

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

#### Objective

The objective of the IAASB discussion in June 2022 is to approve the Exposure Draft (ED), Proposed *Narrow Scope Amendments to ISA 700 (Revised)*<sup>1</sup> and *ISA 260 (Revised)*<sup>2</sup> as a Result of the Revisions to the IESBA Code<sup>3</sup> that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence Requirements for Public Interest Entities (PIEs) (referred to as “the ED”), as set out in **Agenda Item 2-A**.

This Agenda item provides further information relevant to the development and content of the ED (see **Section II**), due process matters (see **Section III**) and the way forward (see **Section IV**).

#### Note for the IAASB:

For purposes of the plenary discussion, IAASB members are asked to provide comments on the drafting presented in the **Exposure Draft** for the IAASB’s proposed revisions to ISA 700 (Revised) and ISA 260 (Revised), i.e., pages 20 to 25 of **Agenda Item 2-A**.

Given the nature and scope of the project, and since there was clear direction from the IAASB in March 2022, the PIE Task Force (PIE TF) has provided a draft of the **Explanatory Memorandum** as part of **Agenda Item 2-A** for the IAASB’s reference. As with previous **Exposure Drafts**, the **Explanatory Memorandum** does not form part of the plenary discussion. If the **Exposure Draft** is approved on Friday, June 17, 2022, the **Explanatory Memorandum** will be circulated to the IAASB on Monday, June 27, 2022, for fatal flaw comments by Friday July 1, 2022, as per our usual practice. IAASB members are asked to provide comments on the **Exposure Draft** on pages 20 to 25 of **Agenda Item 2-A** in writing to the PIE TF Chair and Staff by **June 8, 2022**. This will assist the PIE TF Chair to appropriately focus the discussion and to facilitate the turn of the **Exposure Draft** during the Board week (IAASB members are welcome to simultaneously include any comments they may have on the draft **Explanatory Memorandum** on pages 4 to 19 of **Agenda Item 2-A**, which will be considered in finalizing the **Explanatory Memorandum** for circulation after the Board meeting on Monday, June 27, 2022). Members should also raise their substantive comments on the **Exposure Draft** in plenary session, on the public record.

## I. Introduction

1. In March 2022, the IAASB approved a [project proposal](#) to undertake a narrow scope maintenance of standards project on listed entity and PIE, which set out the IAASB’s actions to respond to the recent revisions to the IESBA Code in relation to listed entity and PIE.<sup>4</sup>

<sup>1</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

<sup>2</sup> ISA 260 (Revised), *Communication with Those Charged with Governance*

<sup>3</sup> The International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)*

<sup>4</sup> See the [Final Pronouncement: Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code | IFAC \(ethicsboard.org\)](#) (the “revised IESBA Code”).

2. At its March 2022 meeting, the IAASB also discussed the PIE Working Group’s initial proposals to address circumstances when the auditor’s report is used to disclose that relevant ethical requirements for independence for certain entities have been applied. These discussions informed the PIE TF in developing the ED presented in **Agenda Item 2-A**.
3. An extract of the March 2022 IAASB draft meeting minutes can be found in **Appendix 2**.

*Materials Presented—Appendices and Other Agenda Items Accompanying This Paper*

4. This Agenda Item includes the following appendices and other agenda items:

<b>Appendix 1</b>	Illustrative Drafting Paragraphs for the IAASB’s Alternative Approach to Operationalize IESBA’s Transparency Requirement
<b>Appendix 2</b>	Extract from the March 2022 IAASB Draft Meeting Minutes for Listed Entity and PIE
<b>Appendix 3</b>	PIE TF Members and Update on Activities Since the March 2022 IAASB Meeting
<b>Agenda Item 2-A</b>	IAASB’s ED, <i>Proposed Narrow Scope Amendments to ISA 700 (Revised) and ISA 260 (Revised) as a Result of the Revisions to the IESBA Code that Require a Firm to Publicly Disclose When a Firm Has Applied the Independence PIEs</i>

## II. Exposure Draft

5. The ED includes the proposed amendments for ISA 700 (Revised) and ISA 260 (Revised), based on the IAASB’s preferred approach in March 2022 (i.e., previous Option 2), to operationalize IESBA’s transparency requirement.<sup>5</sup>
6. The table below provides an overview of significant matters considered by the PIE TF in the development of the ED:

