

**Definitions of Listed Entity and Public Interest Entity  
Comments on ED Question 8  
(Outreach and Education Support)**

**Question 8**

*Please provide any feedback to the IESBA’s proposed outreach and education support to relevant local bodies. In particular, what content and perspectives do you believe would be helpful from outreach and education perspectives?*

Respondent	Comment
	General comment
IRBA	<p>We support the proposed outreach and educational support to relevant local bodies. Over recent years, South Africa has applied a broader definition of PIE, with specific categories. Some of the learnings we have drawn from the implementation of a broader PIE definition include the risk of misunderstanding when it comes to the technical definition of a PIE. Explaining the proposed definition of a PIE to non-users of the IESBA Code can be challenging, due to the technical nature of the definition. There is therefore a need for educational support and non-technical materials. This can be, for example, in the form of FAQs. The material in the Explanatory Memo should be retained and used in guidance. Also, communication and consultations should be encouraged at the jurisdictional level.</p>
UKFRC	<p>The FRC supports the proposed outreach and educational support to relevant local bodies. IESBA’s strategy should focus on ensuring that the objective underpinning the definition of a PIE is clearly articulated and widely understood. We believe that there should be a strong focus on the contextual principles that underpin the definition of a public interest entity, as well as the appropriate refinements for the definition which should be made within a particular jurisdiction.</p> <p>As noted in our response to Question 3, a post-implementation review should also be undertaken at the earliest opportunity to understand how the proposed role for relevant local bodies has been utilized, and to identify if any jurisdictions have scoped out any category of PIE without a justification based around the principles of public interest.</p>
GAO	<p>We believe that the IESBA, potentially in coordination with the IAASB, should clarify how auditors should approach an audit of a less complex entity (LCE) that is also a PIE, if LCEs become covered by a separate standard.</p>

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CFO Forum	<p>Allow for local bodies to present their intended application of proposed criteria in their jurisdictions, for information sharing and discussion with other local bodies.</p> <p>Present some case studies reflecting on step-by-step application of the criteria, for discussion with the audiences (and the consequences / outcomes of choosing differently).</p>
APESB	<p>Australian stakeholders believed that additional guidance materials that provided further examples of entities classified as PIEs would be useful when considering how the provisions are to be implemented.</p>
NZAuASB	<p>The NZAuASB found the <i>Supplementary Guidance to Exposure Draft to Aid Local Body Considerations Regarding Adoption and Implementation</i> very useful. Ongoing discussion at the annual NSS meeting as to how each jurisdiction is adopting and adapting the PIE definition would also be welcomed as especially helpful at a local level, including the specific types of entities where IESBA has not included a category of entity, including: charities, public sector entities, public utilities and custodians. Further support would be welcomed where outreach to date has indicated that the proposals have raised more questions, including:</p> <ul style="list-style-type: none"> <li>• Guidance on what is meant by “publicly traded”.</li> <li>• Examples of where local jurisdictions are excluding or extending the entities that are captured as PIEs.</li> <li>• For ICOs, including whether there is a financial instrument or not.</li> </ul>
ACCA	<p>We welcome the proposed outreach and education support to relevant local bodies. We are supportive of the IESBA plan to release non-authoritative guidance material with additional explanatory information. We also agree that assisting the relevant local bodies, with targeted stakeholder meetings and webinars as outlined in paragraph 59 of the Explanatory Memorandum, is crucial for the successful adoption and implementation process of the revised definition of PIE.</p>
AE	<p>The key feature of any outreach and education support should be clarity of the objective for defining entities as PIEs and what the appropriate implications might be in a particular jurisdiction given local factors.</p> <p>The IESBA should also keep sight of whether jurisdictions have sought to scope out any categories of PIE without appropriate justification.</p>
BDO	<p>This will be significant undertaking by the IESBA</p>
BICA	<p>For jurisdiction which have not defined PIEs at a local level, IESBA could assist in guiding them to identify the relevant local bodies to do so and to eventually establish criteria with hindsight of feedback received from post implementation review project of introduction of PIE in the Code.</p>

