

Meeting: IAASB

Meeting Location: New York, United States of America

Meeting Date: June 16–18, 2025

Agenda Item 9

Due Process – Proposed Narrow Scope Amendments to the ISQMs,¹ ISAs² and ISRE 2400 (Revised)³ as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity (PIE) in the IESBA Code⁴

Objective of Agenda Item

1. To advise the IAASB of the status of due process for proposed narrow scope amendments to the ISQMs, ISAs and ISRE 2400 (Revised) that are relevant to Track 2 of the narrow scope maintenance of standards project on listed entity and PIE.

Background

2. The IAASB Program and Senior Director is responsible for advising the IAASB as to whether due process has been followed effectively and with proper regard for the public interest before a proposed Standard, or changes to a Standard, are approved for issue.
3. The following outlines the Program and Senior Director's conclusion and basis thereof with respect to actions up to the June 2025 IAASB meeting for proposed narrow scopes amendments to the ISQMs, ISAs and ISRE 2400 (Revised) (collectively referred to as "narrow scope amendments" for the purpose of this agenda item). Before approval of the proposed narrow scope amendments, the Program and Senior Director will advise on whether due process has been followed during the June 2025 meeting.

Due Process Up to the Date of the June 2025 IAASB Meeting

4. The Program and Senior Director confirms to the IAASB that, up to the June 2025 IAASB meeting, proposed narrow scope amendments have been developed in accordance with the IAASB's due process.
5. In summary, for the proposed narrow scope amendments, the IAASB:

Project Commencement and Development of Exposure Draft

- Included specific questions in the IESBA's Exposure Draft⁵ (the IESBA's Exposure Draft) to obtain preliminary views from stakeholders to inform the IAASB's further consideration on various matters affecting the IAASB standards in relation to listed entity and PIE.

¹ International Standards on Quality Management (ISQMs)

² International Standards on Auditing (ISAs)

³ International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*

⁴ The International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*

⁵ IESBA's Exposure Draft, [Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#)

- Considered analyses of the significant comments and issues raised by respondents to the IESBA's Exposure Draft affecting the IAASB standards, and particularly for the ISQMs and ISAs.
- Approved the project proposal⁶ that included to undertake narrow scope amendments to the ISQMs, ISAs and ISRE 2400 (Revised) on listed entity and PIE as part of Track 2 of the project and consulted with the IAASB Consultative Advisory Group (CAG) on the project proposal.
- Consulted with the IAASB CAG on significant issues during the development of the proposed narrow scope amendments.

Significant comments received through the consultation with the IAASB CAG have been brought to the IAASB's attention, and the PIE Task Force has reported back to the IAASB CAG the results of the IAASB's deliberations.

- Considered whether it is necessary to hold a public forum or roundtables, or to issue a consultation paper or conduct field testing, in order to solicit views on a matter under consideration.

As noted above, the IAASB sought preliminary views from stakeholders in the IESBA's Exposure Draft prior to the development of the project proposal. In addition, there has been extensive coordination between IAASB and IESBA on the topic of listed entity and PIE, including providing feedback to IESBA on the proposed revisions to the IESBA Code relating to their definitions of listed entity and PIE project⁷ and in finalizing their final pronouncement.⁸ No additional public forum or similar consultation, or further field testing were deemed necessary for the proposed narrow scope amendments.

Exposure Draft and Finalization of the Narrow Scope Amendments

- Approved and issued an exposure draft⁹ for the proposed narrow scope amendments (the IAASB's Exposure Draft) for public comment, including an explanatory memorandum highlighting, among other matters, the significant proposals of the IAASB.
- Consulted with the IAASB CAG on the proposals for the narrow scope amendments. The PIE Task Force brought the feedback received to the IAASB's attention. In addition, the IAASB Chair, as part of his Chair's update to the Stakeholder Advisory Council (SAC) at their November 2024 meeting (the SAC replaced the IAASB CAG in 2024), updated the SAC on the status of the project and the Board's decision in September 2024 on how to advance the IAASB PIE proposals.
- Coordinated and undertook outreach activities, as appropriate. There has been extensive interaction with IESBA throughout the development of the proposed narrow scope amendments, as has been reported in the agenda materials throughout the course of the project. This has been accomplished through staff-to-staff coordination, discussions involving

