



International Auditing
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Standards Board

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International
Ethics Standards
Board for Accountants®

Meeting: Joint IAASB-IESBA CAG

Meeting Location: Virtual

Meeting Date: September 8, 2021

Agenda Item

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Definitions of Listed Entity and Public Interest Entity

Objectives of Agenda Item

1. To receive a high-level overview of the significant comments from respondents to the IESBA Exposure Draft, [*Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code*](#) (PIE ED), and the IESBA Public Interest Entity (PIE) Task Force's¹ proposals to address the comments;
2. To update Representatives on the IAASB's initiatives in relation to this topic.
3. To provide views on the IESBA PIE Task Force's proposals.

Project Status and Timeline

4. At its December 2019 meeting, the IESBA unanimously approved the project proposal to revise the definitions of listed entity and PIE in the Code.
5. The IESBA met four times since January 2020 to discuss the key issues identified by the IESBA PIE Task Force and its proposals. At its December 2020 meeting, the IESBA approved for exposure proposed revisions to revise the definitions of listed entity and PIE in the Code.
6. In January 2021, the IESBA released the PIE ED, which was open for public comment until May 3, 2021. A total of 69 comment letters were received (refer to the Appendix of Agenda Item J-1 for a list of the respondents). Recognizing that coordination between the IESBA and IAASB is integral to the project achieving its objectives, specific questions were included in the PIE ED to seek preliminary views from the IAASB's stakeholders on those matters affecting the IAASB Standards.

¹ Members:

- Michael Ashley, Chair, IESBA Member
- Liesbet Hausermans, IESBA Member
- Ian McPhee, IESBA Member
- Andrew Mintzer, IESBA Member

Correspondent members:

- Josephine Jackson, IAASB PIE Working Group Chair, IAASB Member
- Chun Wee Chiew, IAASB Member

7. At the June 2021 IESBA meeting, the IESBA PIE Task Force presented a high-level overview of the significant comments received and its preliminary views to address matters raised. The IESBA PIE Task Force sought the IESBA's strategic and directional input on the following key matters:
 - Overarching objective for PIE requirements
 - Approach to developing the PIE definition (narrow versus broad)
 - Replacement of "listed entity" with "publicly traded entity" in the Code
 - Other proposed PIE categories
 - Role of firms

IAASB-IESBA Coordination

8. The objectives of the PIE project emphasize the importance of coordination between the IESBA and the IAASB, and establishing agreement between the two Boards so that the concepts are interoperable for both Board's standards.
9. The IAASB established a PIE Working Group in 2021 to consider the feedback from respondents on the specific questions included in the PIE ED on those matters affecting the IAASB Standards.
10. In July 2021, the IAASB discussed respondents' feedback to Question 15 of the PIE ED on IAASB-related matters, and the IAASB PIE Working Group's initial views relating to these matters.
11. Ongoing co-ordination between the two Boards, along with feedback from the IAASB July and October 2021 meetings will be used as further input for determining whether a narrow-scope amendment project should be undertaken by the IAASB in relation to publicly traded entities and PIEs, and if so, a project proposal will be presented to the IAASB for approval in March 2022.
12. Refer to **Appendix** for the project history to date.

Materials for CAG Consideration

13. For the purposes of the joint IESBA-IAASB CAG discussion in September 2021, the following materials have been provided:
 - *Presentation* – The presentation slides (**Agenda Item J-1**) include a high-level summary of the significant comments received to the PIE ED and the IESBA PIE Task Force's proposals. The presentation also includes an update on the IAASB's discussions relating to those matters affecting the IAASB Standards. This presentation will be used by the IESBA PIE Task Force Chair and the IAASB PIE Working Group Chair to guide the discussion during the joint session.
 - *Issues Paper* – The issues paper (**Agenda Item J-2**) is the same paper that will be presented to the IESBA as **Agenda Item 2-A** at its September 2021 meeting. It includes the IESBA PIE Task Force's full analysis of the significant comments received to the PIE ED and its proposals for IESBA consideration. As the issues paper is an IESBA paper, when navigating it, Representatives are asked to ignore the questions that are addressed to the IESBA. Instead, the matters for the joint IESBA-IAASB CAG consideration are included below and in the presentation.