Significant Matter	PIE TF Responses	
	Ref. Agenda Item 2-A	Description
<i>Alternative approach to amending ISA 700 (Revised)</i>	Paras. 27-29	The Explanatory Memorandum (EM) accompanying the ED provides an explanation of the considerations relevant for the IAASB’s alternative approach (i.e., previous Option 1).  <b>Appendix 1</b> to this Agenda Item provides the illustrative drafting for the requirements and application material (marked-up from the extant ISAs) for the alternative approach considered by the IAASB to operationalize IESBA’s transparency requirement, for the IAASB’s reference.

<sup>5</sup> See paragraphs R400.20 – R400.21 of the revised IESBA Code.

Significant Matter	PIE TF Responses	
	Ref. Agenda Item 2-A	Description
<i>Clarity about the differences between the options presented</i>	Para. 30 Appendix to the EM	<p>In March 2022, the IAASB commented that it was difficult to understand the differences between the options presented. The IAASB suggested enhancing and clarifying their descriptions to better explain their intent and impact on the auditor's report.</p> <p>In response, the PIE TF has included a table in the appendix to the EM that explains the impact on the auditor's report of the IAASB's proposed approach to amending ISA 700 (Revised) (i.e., previous Option 2) and the alternative approach (i.e., previous Option 1).</p> <p>The PIE TF is of the view that these examples will enhance the understandability of the proposed revisions to ISA 700 (Revised) and are helpful to supplement the illustrative auditor's reports provided in the appendix of ISA 700 (Revised).</p>
<i>Enhancements to application material</i>	Para. 23	<p>The application material to support the application of the requirement in paragraph 28(c) of ISA 700 (Revised) was clarified and enhanced as follows:</p> <ul style="list-style-type: none"> <li>• A clarification was provided that "certain entities" include those as specified by the relevant ethical requirements, such as PIEs in the IESBA Code.</li> <li>• It was explained that relevant ethical requirements may require, or the auditor may determine, that it is appropriate to apply those differential independence requirements to other entities in light of the entity's nature and circumstances. This highlights that paragraph 400.19 A1 of the IESBA Code encourages firms to determine if any additional entities should be treated as PIEs for purposes of Part 4A of the IESBA Code, and provides a list of factors for firms to consider in making this determination.</li> </ul>
<i>Illustrations</i>	ED	<p>The PIE TF updated the illustrations in the Appendix of ISA 700 (Revised) that deal with the auditor's report on financial statements of a listed entity (i.e., illustrations 1 and 2) to reflect the changes proposed to paragraph 28(c) of ISA 700 (Revised). The illustrations demonstrate how the transparency disclosures can be achieved, and address circumstances when:</p> <ul style="list-style-type: none"> <li>• Illustration 1: The relevant ethical requirements that apply to the audit are the IESBA Code and those of the jurisdiction, they include differential independence requirements that are</li> </ul>

Significant Matter	PIE TF Responses	
	Ref. Agenda Item 2-A	Description
		<p>applicable only to audits of financial statements of PIEs, and they have a transparency requirement.</p> <ul style="list-style-type: none"> <li>Illustration 2: The relevant ethical requirements that apply to the audit are those of the jurisdiction, they include differential independence requirements that are applicable only to audits of financial statements of PIEs, and they have a transparency requirement. The circumstances in extant ISA 700 (Revised) are based on the relevant ethical requirements being the IESBA Code. The circumstances were amended to ethical requirements in the jurisdiction, as the PIE TF, in consultation with the Auditor Reporting Consultation Group (ARCG), determined that this circumstance is more complex than when the relevant ethical requirements are the IESBA Code, and therefore providing such an example is more important.</li> </ul> <p>Given there are no illustrations to demonstrate circumstances when the relevant ethical requirements that apply to the audit are only the IESBA Code, paragraph A35A of the application material includes an illustration of how the disclosure may be provided in the Basis for Opinion section of the auditor's report in such circumstances.</p> <p>The PIE TF considered the other ISAs that contain illustrations of auditor's reports for listed entities, and determined that updates are not necessary, because those illustrations do not refer to the IESBA Code as an example of relevant ethical requirements that apply to the audit.</p>
<i>Communicating with those charged with Governance (TCWG)</i>	Para. 25	<p>In response to the IAASB's feedback in March 2022, the PIE TF reconsidered the placement of the application material in ISA 260 (Revised) regarding communications with TCWG when differential independence requirements for certain entities have been applied. The explanation is now provided as new application material linked to paragraph 17 of ISA 260 (Revised). The PIE TF considered this appropriate given that paragraph 16(d) of ISA 260 (Revised), which was the previously suggested location, relates to "<i>Significant Findings from the Audit</i>" and the specific independence requirements applied do not necessarily constitute a significant finding.</p>