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CAANZ	<p>To ensure consistent adoption and implementation of the proposed new PIE definition, it is crucial the IESBA develops non-authoritative guidance, such as the one already issued “Supplementary Guidance to Exposure Draft to Aid Local Body Considerations Regarding Adoption and Implementation”, arrange focused webinars and perform targeted outreach with local bodies and other key stakeholders. Since the determination and scoping of what constitutes a PIE can involve a high degree of judgement, we also recommend practical examples and case studies could be very beneficial.</p>
CAI	<p>In our view, the proposed outreach and support should contain authoritative guidance to encourage and support local bodies to refine the PIE definition in as consistent a manner as possible.</p>
CIIPA	<p>We believe that the outreach and education program which includes webinars and targeted stakeholder meetings will be important to ensure the appropriate understanding of the impact of the classification as a Public Interest Entity on the auditor’s obligations.</p> <p>This is particularly important given the intention to have the Public Interest Entity classification made as “public disclosure”.</p>
CNCC	<p>Since we do not support the approach taken in the ED to the definition of PIES and the role assigned to local bodies, we will not comment on the outreach and education support to the local bodies.</p> <p>We have doubt that the local bodies will tailor the PIE definition to their needs when the IESBA itself recognises <i>“that regulators in many jurisdictions do not have the power to set a definition”</i> and that <i>“some jurisdictions might simply adopt the Code as is without much or any refinement, a situation which would undermine the IESBA’s broader approach”</i>.</p>
CPAA	<p>We offer no specific comments on potential content at this time. However, it is clear that case studies and scenarios would be useful to demonstrate how firms might determine if an entity should be treated as a PIE.</p>
CPAC	<p>We recommend the development of further non-authoritative guidance to support consistent application of the proposals and to provide additional information for local bodies to consider. More specifically, we recommend that the IESBA consider:</p> <ul style="list-style-type: none"> <li>• Additional non-authoritative guidance to assist local bodies and to encourage a uniform approach, as discussed in our response to Question 2;</li> <li>• Webinars and targeted stakeholder meetings, for example with local regulators; and</li> <li>• Formation of a working group to facilitate communication of implementation challenges and resolutions.</li> </ul> <p>We also recommended in our response to Question 3, tracking the implementation of these proposed revisions to the Code as a standing item at the National Standard-Setters meetings to foster discussion about challenges and sharing of best practices. We</p>

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	<p>observe that smaller emerging jurisdictions may not have the capacity to make modifications to IESBA's requirements and might leverage the work of larger jurisdictions in this manner.</p> <p>We agree that alignment between the IESBA and the IAASB is critical to this project and think that this should continue to be given specific attention in any outreach.</p>
EFAA	<p>We welcome the IESBA's proposed outreach and education support to relevant local bodies.</p> <p>In addition, as explained below, case studies and scenarios would be particularly useful to demonstrate how firms determine if an entity should be treated as a PIE.</p>
FACPCCE	<p>For this outreach and education support, it should be based on an adequate identification of the entities that will be considered PIE, otherwise the generalities used may produce doubts and inequities between the PIEs of the different countries. Outreach and education should be the responsibility of local professional bodies, insofar as they are in a position to carry it out.</p>
HKICPA	<p>We consider it will be necessary for IESBA to develop non-authoritative guidance material (e.g. FAQ) and participate in focus group workshops to support local bodies before and during the implementation stage. It will be helpful for local standard setters to share experience and exchange their observations during the implementation stage – for example, how to devise an appropriate size test and what are the common issues faced.</p>
ICAEW	<p>The key feature of any outreach and education support should be clarity of the objective of the PIE definition and what the appropriate changes might be in a particular jurisdiction given local contextual factors. Application discussions should reference back to the contextual principles of the PIE definition.</p> <p>As noted above, there would also be an important role for the IESBA (via IFAC) in keeping sight of whether jurisdictions have sought to scope out any categories of PIE entirely without reasonable justification.</p>
ICAG	<p>IESBA proposed outreach and education support is a laudable initiative and should be encouraged. Regarding the subject matter, the IESBA in consultation with IFAC's Quality and Development Team and other local bodies (PAOs) from more advanced economies could team up to conduct outreach and support programs to other PAOs in less developed jurisdictions. The proposed outreach and educational support to relevant local bodies is essential. This should include some practical scenarios to give a clearer picture of the application and implication of changes proposed in this ED. The new term "publicly traded entity" should be clearly communicated. The provision of non-authoritative guidance with additional explanation and information is an excellent idea as it provides more perspective to local bodies and professional accountants. This together with webinars and targeted "zoom" meetings is also a good idea. We would suggest that the local auditing oversight bodies be</p>

