

Agenda Item 3-B.4 (Supplemental)

Track 2: Listed Entity and Public Interest Entity (PIE) ITC – Question 2(b)

2(b). Do you agree with the IAASB's commitment to revisit the decision to adopt the definition of PIE in the IESBA Code (adapted as necessary for the ISQMs and ISAs) and extending differential requirements to apply to audits of PIEs? (See Section IV, paragraph 31 and Section V, paragraph 38.)

Q2(c) Agree

3. Regulators and Audit or Assurance Oversight Authorities

National Association of State Boards of Accountancy

NASBA agrees with the proposed timing for revisiting the matters highlighted in (b) above.

4. Jurisdictional and National Auditing Standard Setters

Group of Latin American Accounting Standard Setters

Agree (with no further comments)

Hong Kong Institute of Certified Public Accountants

Agree (with no further comments)

Instituto de Auditoria Independente do Brasil

Agree (with no further comments)

5. Accounting Firms

KPMG International

Agree (with no further comments)

Detailed comments (if any)

6. Member Bodies and Other Professional Organizations

Chartered Accountants Ireland

Agree (with no further comments)

Federation of Accounting Professions of Thailand

Agree (with no further comments)

Institute of Certified Public Accountants of Uganda

Agree (with no further comments)

Institute of Chartered Accountants of Ghana

Agree (with no further comments)

Institute of Singapore Chartered Accountants

Agree (with no further comments)

Malaysian Institute of Certified Public Accountants

Agree (with no further comments)

Q2(c) Agree With Comments

5. Accounting Firms

RSM International

Agree, with comments below

Commencing to plan for revisiting the decision to adopt the definition of PIE in the IESBA Code and extending the differential requirements to PIEs in the second half of 2026 appears reasonable. However, we also note that a decision should not be made until the global adoption and implementation of such definition has sufficiently matured. We, therefore, support IAASB working with IESBA, including during the post-implementation review to be conducted by the IESBA in 2027, in order to gain the information needed for IAASB to evaluate the maturation of the adoption and implementation of the PIE definition. The IAASB would then be able to use this information to determine if extending the various differential requirements to PIEs would be appropriate and could be consistently applied.

6. Member Bodies and Other Professional Organizations

ASEAN Federation of Accountants

Agree, with comments below

We recommend the IAASB to consider waiting for the outcome of the IESBA's post-implementation review to enable both the IAASB and the IESBA to jointly evaluate the global landscape and make an informed decision related to future projects.

CPA Australia

Agree, with comments below

We agree. However, the consultation paper lacks clarity on the exact timing—presumably, the second half of 2026, as indicated in paragraph 40 of the post-exposure consultation paper.

We recommend that the IAASB provide a more specific timeline and formally include the PIE review as a task in the IAASB's Strategy and Work Plan for 2024–2027. We are concerned that tasks not formally added to the work plan may be overlooked over time.

7. Academics

Hunter College-Auditing Class

Comment-The proposed timing for revisiting the matters highlighted in (b) aligns with the plan that was set forth with the IAASB where they plan to report back in the second half of 2026. The results of this report will help them assess whether to revisit the decision to adopt the definition of PIE in the IESBA code or if different requirements should continue applying to audits of PIEs. We have drawn the conclusion that the timing of this makes sense and it is agreed it should be followed upon because it also considers the IESBA's planned post-implementation review of PIE revisions in 2027 which will make sure that both boards are in alignment.

Comment- When a policy has global reach it is instructive to be thorough in its development and its implementation. Given the wide reach of the decision to redefine the definition of Public interest Entities and

how their audit will thus need to be of similar standard to those performed for publicly listed entities; the decision for IAASB staff plans to report back and request the Board for direction in the second half of 2026 about revisiting the decision makes sense.

Q2(c) Neither Agree Nor Disagree

4. Jurisdictional and National Auditing Standard Setters

Nordic Federation of Public Accountants

Neither agree/disagree, but see comments below

According to the consultation, IAASB staff plans to report back and request the Board for direction in the second half of 2026 about revisiting the decision. If the idea is to revisit the decision when the global adoption and implementation of the definition of PIE in the IESBA Code has sufficiently matured, we question the suggested timing since we believe that would be too soon.

