Adoption of:
  - ✓ PIE and PTE definitions, PTE as a replacement of listed entity
  - ✓ Overarching objective and purpose for differential requirements
  - ✓ Framework to determine entities to be treated as PIEs
- Conditional requirement to apply certain categories of the PIE definition
- Differential requirements to be applicable to PIEs, *subject to analysis of comments on ED*
- Firms will be encouraged, but not required to apply differential requirements to entities other than PIEs

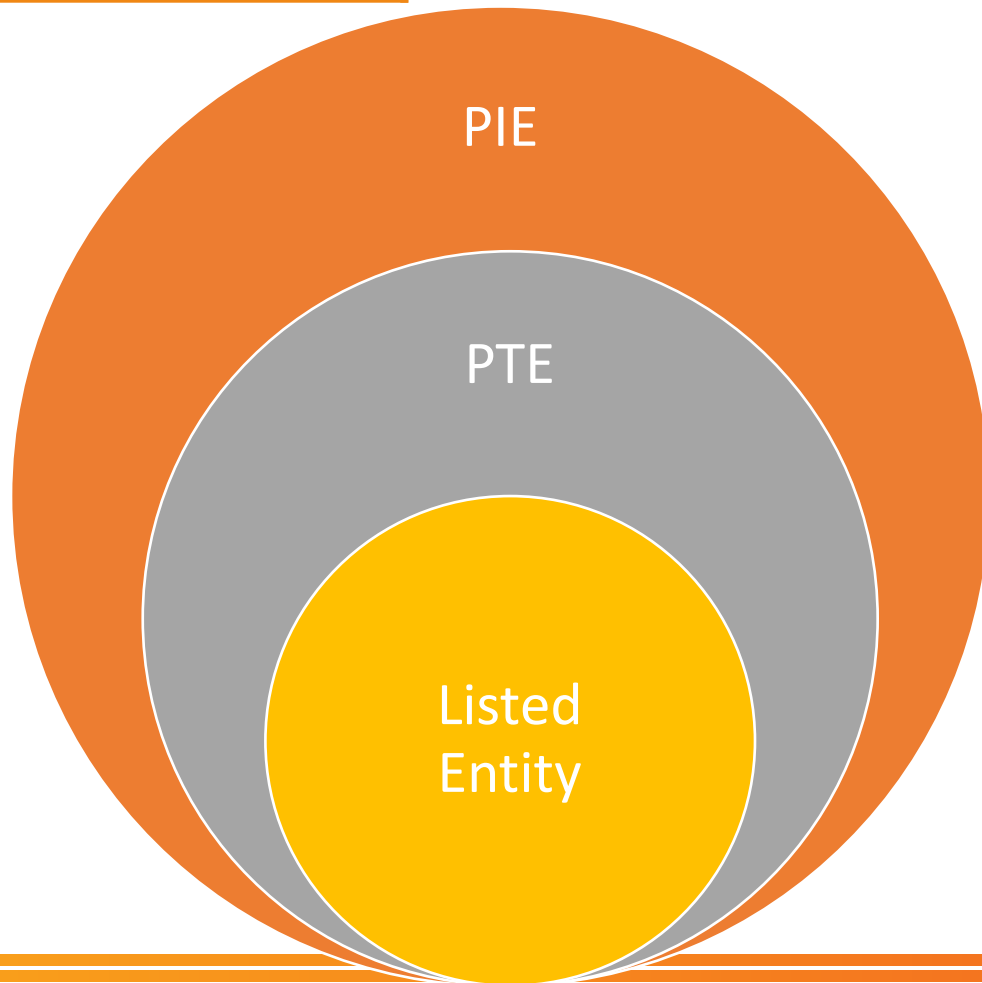
# Way Forward

Impacts and Potential Outcomes	Option 1 – Adoption of PTE Solely	Option 2 – Conditional Requirement
Convergence between the definitions and key concepts		
Global consistency of application		
Interoperability between the IAASB's proposals and IESBA PIE revisions		
Meeting the heightened expectation of stakeholders regarding audit engagement of PIEs		
Role of jurisdictions		
Aspiring to elevate expectations for PIEs		

 High
  Moderate
  Low



# Listed Entity vs PTE



- A listed entity as defined by the relevant securities law or regulation is an example of a PIE under the PTE category

# Matter for IAASB Consideration

## Question 2

The Board is asked for its views on which of the two options should be pursued in advancing the IAASB proposals.