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	tasked with providing free CPE to all registered accountants to disseminate this information as widely as possible and to elicit as much feedback as possible.
ICAS	We are supportive of the proposed outreach and education support to relevant local bodies. In terms of content and perspectives this should seek to provide clarity as to the roles to be played by relevant local bodies and the firms. Ultimately, in the proposed model these groups will play a key role in determining what is a PIE in a given jurisdiction, therefore, it is key that they are aware of what is expected of them.
ICPAU	We agree with the IESBA approach in developing a non-authoritative guidance material and a series of webinar and seminars should be initiated by the IESBA to assist in the implementation. Education support to local bodies shall ensure a steady and visible application of the requirements of the Code.
IDW	Based on our first consideration in the body of our comment letter and our response to Questions 3 and 7, we believe that proposed outreach and education support would be less crucial if the IESBA Code uses clear definitions with additional application material, rather than high level categories that can be refined at a local level.
INCP	We believe that the most effective tool is to timely translate into the various languages of those jurisdictions currently applying the Code of Ethics. Additionally, we believe that supporting material must be provided, such as application guidelines, actual categorization cases, and impacts on the audit processes for PIEs that involve all stakeholders.
ISCA	We agree with IESBA's proposed outreach and education support to the relevant local bodies.
JICPA	<p>We support the IESBA's proposed outreach and education support described in paragraph 59 of the Exposure Draft.</p> <ul style="list-style-type: none"> <li>• The details and perspectives used in the outreach and education support might include the following.</li> <li>• In the proposed revisions to the PIE definition this review of the PIE definition, what is most important is the role played by relevant local bodies and in particular, it should be made clear that relevant local bodies are expected to consider whether categories that were not included in paragraph R400.14 because their public interest is significant only in specific jurisdictions, or entities using non-traditional forms of fundraising such as ICOs, should be added to the PIE categories or not.</li> <li>• The IESBA should give concrete explanations of background to the replacement of "listed entities" by "publicly traded entities," and of which entities are expected to be added or exempted as a result of the changes in the definition.</li> </ul>
KICPA	The biggest difference between the proposed revisions and the extant Code is the fact that the proposed revisions set out the roles of national standard setters and firms. We respectfully request for further details of such roles including intension,