5. Accounting Firms

Grand Thornton International

Neither agree/disagree, but see comments below

We question whether IAASB staff will have sufficient information regarding broader adoption of the IESBA PIE revisions in the second half of 2026 to have an effective discussion about the decisions to adopt the definition of PIE in the IESBA Code (adapted as necessary for the ISQMs and ISAs) and extending differential requirements to apply to audits of PIEs. We believe that any such discussion at the IAASB should be conditional on two events occurring: 1) adoption of the IESBA Code PIE revisions across jurisdictions is sufficient to create a global baseline definition of PIE; and 2) the results of the IESBA's post-implementation review of the IESBA PIE revisions, planned to commence in 2027, has been completed.

PriceWaterhouseCoopers

Neither agree/disagree, but see comments below

With respect to the plan for the IAASB to receive a report from Staff in the second half of 2026 to facilitate providing initial direction on its process for revisiting the PIE decision in its standards, we question whether there will have been meaningful change in the next 12-15 months (during which any research and monitoring of jurisdictional developments will need to take place) to sufficiently inform a way forward. Given the IESBA's post-implementation review is not scheduled to commence until 2027, it seems necessary to await the outcome of that review in order to provide sufficiently robust information, enabling both Boards to jointly evaluate the global landscape and make an informed decision on a way forward.

6. Member Bodies and Other Professional Organizations

Association of Chartered Certified Accountants and Chartered Accountants Australia and New Zealand

Neither agree/disagree, but see comments below

See our response to question 2(b) above.

Malaysian Institute of Accountants - Auditing and Assurance Standards Board

Neither agree/disagree, but see comments below

With respect to the plan for the IAASB to receive a report from the IAASB staff in the second half of 2026 to facilitate providing initial direction on its process for revisiting the PIE decision in its standards, we question whether there will have been meaningful change in the next 12-15 months (during which any research and monitoring of jurisdictional developments will need to have taken place) to sufficiently inform a way forward. Given the IESBA's post-implementation review is not scheduled to commence until 2027, it seems necessary to await the outcome of that review to provide sufficiently robust information, enabling both Boards to jointly evaluate the global landscape and make an informed decision on a way forward.

Q2(c) Disagree

1. Monitoring Group Members

International Organization of Securities Commission

We do not support the IAASB's proposal to revisit the decision to adopt the definition of PIE at a later date "...when the global adoption and implementation of such definition has sufficiently matured." While we encourage the IAASB to finalize certain aspects of this project, including the PTE definition and updates to the differential requirements, we believe the IAASB should also carve out a project to reconsider a PIE definition for use in the ISAs and ISQMs that is not constrained by an objective to converge with the broad PIE definition developed by the IESBA. In any event, we do not believe the IESBA revisions will support the establishment of a global baseline, since there remains the ability within the IESBA Code, as clarified, to revert to a local PIE definition (or lack thereof) set forth by local law, regulation, or professional standards, which may be less robust than the PIE definition set forth in the Code. Regardless of the IESBA clarifications, we believe it is in the public interest for the IAASB to establish the PIE definition for use in the ISAs and ISQMs, and for a project with revised objectives to be commenced immediately since it appears that much of the work has been done, including outreach, stakeholder feedback, and staff and IAASB level deliberations.

2. User of Financial Statements

International Corporate Governance Network

Disagree, with comments below

We note that the IAASB staff plan to report back and seek the Board's direction on revisiting these decisions in the second half of 2026. We encourage the IAASB to align its timeline with the IESBA's Post-Implementation Review, set to commence in 2027. This allows alignment with the IESBA Code, as well as ample time for jurisdictional implementation, adoption, and thorough analysis. A shorter timeframe may not allow for an equally comprehensive assessment.

3. Regulators and Audit or Assurance Oversight Authorities

Botswana Accountancy Oversight Authority

Disagree, with comments below

While we support the IAASB's commitment to revisiting the decision to adopt the definition of PIE in the IESBA Code, we believe that the proposed timing of review in the second half of 2026 is too soon/insufficient to allow the global audit market to have assessed and adapted to the proposed requirements. To ensure a more thorough and informed evaluation, we recommend that the IAASB should consider making amendments to ISAs and ISQMs only after the IESBA post implementation review which is set to commence in 2027. Aligning the IAASB's review with the IESBA's timeline would provide a more robust evidence base and allow the IAASB to incorporate key insights from the IESBA's assessment. This

approach would help ensure that the IAASB's decisions are well-informed by practical challenges, regulatory adoption trends, and implementation experiences across jurisdictions.

The IAASB should consider deferring the finalization of the amendments until the post implementation review by IESBA in 2027.

