

**Meeting:** IAASB Consultative Advisory Group (CAG)

**Meeting Location:** Virtual Zoom Meeting

**Meeting Date:** March 8–9, 2022

## Agenda Item B

### Listed Entity and Public Interest Entity (PIE) – Cover

#### Objectives of Agenda Item

1. The objectives of this Agenda Item are to obtain the IAASB CAG Representatives' views on:
  - (a) The draft project proposal for a narrow scope maintenance of standards project on listed entity and PIE that addresses the IAASB's actions in respect of recent revisions to the IESBA<sup>1</sup> Code (or the Code)<sup>2</sup> in relation to the IESBA project on the definitions of listed entity and PIE;<sup>3</sup> and
  - (b) The PIE Working Group's initial proposals for the disclosure relating to enhanced transparency about independence in the auditor's report.

#### History of the IESBA Project on PIE and Listed Entity

2. In December 2019, the IESBA approved its project, [Definitions of Listed Entity and Public Interest Entity](#), to propose revisions to the IESBA Code relating to the definitions of listed entity and PIE in response to demands globally for reexamining the PIE definition.
3. In January 2021, the IESBA published the Exposure Draft, [Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code](#) (IESBA PIE ED), with the comment period closing May 3, 2021. The IESBA PIE ED included an explanation of matters affecting the IAASB standards, particularly the ISQMs<sup>4</sup> and ISAs,<sup>5</sup> and incorporated specific questions to seek preliminary views from IAASB stakeholders on those matters. A total of 69 responses were received to the IESBA PIE ED from a broad range of stakeholders across many regions.
4. In December 2021, the IESBA approved the revisions to the IESBA Code relating to the definitions of listed entity and PIE.

#### IAASB-IESBA Coordination

5. The objectives of the IESBA project on listed entity and PIE emphasized the importance of coordination between the IESBA and the IAASB, and establishing agreement, to the extent possible, between the two

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<sup>1</sup> International Ethics Standards Board for Accountants

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

<sup>3</sup> The final pronouncement is due to be approved by the PIOB in April 2022.

<sup>4</sup> International Standards on Quality Management

<sup>5</sup> International Standards on Auditing

Boards so that the proposals made are interoperable for both Board's standards.

6. Accordingly, throughout the IESBA project, there was extensive coordination between the IESBA and IAASB through Staff coordination, the participation of IAASB correspondent members in the IESBA's PIE Task Force, and IAASB plenary discussions involving representatives of IESBA.

## **The IAASB Project on Listed Entity and PIE**

### *Previous IAASB Activities*

7. The IAASB initially discussed the IESBA's project on listed entity and PIE at its July 2020 meeting. In November 2020, the IAASB provided further feedback to the IESBA on the proposed revisions to the IESBA Code in advance of IESBA issuing the IESBA PIE ED.
8. The IAASB established a PIE Working Group in 2021 to consider the feedback from respondents on the specific questions included in the IESBA PIE ED on those matters affecting the IAASB Standards.<sup>6</sup>
9. At the July 2021 IAASB meeting, the IAASB discussed respondents' feedback on the matters affecting the IAASB Standards, and the initial views of the IAASB PIE Working Group on those matters.
10. At the October 2021 IAASB meeting, the IAASB discussed various aspects to be addressed in the IAASB's project proposal to undertake a project on listed entity and PIE. The IAASB also provided input to the IESBA on the key matters relevant to the IAASB, in view of supporting the IESBA in progressing their work, and approving the revisions to the IESBA Code in December 2021.