Significant Matter	PIE TF Responses	
	Ref. Agenda Item 2-A	Description
<i>Exposure period</i>	n/a	The PIE TF considered whether the exposure period for comments of 90 days may be too short for some jurisdictions who have to translate the ED and remained of the view that this timeframe is sufficient given the limited revisions being proposed. In reaching its view, the PIE TF also considered the support expressed by the IAASB to prioritize Track 1 of the narrow scope maintenance of standard project on listed entity and PIE and to gather stakeholder feedback sooner, as well as the need to align with IESBA's effective date for the revisions to the IESBA Code.
<i>Review engagements</i>	Paras. 31-40	<p>The EM explains the IAASB's approach for addressing transparency about the relevant ethical requirements for independence applied for certain entities in review engagements. It explains the IAASB's decisions in March 2022 in relation to ISRE 2400 (Revised)<sup>6</sup> and ISRE 2410.<sup>7</sup></p> <p>Also, the EM discusses and illustrates how ISRE 2400 (Revised) could be amended to address transparency about the relevant ethical requirements for independence applied for certain entities for review engagements. The PIE TF proposals are based on the premise that the approach should be as consistent as possible with ISA 700 (Revised). The PIE TF particularly noted the support from stakeholders as part of the Auditor Reporting post-implementation review for enhancing the consistency of review and auditor's reports, especially for listed entities.</p> <p>Sine the focus of the IESBA's discussions when proposing revisions to the IESBA Code, was on enhancing transparency about the auditor's assertion of the relevant independence requirements applied in performing an audit of financial statements, the IESBA is interested in obtaining views about whether there are any jurisdictions that require the review report to include a statement that the practitioner is independent of the entity in accordance with the relevant ethical requirements relating to the review engagement. This feedback will help inform IESBA's consideration of possible further actions regarding the applicability of the transparency requirement in Section 400 of the IESBA Code and may ultimately also affect whether the IAASB needs to amend ISRE 2400 (Revised).</p>

<sup>6</sup> ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

<sup>7</sup> ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*

**Matters for the IAASB Consideration:**

1. Does the IAASB continue to support the proposed approach to amend ISA 700 (Revised) and ISA 260 (Revised) as explained in paragraphs 19-25 of **Agenda Item 2-A**.
2. The IAASB is asked for its views on the draft ED presented on pages 20–25 of **Agenda item 2-A**.

**III. Due Process Matters**

7. In the PIE TF view, the significant matters identified as a result of deliberations since the beginning of this project have been presented in the issues papers presented to the IAASB for discussion. In the view of the PIE TF, there are no significant matters that have not been brought to the attention of the IAASB.
8. The PIE TF does not believe that a consultation paper or field testing is needed at this stage of the project, as the project is narrow in scope.

**Matters for the IAASB Consideration:**

3. The IAASB is asked to approve the ED for exposure. (This question will be addressed on Friday, June 17, 2022).

**IV. Way Forward**

9. For the next IAASB meeting in September 2022, the PIE TF intends to present proposals relevant to Track 2 of the IAASB's project on listed entity and PIE, including:
  - (a) The IESBA definitions of "publicly traded entity" and PIE.
  - (b) The objective and guidelines for establishing differential requirements for certain entities in the ISQMs<sup>8</sup> and ISAs.<sup>9</sup>
  - (c) The case-by-case analysis of extant differential requirements for listed entities in the ISQMs and ISAs, including consequential considerations for the application and introductory material.