Committee of European Auditing Oversight Bodies

Disagree, with comments below

The CEAOB is of the view that all pieces of the project (i.e. both PTE and PIE) should be treated together at a later stage.

Independent Regulatory Board for Auditors – South Africa

Disagree, with comments below

It is noted that the IESBA post-implementation review (PIR) of the PIE definition revision is planned for 2027. We propose that the Board's direction on the decision to revisit its adoption of the PIE definition (adapted as necessary for the ISQMs and the ISAs) in the IESBA Code and extend the differential requirements to apply to audits of PIEs should only commence after the IESBA PIR is concluded, to ensure that the IAASB's decision is based on a comprehensive understanding of the practical implications of the IESBA's PIE definition. Ahead of the PIR, we also recommend that the IAASB should communicate matters of concern about the IESBA PIE definition and clarification that hinder convergence between the IESBA and IAASB Standards. This could also incorporate any matters that the IESBA should include in its PIR in relation to the maturity of the global adoption and the implementation of its PIE definition.

4. Jurisdictional and National Auditing Standard Setters

American Institute of Certified Public Accountants

Disagree, with comments below

We believe that ultimately a decision on whether or not to adopt the definition of PIE in the IESBA Code needs to be made to settle the matter. However, we do not believe the proposed timing is appropriate. The IAASB should not commit to a firm date or make any PIE-related decisions until the actions we have outlined in our response to question 2(b) have been performed.

Compagnie Nationale des Commissaires aux Comptes

Disagree, with comments below

Paragraph 40 states that IAASB staff plans to report back and request the Board for direction in the second half of 2026 about revisiting the decision (and the process for doing so) to adopt the definition of PIE in the IESBA Code (adapted as necessary for the ISQMs and ISAs) and extending differential requirements to apply to audits of PIEs.

Considering that the IESBA Work Plan for 2024-2027 states that the post-implementation review of the IESBA PIE revisions is planned to commence in 2027, it would be more relevant to wait for the conclusion of this post-implementation review.

Additionally, as the proposed application date of the narrow scope amendments is for audits of financial statements for periods beginning on or after December 15, 2026, so calendar years 2027, the IAASB will not have the benefit of the lessons learned on challenges raised by first time application in the second half of 2026. Therefore, work on the potential revision of the decision should not start before 2028.

Institut der Wirtschaftsprüfer in Deutschland

Disagree, with comments below

We are not convinced that by the second half of 2026 most jurisdictions that have their ethical and independence requirements set forth in law or regulation would have had the opportunity to make the changes needed to adopt the definition of PIE in the Code. For this reason, we believe that the timing for revisiting the matters ought to be deferred to 2027 or 2028.

Royal Netherlands Institute of Chartered Accountants

Disagree, with comments below

As noted, we are of the view that the differences of opinion should be resolved as soon as possible, and changes to the Code, to the Standards and to any guidance should be developed, consulted (where appropriate) and issued sooner rather than later.

5. Accounting Firms

BDO International

Disagree, with comments below

While we agree that the IAASB should revisit the decision to adopt the PIE definition in the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and extend differential requirements to apply to the audits of PIEs, we caution against revisiting this when the position of the International Ethics Standards Board for Accountants (IESBA) has not changed as this will likely result in the IAASB not being able to progress the matter further.

In our view, the ability of the IAASB to adopt the PIE definition contained in the IESBA Code and extend differential requirements to apply to the audits of PIEs is dependent on the IESBA overcoming the current challenges relating to the local adoption of the IESBA's revised PIE definition.

Rather than determining a specific time to revisit this, we continue to support ongoing engagement between the IAASB and IESBA and would recommend both Boards work together to set out a proposed timeline to determine when to revisit the matters highlighted above.

Deloitte

Disagree, with comments below

We believe that the IAASB's proposed timing in the second half of 2026 to report back and request the Board for direction for revisiting the matters highlighted in 2(b) above is likely premature given the lack of a consistent global definition of PIEs, which then creates a level of inconsistency as to how differential ISA requirements directed towards PIE audit engagements would apply. We believe the Board should not decide whether to revisit this decision until:

The results of IESBA's Post-Implementation Review — Definition of Public Interest Entity are available (the review is planned to commence in 2027);

The IAASB has undertaken further engagement with stakeholders across different stakeholder groups to better understand the rationales for the benefits and concerns raised by respondents to the ED-PIE Track 2 about extending the application of differential requirements to a broader population of entities, such as PIEs;

The IAASB has performed other information-gathering activities as deemed appropriate, including, for example, targeted outreach with investors and users of financial statements, two stakeholder groups from

whom no written responses to the ED-PIE Track 2 were received and to whom we believe such matters would be of interest; and

The IAASB has performed a post-implementation review of its Track 1 and Track 2 amendments, the insights from which may further inform related decisions with respect to PIEs.