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	<p>requirements and how to fulfill them to ensure the new roles can be played successfully. In addition, PIEs are often prescribed by laws and regulations in some jurisdictions, as opposed to the Code. In this regard, outreach program is necessary with focus on coordination with oversight bodies.</p>
MIA	<p>We believe that there will be a need for guidance material to support relevant local bodies. Therefore, we are agreeable with the plans to release further non-authoritative guidance and organize webinars and targeted stakeholder outreach to help adoption and implementation. In addition, case studies/ scenarios would be particularly useful to demonstrate how firms determine if an entity should be treated as a PIE, should this be the final outcome of this consultation</p>
MICPA	<p>We suggest to provide a non-authoritative guidance material including jurisdictional studies i.e. common and complex definitions of PIEs that have been applied in different jurisdictions. These examples are helpful for local bodies to consider and apply for their own markets</p>
NBA	<p>In addition to AE we suggest the following: 1) Inform local bodies on the effect of PIEs on the economy, i.e. PIEs should provide stability in a market. 2) The additional audit require-ments should be linked to the objective of defining an entity as a PIE (i.e. which audit pro-cedures are focused on the PIE characteristics).</p>
NBAAT	<p>We recommend that much of the outreach and education support should stick on paragraph R400.14 (a) as it is wider and encompass a number of entities which were from the previous definition not considered as PIE.</p>
SAICA	<p>SAICA and members of the working group are in support of the proposed outreach and education plan of the IESBA as stipulated in paragraph 59 of the explanatory memorandum of the Exposure Draft.</p> <p>SAICA believes that working with those local bodies that have taken a specific approach to defining and scoping the concept of a PIE for their local purposes would be beneficial to help identify specific implementation support.</p>
SAIPA	<p>We understand and agree that the process of refining the IESBA’s revised definition of PIE, whilst achievable, is not a simple or quick process and will require significant effort and accumulation of experience from the relevant local bodies.</p> <p>The IESBA has therefore agreed to develop an appropriate outreach and education program, commencing later in 2021 in order to achieve effective adoption of its revisions. In the first instance, the IESBA plans to release non-authoritative guidance material that provides additional explanation and information as a supplement to the explanatory memorandum in this ED. It aims to, amongst other things, assist the relevant local bodies in considering and planning how to revise the IESBA’s definition as part of their adoption and implementation process. Other activities may include webinars and targeted stakeholder meetings. Upon</p>

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	<p>approval of the final revisions, it is anticipated that a separate IESBA working group will be established to support the rollout of the revised PIE definition.</p> <p>We agree with the IESBA approach in developing a non-authoritative guidance material and a series of webinar and seminars should be initiated by the IESBA to assist in the implementation.</p> <p>In light if this responsibility and challenge to local bodies we agree with the longer transition period to December 2024.</p>
TFAC	<p>We support the IESBA’s proposed outreach and education support to relevant local bodies. The sample contents are as follows:</p> <ul style="list-style-type: none"> <li>• The PIE definition applied by each jurisdiction.</li> <li>• Importance of PIE definition towards local bodies’ independence and public interest</li> </ul>
TURMOB	<p>We believe that the outreach and education support to be provided by IESBA is very important, but even more important is how these standards are translated and interpreted by local authorities. Because the native language of most IFAC members is not English. For this reason, IESBA may be appropriate to support IFAC’s member bodies, especially in interpretation.</p> <p>Upon approval of the final revisions, we believe that it will be useful that a separate IESBA working group will be established to support the rollout of the revised PIE definition.</p>
WPK	<p>We agree that the development of an appropriate outreach and education program might be helpful, particularly for member bodies in emerging markets. In this context, it will be crucial for IESBA to diligently take the respective national peculiarities into consideration.</p>
BDO	<p>No specific feedback other than to ensure effective implementation of the revised definition will require close collaboration between the IESBA and the local bodies. This will be a significant undertaking by the IESBA.</p>
BKTl	<p>We support the proposed outreach and education programme to guide relevant local bodies through the process of refining the requirements and definition of a PIE within their local jurisdiction. Helpful content would be to provide guidance on entities that are not considered to be PIEs.</p>
CohnReznick	<p>We agree with the IESBA’s proposed outreach and education support relevant to local bodies. In particular, we believe non-authoritative guidance material may be particularly helpful. We encourage the IESBA to appropriately allocate its time in this effort. Generally, the larger the capital markets, the more time IESBA should dedicate to addressing issues in those markets.</p>
Crowe	<p>The IESBA’s proposed outreach and education support to relevant local bodies is important for achieving consistent and transparent implementation.</p>