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<sup>8</sup> International Standards on Quality Management

<sup>9</sup> International Standards on Auditing

## Illustrative Drafting for the IAASB’s Alternative Approach to Operationalize IESBA’s Transparency Requirement

This appendix sets out the requirements and application material (marked-up from the extant ISAs) for the alternative approach considered by the IAASB to operationalize IESBA’s transparency requirement (see paragraphs 27–30 of the EM).

### ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

...

#### Requirements

...

#### Auditor’s Report

...

#### Basis for Opinion

28. The auditor’s report shall include a section, directly following the Opinion section, with the heading “Basis for Opinion”, that: (Ref: Para. A32)

...

- (c) Includes a statement that the auditor is independent of the entity in accordance with the relevant ethical requirements relating to the audit, and has fulfilled the auditor’s other ethical responsibilities in accordance with these requirements. The statement shall identify the jurisdiction of origin of the relevant ethical requirements or refer to the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*. In circumstances when the relevant ethical requirements include differential independence requirements that are applicable only to audits of financial statements of certain entities and the auditor has applied those differential independence requirements, the statement shall indicate that the auditor is independent of the entity in accordance with the independence requirements applicable to those entities; and (Ref: Para. A34–A39)

...

#### Application and Other Explanatory Material

...

#### Auditor’s Report (Ref: Para.20)

...

#### Basis for Opinion (Ref: Para. 28)

...

Relevant ethical requirements (Ref: Para. 28(c))

A35A. Relevant ethical requirements may require the auditor to apply differential independence requirements that are applicable only to audits of financial statements of certain entities specified in the relevant ethical requirements. The auditor may also determine that it is appropriate to apply those differential independence requirements to other entities in light of the entity's nature and circumstances. When the differential independence requirements that are applicable only to audits of financial statements of certain entities have been applied, this ISA requires the auditor to provide a statement that indicates that the auditor is independent of the entity in accordance with the independence requirements applicable to those entities. The relevant ethical requirements may also include a requirement to publicly disclose that the differential independence requirements that are applicable only to audits of financial statements of certain entities were applied. For example, the IESBA Code requires that when a firm has applied the independence requirements for public interest entities in performing an audit of the financial statements of an entity, the firm publicly disclose that fact, unless making such disclosure would result in disclosing confidential future plans of the entity.<sup>10</sup>

...

## Appendix

(Ref. Para A19)

...

### Illustration 1 – Auditor's Report on Financial Statements of a Listed Entity Prepared in Accordance with a Fair Presentation Framework

For purposes of this illustrative auditor's report, the following circumstances are assumed:

- Audit of a complete set of financial statements of a listed entity using a fair presentation framework. The audit is not a group audit (i.e., ISA 600 does not apply).
- The relevant ethical requirements that apply to the audit comprise the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), together with the ethical requirements relating to the audit in the jurisdiction, and the auditor refers to both. The IESBA Code and the ethical requirements relating to the audit in the jurisdiction include differential independence requirements that are applicable only to audits of financial statements of public interest entities.

...

...

<sup>10</sup> IESBA Code, paragraphs R400.20-R400.21

## INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

### Report on the Audit of the Financial Statements<sup>11</sup>

...

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to public interest entities, together with the ethical requirements for public interest entities that are relevant to our audit of the financial statements in [jurisdiction], ~~and~~ we have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

...

#### **Illustration 2 – Auditor’s Report on Consolidated Financial Statements of a Listed Entity Prepared in Accordance with a Fair Presentation Framework**

For purposes of this illustrative auditor’s report, the following circumstances are assumed:

- **Audit of a complete set of consolidated financial statements of a listed entity using a fair presentation framework. The audit is a group audit of an entity with subsidiaries (i.e., ISA 600 applies).**

...

- **The International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, comprises all of the relevant ethical requirements that apply to the audit. The IESBA Code includes differential independence requirements that are applicable only to audits of financial statements of public interest entities.**

...

...

## INDEPENDENT AUDITOR’S REPORT

To the Shareholders of ABC Company [or Other Appropriate Addressee]

<sup>11</sup> The sub-title “Report on the Audit of the Financial Statements” is unnecessary in circumstances when the second sub-title “Report on Other Legal and Regulatory Requirements” is not applicable.