- *Proposed Text (Mark-up from ED)* – This is a mark-up version of the proposed text (**Agenda Item J-3**) and will be presented to the IESBA as **Agenda Item 2-B** at its September 2021 meeting.
 - *IAASB Issues Paper* – [Agenda Item 3](#) of the IAASB’s July 2021 meeting includes the summary of respondent feedback to question 15 of the PIE ED, addressing the matters affecting the IAASB Standards. Please refer to the following paragraphs of **Agenda Item 3**:
 - Question 15(a): Use of the overarching objective for both the IESBA and the IAASB in establishing differential requirements for certain entities – paragraphs 62–69.
 - Question 15(b): Proposed case-by-case approach relating to requirements applicable to listed entities in the IAASB’s standards – paragraphs 75–81; and
 - Question 15(c): Disclosure within the auditor’s report that the firm has treated an entity as a PIE – paragraphs 84–91.
14. Other agenda papers on the PIE project presented to the Board during the September 2021 IESBA meeting are available at: <https://www.ethicsboard.org/meetings/september-14-21-29-october-1-2020-virtual-meeting>.

Matters for Joint IESBA-IAASB CAG Consideration

Overarching Objective for Additional Requirements for PIEs

1. Representatives are asked for views on:

- The IESBA PIE Task Force’s recommendation to retain the focus of public interest on the financial condition of an entity as part of the overarching objective in para. 400.8
- The use of a common overarching objective for use by both the IESBA and IAASB in establishing differential requirements for certain entities in each Board’s standards.

Approach to Developing the PIE Definition

2. Representatives are asked for views on the IESBA PIE Task Force’s recommended retention of the broad approach to revising the PIE definition.

Proposed List of PIE Categories

3. Representatives are asked for views on the IESBA PIE Task Force’s proposed revisions to the definition of “publicly traded entity” (category (a)²), including:
- Whether “financial instruments” should be defined; and

² The six proposed PIE categories under paragraphs R400.14 (a) to (f) in the ED are:

Category (a): A publicly traded entity

Category (b): An entity one of whose main functions is to take deposits from the public;

Category (c): An entity one of whose main functions is to provide insurance to the public;

Category (d): An entity whose function is to provide post-employment benefits;

Category (e): An entity whose function is to act as a collective investment vehicle and which issues redeemable financial instruments to the public.

Category (f): An entity specified as such by law or regulation to meet the objectives set out in paragraph 400.9

- The IESBA PIE Task Force's recommendation to retain the term "listed entity" as an example of publicly traded entity

(See paragraph R400.15 and the definition of "publicly traded entity").

4. Representatives are asked for views on:

- The IESBA PIE Task Force's recommendation to retain categories (b) and (c); and to remove categories (d) and (e) proposed in the PIE ED
- Whether to include examples of other possible categories in the proposals (para. 400.16 A2)

Role of Firms

5. Representatives are asked for views on:

- The IESBA PIE Task Force's recommendation to revert the proposed requirement for firms to determine if additional entities should be treated as PIEs to application material (para. 400.17)
- The IESBA Task Force's recommendation on retaining the transparency requirement but amending it to focus on disclosure that the independence requirements applicable to PIEs have been applied (para. R400.18)
- Mechanisms other than the auditor's report for the proposed public disclosure.

Effective Date

6. Representatives are asked for views on the proposed effective date of December 15, 2024.

Material Presented

For Discussion

Agenda Item J-1	PIE Presentation
Agenda Item J-2	IESBA Agenda Item 2-A – PIE – Significant Comments and TF Proposals
Agenda Item J-3	IESBA Agenda Item 2-B – PIE – Proposed Text (Mark-Up from ED)
Agenda Item J-4	IAASB Agenda Item 3 (July 2021 meeting) – Overview of respondents' comments to question 15 (see paragraph 12 that specifies which paragraphs of Agenda Item 3 are relevant to the CAG).

For Reference

Agenda Item J-5	IESBA Agenda Item 2-C – PIE – Proposed Text (Clean)
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Appendix

Project History

Project: Definitions of Listed Entity and Public Interest Entity

Summary

	CAG Meeting	IESBA Meeting	IAASB Meeting
Project commencement, including: • Approval of project proposal	March 2020	December 2019	
Development of proposed international pronouncement (up to exposure)	March 2020 September 2020	March 2020: June 2020 September 2020 December 2020	July 2020; November 2020
Exposure Draft	January – May 2021		
Development of proposed international pronouncement (up to exposure)	September 2021	June 2021 September 2021	July 2021