

Track 2: Listed Entity and Public Interest Entity (PIE) – Cover and Report Back

Objective

1. Report back on Representatives' comments made at the December 2023 IAASB CAG meeting.

Project Status

2. The IAASB approved the Exposure Draft (ED) for proposed *Narrow Scope Amendments to International Standards on Quality Management (ISQMs), International Standards on Auditing (ISAs) and International Standard on Review Engagements (ISRE) 2400 (Revised)*¹ as a Result of the Revisions to the Definitions of Listed Entity and PIE in the IESBA Code² at its December 2023 meeting, taking into account the input received from the IAASB CAG. The ED forms part of Track 2 of the listed entity and PIE project.
3. The **Appendix** to this paper provides a history of previous discussions with the IAASB CAG and the IAASB on this topic, including links to the relevant IAASB CAG documentation.

Way Forward

4. Following the approval of the ED at the December 2023 IAASB meeting, the IAASB will publish the ED, accompanied by an explanatory memorandum, in January 2024 for a 90-day comment period. The IAASB's approval of the final pronouncement for Track 2 of the listed entity and PIE project is expected for December 2024.

Report Back

5. Extracts from the draft December 2023 IAASB CAG meeting minutes relevant to listed entity and PIE, as well as an indication of how the PIE Task Force or the IAASB have responded to the Representatives' comments, is included in the table below.

Report Back on the December 2023 IAASB CAG Meeting	
Representatives' Comments	PIE Task Force / IAASB Response
ED FOR TRACK 2	
Mr. Pavas noted his support for the project and discussed the importance of the PIE definition for countries in the Latin America region given the small size of the capital market in certain jurisdictions in this region and the existence of large entities which may not be listed. He noted that the proposals support a common definition of PIE	Support noted.

¹ ISRE 2400 (Revised), *Engagement to Review Historical Financial Statements*

² The International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*

Report Back on the December 2023 IAASB CAG Meeting	
Representatives' Comments	PIE Task Force / IAASB Response
in the IESBA and IAASB standards that would help consistent application in practice.	
Mr. Ishiwata emphasized the importance of obtaining feedback from a wide range of stakeholders and from all geographical regions, particularly as jurisdictions are considering the adoption of the IESBA PIE Revisions ³ which become effective for audits and reviews of financial statements for periods beginning on or after December 15, 2024. He noted that because the proposed narrow scope amendments impact ISQM 1, ⁴ which applies to proposed ISSA 5000, ⁵ the IAASB should seek comments from stakeholders representing assurance providers other than professional accountants.	Point noted. Ms. Almond acknowledged the importance of obtaining a broad range of views from stakeholders to the ED. She also emphasized that the close coordination with the IESBA will continue, including understanding how the revised definitions are adopted at the jurisdiction level.
Dr. Manabat noted appreciation for the consideration of the local laws or regulations in the proposals, noting this allows relevant bodies to further refine the mandatory categories of entities of the PIE definition, taking into account their local context. She also emphasized the importance of the exercise of professional judgment by practitioners when applying the proposed requirements.	Support noted.

³ See the [Final Pronouncement: Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#).

⁴ ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements or Other Assurance or Related Services Engagements*

⁵ Proposed International Standard on Sustainability Assurance (ISSA) 5000TM, *General Requirements for Sustainability Assurance Engagements and Proposed Conforming and Consequential Amendments to Other IAASB Standards*

Appendix**Project Details and History****Project: Listed Entity and PIE**

Link to IAASB Project Pages:

- [Listed entity and PIE \(Track 1\)](#)
- [Listed entity and PIE \(Track 2\)](#)

PIE Task Force Members

- Sue Almond, IAASB Member and Task Force Chair
- Chun Wee Chiew, IAASB Member
- Fernando Ruiz Monroy, IAASB Member
- Susan Jones, IAASB Technical Advisor
- Sung-Nam Kim, IESBA Member (correspondent PIE Task Force member)

Summary

	IAASB CAG Meeting	IAASB Meeting
Information Gathering	N/A	
Project proposal	March 2022	March 2022
<i>Track 1</i>		
Exposure Draft	June 2022	June 2022
Final pronouncement	March 2023 September 2023	March 2023 June 2023
<i>Track 2</i>		
Exposure Draft	March 2023 December 2023	December 2022 December 2023

IAASB CAG Discussions: Detailed References

Track 1

Project Proposal	<u>March 2022</u> See IAASB CAG meeting material (Agenda Item B).
Exposure Draft Development	<u>June 2022</u> See IAASB CAG meeting material (Agenda Item B).
Final pronouncement	<u>March 2023</u> See IAASB CAG meeting material (Agenda Item H). <u>September 2023</u> See IAASB CAG meeting material (Agenda Item D.1).

Track 2

Project Proposal	<u>March 2022</u> See IAASB CAG meeting material (Agenda Item B).
Exposure Draft Development	<u>March 2023</u> See IAASB CAG meeting material (Agenda Item H). <u>December 2023</u> See IAASB CAG meeting material (Agenda Item B).