### *IAASB Activities Planned to Progress the IAASB Project on Listed Entity and PIE*

11. The project proposal for a narrow scope maintenance of standards project on listed entity and PIE will be discussed with the IAASB at its upcoming March 2022 meeting, and the IAASB will be asked to approve the project proposal.<sup>7</sup> For the discussion with the CAG in March 2022, CAG Representatives are asked to provide their views on the project proposal, which will be considered by the IAASB in finalizing the project proposal.
12. It is envisaged that the IAASB's project will have two tracks, as follows:
  - (a) A faster-moving track that addresses enhanced transparency about the relevant ethical requirements for independence in the auditor's report with an effective date that aligns with IESBA (i.e., track 1). For this track, it is envisaged that an Exposure Draft will be presented for approval at the IAASB June 2022 meeting, and the final pronouncement approved in June 2023.
  - (b) A separate track that deals with all project objectives that address the other public interest issues, with a later effective date (track 2). For track 2 it is envisaged that an Exposure Draft will be presented for approval in September 2023 and the final pronouncement approved at the IAASB September 2024 meeting.

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<sup>6</sup> The matters for IESBA consideration included questions 1-14 of the IESBA PIE ED, however feedback on these questions also had relevance to the IAASB. Question 15 (a)-(c) of the IESBA PIE ED were specific to the IAASB.

<sup>7</sup> Subject to the IAASB's approval of this project proposal, the PIE Working Group would be reconstituted as the PIE Task Force.

13. At the IAASB's upcoming March 2022 meeting, the IAASB will also discuss initial proposals related to enhanced transparency about independence in the auditor's report. The IAASB's views on these proposals will help inform the development of an Exposure Draft, which will be presented for approval at the IAASB's June 2022 meeting. CAG Representatives are asked to provide their views on these proposals, which are summarized in **Agenda Item B.1**.
14. The **Appendix** to this paper provides a history of previous discussions with the IAASB on this topic.

#### Previous Joint IESBA-IAASB CAG Discussions

15. The project on listed entity and PIE was discussed at the joint IESBA-IAASB CAG meetings in October 2020 (see [Agenda Item J](#)) and September 2021 (see [Agenda Item J](#)).

#### IAASB CAG Discussion in March 2022

16. For purposes of the IAASB CAG discussion in March 2022, the PIE Working Group prepared a presentation (see **Agenda Item B.1**) highlighting the key matters from the draft project proposal for a narrow scope maintenance of standard project on listed entity and PIE (see **Agenda Item B.2**) and its initial proposals related to enhanced transparency about independence in the auditor's report.
17. The questions that are being asked of Representatives are set out below.

##### **Matter for IAASB CAG Consideration:**

1. Representatives are asked for its views on the:
  - (a) Draft project proposal presented in **Agenda Item B.2** setting out the project objectives, the key issues identified and the scope of the proposed narrow scope maintenance of standards project on listed entity and PIE.
  - (b) PIE Working Group options that could be included in the Exposure Draft to obtain stakeholder feedback.

#### Material Presented – IAASB CAG Papers

Agenda Item B.1	Presentation
Agenda Item B.2	IAASB Project Proposal for a Narrow Scope Maintenance of Standards Project on Listed Entity and PIE (March 2022)

#### Material Presented – IAASB CAG Reference Papers

Agenda Item B.3	IAASB Issues Paper on Listed Entity and PIE (March 2022)
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## Appendix

### Project Details and History

#### Project: Listed Entity and PIE

Link to IAASB Project Page: [Listed Entity and PIE](#).

#### Working Group Members

- Josephine Jackson, IAASB Member and Working Group Chair
- Chun Wee Chiew, IAASB Member
- Dan Montgomery, IAASB Senior Advisor
- Denise Weber, IAASB Technical Advisor

#### Summary

	IAASB CAG Meeting	IAASB Meeting
Initial IAASB discussion on the IESBA's project on listed entity and PIE.	N/A	July 2020
Further IAASB discussion on the IESBA's project on listed entity and PIE to provide feedback to IESBA on the proposed revisions to the IESBA Code relating to their definitions of listed entity and PIE project (up to exposure draft).	N/A	November 2020
Overview of respondent's comments to the specific matters for IAASB consideration in the IESBA's <a href="#">Exposure Draft, Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code (IESBA PIE ED)</a> and discussion on the initial views of the IAASB PIE WG on those matters.	N/A	July 2021
Overview of the developments related to IESBA's project on listed entity and PIE and discussion on various aspects to be addressed in the IAASB's project proposal to undertake a project on listed entity and PIE.	N/A	October 2021