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	<p>The outreach to local bodies needs to be supplemented by outreach to relevant global and regional bodies with the intention of promoting discussion about the application of definitions and the sharing of views on interpretation and implementation.</p> <p>The IESBA ought to organise “round tables” with regional bodies that have similar environments to encourage the sharing of views.</p> <p>The IESBA also ought to encourage local bodies to provide transparent explanations to support their individual application of the overarching objectives and definitions.</p>
EY	<p>As noted in our response to question three, we do not agree with the Board's broad approach in developing its proposals for the PIE definition. However, even if a narrow approach is taken, as we have suggested above, it will still be beneficial for the Board to undertake its proposed outreach and education support to assist local bodies and regulators in understanding their role in supplementing the categories of PIEs defined with the Code. We agree that the outreach activities described in paragraph 59 of the EM are appropriate. We believe it will be important for the Board to work with local bodies and regulators in helping them understand how their local definition of PIE aligns with the Code, and where potential refinement could be beneficial.</p>
GTIL	<p>As part of IESBA's outreach and education program, GTIL agrees IESBA should issue non-authoritative guidance material that provides additional explanation and information as a supplement to the explanatory memorandum in this ED.</p> <p>We would encourage the Board to provide regulators and standards setters with guidance and application material, including examples for certain PIE categories, on how to determine the level of public interest in the financial condition of entities when refining the definition of PIE.</p>
KPMG	<p>Outreach and education support provided by IESBA is absolutely critical given the vital role played by local bodies in the determination of appropriate PIE populations for the local jurisdiction. IESBA should also monitor the status of refinements by local bodies, with targeted outreach to those bodies which have not made refinements. Potential deferral of the implementation date should be considered if a meaningful portion of local bodies have not made refinements of the Code definition in a manner timely enough for effective implementation of the standard.</p>
MNP	<p>We believe educational support will be crucial for the relevant local bodies to appropriately apply the proposed revisions. As part of the IESBA's outreach and education program, we recommend holding roundtable sessions with representatives from the ethics standard setter bodies from various countries to provide them the opportunity to confer on how the PIE definition may be defined within their and other local jurisdictions.</p>

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	<p>In addition, if the IESBA intends to retain the requirement for firms to make their own determination of whether additional entities should be treated as PIEs, we believe further guidance will be needed to support the consistent application of this requirement between the firms’.</p> <p>Furthermore, if the IESBA intends to retain the requirement for public disclosure of PIEs within the auditor’s report, we believe it is necessary that public guidance be issued to explain the types of entities treated as PIEs and the implication is solely to identify the entities for which more stringent independence rules must be complied with by firms.</p>
Moore	<p>We disagree with the proposition to require individual auditors to define PIEs. This could lead to further conflicts in independence without necessary safeguards available. The auditor should be able to respond to the risks of the specific client engagement and have the ability to address such risks identified through the addition of safeguards or additional “work” such as performing an EQR on the engagement. The auditor however should not be involved directly in determining which entity meets the PIE definition.</p> <p>As noted earlier, the inconsistency concern may no longer only be between jurisdictions, but also between auditors within jurisdictions. This could have unintended consequences such as opinion shopping between auditors to find the most beneficial approach to the definition of a PIE. There is therefore a need to introduce safeguards against these unintended consequences.</p>
PwC	<p>We believe that the supporting guidance issued by the IESBA to assist local bodies is a helpful start.</p> <p>This will need IFAC resources to support and educate local bodies and this process will take time.</p>
RSM	<p>As stated above, we believe this is a complex and important topic and agree with the proposed outreach and education support to relevant local bodies especially those in smaller and less developed jurisdictions. We recommend that one objective of the outreach should be to help ensure adoption and strive for consistency in approach internationally. It might therefore be helpful to share approaches of countries that have already determined their own definition of PIE.</p>
SMPAG	<p>As outlined above, our preference is for narrower (clearer) definitions and guidance to be included in the Code. However, we believe that there will be a need for material to support relevant local bodies, so agree with the plans to release non-authoritative guidance and organize webinars and targeted stakeholder outreach to help adoption and implementation. In addition, whilst we do not support the proposed changes to the role of firms (see response below), case studies/ scenarios would be particularly useful to demonstrate how firms determine if an entity should be treated as a PIE.</p>