## Report on the Audit of the Consolidated Financial Statements<sup>12</sup>

...

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

...

### ISA 260 (Revised), *Communication with Those Charged with Governance*

...

### Application and Other Explanatory Material

...

#### Matters to Be Communicated

...

*Auditor Independence* (Ref: Para. 17)

...

A32A. The relevant ethical requirements may require the auditor to:

- Apply differential independence requirements that are applicable only to audits of financial statements of certain entities specified in the relevant ethical requirements. The auditor may also determine that it is appropriate to apply those differential independence requirements to other entities in light of the entity's nature and circumstances.
- Publicly disclose that the differential independence requirements that are applicable only to audits of financial statements of certain entities were applied.

The auditor may communicate with those charged with governance that the differential independence requirements that are applicable only to audits of financial statements of certain entities were applied, and that paragraph 28(c) of ISA 700 (Revised) requires the auditor to disclose in the auditor's report which independence requirements were applied.

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<sup>12</sup> The sub-title "Report on the Audit of the Consolidated Financial Statements" is unnecessary in circumstances when the second sub-title "Report on Other Legal and Regulatory Requirements" is not applicable.

## Extract from the March 2022 IAASB Draft Meeting Minutes

### Listed Entity and Public Interest Entity (PIE) (Agenda Item 3)

#### Decisions

#### *Approval of the Project Proposal for the Narrow Scope Maintenance of Standards Project on Listed Entity and PIE*

1. After discussing the turn-around version of the Project Proposal, the IAASB voted on and unanimously approved the Project Proposal for the narrow scope maintenance of standards project on listed entity and PIE with 18 affirmative votes out of the 18 Board members present. The revisions to the Project Proposal, which addressed Board members' comments and were made in finalizing the project proposal, are indicated in [Agenda Item 3-A.2 \(marked\)](#).

#### *Disclosure in the Auditor's Report About When a Firm has Applied the Independence Requirements for PIEs*

2. **Agenda Item 3** outlined three options for how ISA 700 (Revised)<sup>13</sup> could be clarified to address circumstances when the auditor's report is used to disclose that relevant ethical requirements for independence for certain entities have been applied (such as for PIEs in the IESBA Code).<sup>14</sup> In this regard, the Board agreed to:
  - Present Option 2 in the Exposure Draft (ED) as the IAASB's preferred option.
  - Explain that Option 1 was considered and provide key features of Option 1 in the Explanatory Memorandum (EM) accompanying the ED.
  - Not to present Option 3 in the ED.
  - Ask respondents to the ED whether they agree that the auditor's report is an appropriate mechanism to publicly disclose when a firm has applied relevant ethical requirements for independence for certain entities, and if not, to indicate what mechanism(s) other than the auditor's report should be used. The ED will also explain that the IAASB does not have other mechanisms in its standards.
  - Seek stakeholder feedback, as part of further information gathering under the project, as to whether the IAASB should consider revisions to ISRE 2400 (Revised)<sup>15</sup> to address circumstances when the firm is required to publicly disclose that it has applied relevant ethical requirements for independence for certain entities in a review engagements.

#### Directions

#### *Narrow Scope Maintenance of Standards Project on Listed Entity and PIE*

3. With regards to the IAASB's use of the overarching objective in paragraph 400.8 of the revised IESBA

<sup>13</sup> ISA 700 (Revised), *Forming an Opinion and Reporting on Financial Statements*

<sup>14</sup> The International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)*

<sup>15</sup> ISRE 2400 (Revised), *Engagements to Review Historical Financial Statements*

Code in establishing differential requirements for PIEs, the Board directed the PIE Task Force, when adopting the overarching objective, to clarify through appropriate guidance that the financial statements of an entity can be used when assessing the entity's financial condition (which is a broader concept).

#### *Disclosure in the Auditor's Report About When a Firm has Applied the Independence Requirements for PIEs*

4. With regards to the proposals to clarify ISA 700 (Revised), the Board directed the PIE Task Force to:
  - Clarify the descriptions for Options 1 and 2, as the differences between those two options are difficult to understand. The Board suggested explaining the intent of the two options and their impact to the independence statement provided in the auditor's report.
  - Clarify in the application material the reference to "certain entities" in the requirement, given concerns that it is ambiguous and may be interpreted too broadly.
  - Present the text "*applicable to public interest entities*" in regular font following the title of the IESBA Code, so as not to imply that this phrase is part of the title of the IESBA Code.
  - Present only one of the drafting alternatives for Option 2 in the ED, suggesting that it should be the first alternative, and clarify the drafting that refers to the phrase "disclose that fact."