⁶ See the project proposal for a [Narrow Scope Maintenance of Standards Project on Listed Entity and PIE](#)

⁷ See the project proposal for IESBA's project on the [Definitions of Listed Entity and Public Interest Entity](#)

⁸ IESBA's Final Pronouncement, [Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#)

⁹ Exposure Draft: [Proposed Narrow Scope Amendments to the ISQMs, ISAs and ISRE 2400 \(Revised\) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code](#)

the Chairs of the respective Boards' task forces or working groups and participation of an IESBA correspondent member in the PIE Task Force.

In addition to monitoring relevant jurisdictional developments to gain insight, among others matters, about jurisdictions' application of requirements to entities other than listed entities, the PIE Task Force undertook specific outreach about the possible impact of the IAASB PIE proposals with the Forum and Firms and Jurisdictional Auditing Standards Setters. The issues relevant to Track 2 of the PIE project also were highlighted in outreach with key stakeholders as part of the IAASB's general outreach program that includes updates to Monitoring Group members and other regulators and audit oversight authorities.

Noting that no written responses to the IAASB's exposure draft were received from investors or other users of financial statements, the PIE Task Force leveraged feedback received on relevant topics addressed in the Auditor Reporting post-implementation review¹⁰, as well as the public consultations on and further outreach undertaken as part of the IAASB's current projects on [Fraud](#) and [Going Concern](#), that included considering extending the scope of certain (proposed) differential requirements to apply to entities other than listed entities.

- Considered analyses of the significant comments and issues raised by respondents on the IAASB's Exposure Draft, including an outline of their proposed disposition and, as appropriate, the reasons significant changes recommended by respondents have, or have not, been accepted.
- Having familiarized themselves with the issues raised in comment letters, the IAASB members:
 - Deliberated significant matters raised in the comment letters received, including consideration of whether there were any issues raised by respondents, in addition to those summarized by the PIE Task Force, that they considered should be discussed.
 - Specifically deliberated the significant issues raised regarding possible divergence between the IAASB proposals and the IESBA PIE revisions, considered different options in this regard, and decided on an option for advancing the IAASB proposals for Track 2 of the narrow scope amendments as discussed in the agenda materials for the IAASB's September and December 2024 meetings.
 - Revised the proposed narrow scope amendments accordingly, resulting in the "pre-final" narrow scope amendments as of December 2024.
- Agreed at the December 2024 IAASB meeting to undertake a post-exposure consultation¹¹ (herein referred to as the "ITC") for public comment explaining the final position of the IAASB regarding the proposed narrow scope amendments, which differ from the position presented in the Exposure Draft, and a proposed way forward.
- Considered analyses of the significant observations raised by respondents to the ITC, including an outline of their proposed disposition.

¹⁰ The [Auditor Reporting post-implementation review](#) was concluded in September 2021. An analysis of the results from the post implementation review survey was discussed at the February 2021 IAASB mid-quarter meeting – see [Agenda Item 3](#).

¹¹ Post-Exposure Consultation: Invitation to Comment: [Post-Exposure Consultation: Invitation to Comment Before the IAASB Finalizes the Narrow Scope Amendments to the ISQMs and ISAs as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code](#)

- Having familiarized themselves with the observations raised in comment letters to the ITC, the IAASB members:
 - Deliberated significant matters raised by respondents, including consideration of whether there were any observations raised by respondents, in addition to those summarized by the PIE project team, that they considered should be discussed.
 - Agreed on a few additional revisions in finalizing the proposed narrow scope amendments for approval and suggested a revised way forward that emphasizes joint action by the IAASB and IESBA regarding the definition of PIE and broader differential requirements for IAASB standards.