We believe the collective results of the above activities should inform matters related to the IAASB's decision to revisit the definition of PIEs and application of differential requirements, including matters such as the (1) status of adoption and implementation of the IESBA PIE definition across jurisdictions; (2) the refinement of the definition at the local level and whether the result is a greater level of uniformity across the globe regarding the types of entities identified as PIE; and (3) whether further stakeholder outreach in the form of public consultation on a discussion paper may be appropriate prior to consideration of a further exposure draft (and the timing of such a discussion paper).

Ernst & Young Global

Disagree, with comments below

We do not believe the IAASB staff should request direction from the IAASB in the second half of 2026 about revisiting the decision (and the process for doing so) to adopt the definition of PIE in the IESBA Code (adapted as necessary for the ISQMs and ISAs) and extending differential requirements to apply to audits of PIEs, and any other implications for the IAASB's standards that may be relevant at that time.

The Post-Exposure Consultation (paragraph 39) states that IESBA plans to commence a PIR in 2027. We do not believe that the IAASB should make any decisions about the direction of their standards ahead of the planned PIR, as explained in our response to Question 2(b).

In addition, the Post-Exposure Consultation (paragraphs 31 and 38) states that the IAASB agreed to revisit the decision to adopt the definition of PIE in the IESBA Code when the global adoption and implementation of such definitions has sufficiently matured. Even though some insights may be attainable about the variations in the definitions across jurisdictions and the implications of those variations, we challenge whether there will be enough information to inform a decision by the IAASB by the second half of 2026.

Forvis Mazars

Disagree, with comments below

We note that the IAASB intends to reconsider the timeline and next steps for adoption of the wider PIE definition in 2026. In our view, the IAASB should await the outcome of the IESBA Post-Implementation Review (due in 2027) as that will provide evidence on which the IAASB can best consider how the IESBA definition has been applied.

6. Member Bodies and Other Professional Organizations

Accountancy Europe

Disagree, with comments below

We do not agree with the proposed timing for revising the matters highlighted in 2(b). Given that the IESBA Post-Implementation Review of the PIE revisions is scheduled to begin in 2027, we believe it would be more appropriate to wait until the results of this review are available before making any further revisions.

The IAASB's planned report back in the second half of 2026 may be premature, as it does not allow enough time to incorporate the insights from the IESBA's monitoring and review processes, including any early

findings from IESBA's Adoption and Implementation Working Group. A more informed and coordinated approach, factoring in the outcomes of the IESBA review, would ensure that any revisions are based on a thorough understanding of the impact and effectiveness of the current standards.

Therefore, we recommend postponing the decision to revise the matters highlighted in 2(b) until after the IESBA Post-Implementation Review is completed in 2027.

International Federation of Accountants

Disagree, with comments below

We disagree with the proposed timing. The IAASB should allow sufficient time for the adoption and implementation of the IESBA PIE definition to take effect so that meaningful feedback on its practical impact is available before considering any changes of its own. The process for jurisdictions successfully adopting and implementing international standards can take many years given the time needed for outreach, stakeholder engagement, translation, education etc so the proposed timeframe appears unrealistic in this respect.

A unified and strategic approach to the PIE definition is needed by both the IAASB and IESBA to avoid regular piecemeal changes occurring and to avoid long-term differentiation between IESBA Code and IAASB requirements.

Korean Institute of Certified Public Accountants

Disagree, with comments below

As for the proposed timing for revision, KICPA doesn't support the proposal to revisit the decision to adopt the definition of PIEs in the second half of 2026. The IESBA plans to conduct a monitoring and post-implementation review in 2027 to understand whether 'the proposed PIE revisions' are adopted by countries. In our view, the IAASB needs to revisit the decision to adopt PIE definition by factoring into the results of all necessary monitoring as to how countries adopt and implement PIEs, including the post-implementation review by the IESBA.

Q2(c) No Specific Comment

4. Jurisdictional and National Auditing Standard Setters

Wirtschaftsprüferkammer

No response