#### *Clarifying ISA 260 (Revised)<sup>16</sup> Regarding Communication with TCWG About Independence*

5. A suggestion was made to consider whether paragraph 17 of ISA 260 (Revised), would be a more appropriate location to clarify how the auditor may communicate with TCWG when specific independence requirements for certain entities have been applied. It was noted that the title preceding paragraph 16(d) of ISA 260 (Revised) relates to "*Significant Findings from the Audit*" and the specific independence requirements applied do not itself constitute a significant finding.

### **Other Substantial Matters**

#### *Transparency Through Disclosure in the Auditor's Report*

6. Some Board members continued to question the benefits of the proposed disclosure in the auditor's report about when a firm has applied the independence requirements for PIEs and whether such disclosure would provide additional information to users that would be relevant from a public interest perspective. The IAASB Chair noted that the IESBA public disclosure requirement was subject to their due process and that IESBA deliberated already on this matter while developing the revisions to the IESBA Code. The matter for IAASB consideration is whether the auditor's report is a suitable location for such disclosure and, if so, how this may be accomplished.

#### *IAASB CAG Chair Remarks*

7. Mr. Dalkin thanked the Board, noting that in March 2022, Representatives provided support for narrowing down the options which will be included in the ED regarding possible disclosure in the auditor's report about when a firm has applied the independence requirements for PIEs. He

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<sup>16</sup> ISA 260 (Revised), *Communication with Those Charged with Governance*

emphasized that as the project progresses, it would be important for the IAASB to avoid additional complexity for its standards.

*PIOB Observer Remarks*

8. Ms. van Diggelen emphasized the importance of enhanced transparency and consistency in reporting about independence requirements in the auditor's report from the public interest perspective. She encouraged the IAASB to gather feedback through targeted stakeholder outreach to investors and other users in particular on how enhanced transparency on independence requirements could best be achieved.

*Next Steps*

In June 2022, the IAASB will be presented with an ED for approval, that will address whether the auditor's report is an appropriate mechanism to enhance transparency about the relevant ethical requirements for independence applied for certain entities (i.e., for track 1 of the project).

## Appendix 3

### PIE TF Members and Update on Activities Since the March 2022 IAASB Meeting

#### PIE TF Members

1. The PIE TF consists of the following members:
  - Josephine Jackson, Chair;
  - Chun Wee Chiew;
  - Fernando Ruiz Monroy;
  - Len Jui;

*IESBA correspondent member:*

  - Sung-Nam Kim.
2. Information about the project can be found [here](#).

#### PIE TF Activities

3. The PIE TF held 2 virtual meetings since March 2022.

#### Coordination with Other Consultation Groups and Standard-Setting Boards

4. Sung-Nam Kim joined the PIE TF in March 2022 as a correspondent IESBA member. He is also a IESBA member and a member of the IESBA PIE Implementation Working Group. Staff of the IAASB and IESBA engage in ongoing coordination activities in relation to this topic.
5. To inform IESBA's consideration of possible further actions regarding the applicability of the transparency requirement in Section 400 of the IESBA Code, a specific question is included in the EM accompanying the ED for IESBA's further consideration. The question seeks views from IESBA stakeholders about whether there are any jurisdictions that require the review report to include a statement that the practitioner is independent of the entity in accordance with the relevant ethical requirements relating to the review engagement.
6. At the upcoming June 2022 meeting, the IESBA will receive an update regarding the IAASB's project on listed entity and PIE. The IESBA will be asked to provide input on the proposals included in the ED.
7. The PIE TF has sought input and views from the ARCG on its proposals in the ED for amending ISA 700 (Revised) and ISA 260 (Revised). Views and input from the ARCG have also been received on the illustrative drafting paragraphs for the alternative approach considered by the IAASB presented in **Appendix 1** to this Agenda Item.