## Question 3

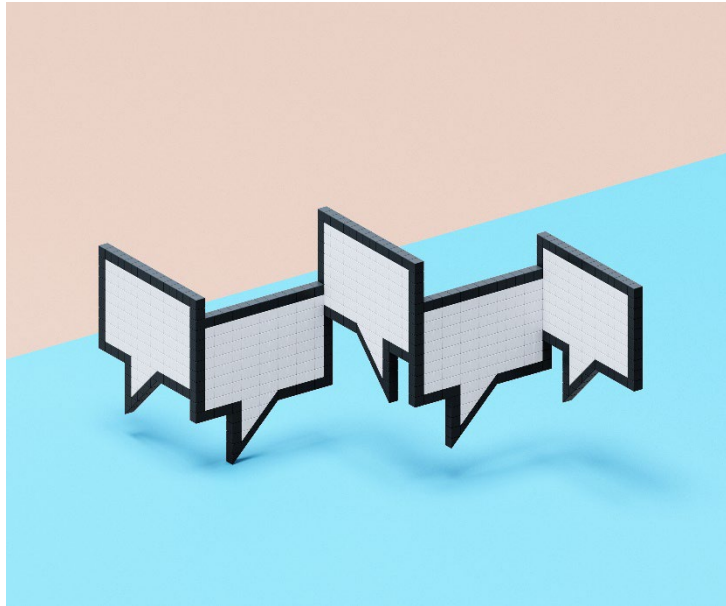
The Board is asked for its views on the illustrative drafting in **Agenda Item 7-A**, which reflects the Task Force recommendations. In particular:

- a) Does the Board agree with the relocation of the objective and purpose for establishing differential requirements to the introductory sections of ISQM 1 (which will be mirrored in ISA 200)?
- b) Does the Board agree with the proposed modifications to ISQM 1 to operationalize the objective, purpose and framework to determine entities to be treated as PTEs or PIEs, as applicable to each option?
- c) Does the Board agree with modifications proposed to paragraph 23A of ISA 200 to further align with similar requirements in other ISAs (see paragraph 62(c) of **Agenda Item 7**)?
- d) Are there any other matters that the Task Force should consider and address in response to the feedback on the ED?



# Proposed Revisions to ISRE 2400 (Revised)

Overall support for the proposed revisions to ISRE 2400 (Revised) to provide transparency in the practitioner's review report about the relevant ethical requirements for independence applied for certain entities



## Other suggestions:

- IAASB to clarify how disclosure requirement in paragraph R400.20 of the IESBA Code can be met when performing an ISRE 2410 review engagement
- Encouragement to consider holistic revisions to ISRE 2400 (Revised) and ISRE 2410

# Matter for IAASB Consideration

## Question 4

The Board is asked for its views on the discussion in Part E of Agenda Item 7 in relation to the feedback received on Question 5 in the EM. In particular, does the Board agree:

- a) With the Task Force analysis and summary of respondents' feedback, and are there any other significant issues raised by respondents that also should be considered?
- b) With the Task Force views and recommendations to finalize the narrow scope amendments to ISRE 2400 (Revised) without any further changes?
- c) With the Task Force views and recommendations relating to ISRE 2410?



# Next Steps and Final Approval



Ongoing coordination with IESBA and other IAASB task forces and consultation groups

December 2024:

- Consideration of feedback and proposals for the differential requirements
- Full read of draft standard





**International Auditing  
and Assurance  
Standards Board®**



[@IAASB\\_News](https://twitter.com/IAASB_News)



[@International Auditing and  
Assurance Standards Board](https://www.linkedin.com/company/@International-Auditing-and-Assurance-Standards-Board)



[@International Auditing &  
Assurance Standards Board](https://www.youtube.com/channel/UC...)

[www.iaasb.org](http://www.iaasb.org)

IAPN™

ISA.

ISAE.

ISQM.

ISRE™

ISRS.