



27 March 2025

Technical Director
International Auditing and Assurance Standards Board
529 Fifth Avenue, 6th Floor
New York, NY 10017 U.S.A.

Our Ref: 2025/O/C1/IAASB/CM/191

Subject Line: *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*

Dear Willie:

The International Organization of Securities Commissions' ("IOSCO") Committee on Issuer Accounting, Audit and Disclosure ("Committee 1" or "we") appreciates the opportunity to comment on the International Auditing and Assurance Standards Board's ("IAASB" or "the Board") 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*. As an international organization of securities regulators representing the public interest, IOSCO is committed to enhancing the integrity of international markets through the promotion of high-quality accounting, auditing, assurance and professional standards, and other pronouncements and statements.

Members of Committee 1 seek to further IOSCO's mission through thoughtful consideration of accounting, disclosure, auditing and assurance concerns, and pursuit of improved global financial reporting. Unless otherwise noted, the comments we have provided herein reflect a general consensus among the members of Committee 1 and are not intended to include all of the comments that might be provided by individual securities regulator members on behalf of their respective jurisdictions. We appreciate the opportunity to comment on the Paper and have outlined our views regarding certain topics below.

General Comments

We have, for many years, advocated for close coordination and collaboration between the IAASB and the International Ethics Standards Board for Accountants ("IESBA") (collectively "the Boards") on matters of mutual interest, and, therefore, continue to support the objectives of the Listed Entity and Public Interest Entity ("PIE") (Track 2) project (the "Project") to maintain interoperability between the IESBA's International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), the ISAs, the ISREs, and the ISQMs, following the revisions to the definitions of listed entity and PIE in the IESBA Code. We appreciate the IAASB's initiative to undertake the Project which includes the important objective of achieving, to the greatest extent possible, convergence between the definitions and key concepts underlying the definitions used in the IESBA PIE revisions and



determining the extent to which to amend the applicability of existing differential requirements for certain entities in the ISQMs, ISREs, and ISAs. We continue to emphasize the importance of close coordination between the Boards *throughout* their respective standard-setting projects.

We appreciate the IAASB's transparency with regards to the IAASB's change in position which was necessitated by stakeholders' identification of anticipated divergence between the IAASB's original proposals that were presented in the PIE Track 2 Exposure Draft and the IESBA PIE clarifications in March 2024¹.

IAASB Final Position and Way Forward:

We believe the IAASB's final position impacts an important public interest matter, which we have highlighted in prior comment letters to the Boards. In our April 2021 comment letter² to the IESBA, we stated that "we do not support a broad approach that results in jurisdictions being provided with the option of excluding categories of entities from the definition established by the Code. We recognize that the ultimate responsibility for the designations of what entities are defined as a PIE, for the most part, rests with legislators, regulators, oversight bodies, and/or national standard setters, which is why a well-defined baseline in the Code could incentivize these bodies to adopt the definitions, and *only add to the list*, as needed." Furthermore, in our April 2024 comment letter³ to the IAASB, we agreed with the original proposal regarding the definitions of PIE, since it would result in the establishment of a global baseline. We again reiterate these comments because we do not believe that the combination of IESBA's clarifications and the IAASB's final position support the establishment of a global baseline. We continue to believe that establishing a PIE definition that results in a global baseline, particularly for assurance over financial reporting, is important in the public interest.

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 clarified⁴, 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

¹ See Q16 in [IESBA Staff Q&A - Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code | Ethics Board](#)

² [IOSCO Comment Letter to IESBA - Exposure Draft: Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#)

³ [Proposed Narrow Scope Amendments to International Standards on Quality Management, International Standards on Auditing, and International Standard on Review Engagements 2400 \(Revised\), Engagements to Review Historical Financial Statements as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code](#)

⁴ See Q16 in [IESBA Staff Q&A - Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code | Ethics Board](#)



appears that much of the work has been done, including outreach, stakeholder feedback, and staff and IAASB level deliberations.

IESBA Clarifications:

Additionally, we observe that the IESBA's clarifications in March 2024 appear to be the impetus for the IAASB's change in position. The IESBA's PIE clarifications, which were outside of the Code and not subject to the same level of due process, were of such significance that it compelled the IAASB to alter the direction of its convergence project. We question whether the IESBA's clarifications, which were published long after the IESBA project closed, changes or adds to requirements in the Code and if so, whether such changes were subject to appropriate due process. In addition, we are concerned that users of the Code may not be aware of the clarifications when applying or considering the Code.

Thank you for the opportunity to comment on the Paper. If you have any questions or would like to discuss these matters further, please contact Nigel James at phone number: +1 (202) 551-5394 or email address: JamesN@sec.gov or myself. In case of any written correspondence, please mark a copy to me.

Sincerely,

A handwritten signature in black ink, appearing to read 'CM', is placed below the 'Sincerely,' text.

Cameron McInnis FCPA, CPA (Illinois)

Chair, Committee on Issuer Accounting, Audit and Disclosure

International Organization of Securities Commissions

CC: Gabriela Figueiredo Dias, IESBA Chair
Ken Siong, IESBA Program and Senior Director