

**Definitions of Listed Entity and Public Interest Entity
Comments on ED Question 14
(Overarching Objective)**

Question 14

Do you support the proposed effective date of December 15, 2024?

The respondents' comments are grouped into:

- Respondents that supported the proposed effective date
- Respondents that requested extension and other comments

	Key Issues and Comments	Respondents
	Respondents that supported the proposed effective date	
	We support the proposed effective date. We are of the view that it will give sufficient time for the jurisdictions that do not have extended PIE definitions to develop experience with the application of the new NAS and Fees provisions for PIEs, based on the extant PIE definition, before these provisions become applicable to a broader group of PIEs.	IRBA
	Yes, the NZAuASB supports the proposed effective date, however considers that it is also in the public interest for the recently revised non-assurance services requirements to apply to the broader classification of PIEs sooner rather than later.	NZAuASB
	<p>We support the proposed effective date of December 15, 2024. In previous consultation responses, we encouraged the Board to complete the revision of the definition of a PIE before finalising and issuing the revisions to Fees and Non-Assurance Services (NAS). While concurrent dates for implementation would have been ideal, we recognise that a later date for the implementation of the PIE provisions is a pragmatic solution. The longer timeframe will allow relevant local bodies to refine the revised PIE definition and ensure firms develop experience in applying the new Fees and NAS provisions for PIEs before they become applicable to entities who may be newly captured by the revised PIE definition.</p> <p>However, we have concerns that the IAASB and IESBA are not moving at the same pace and while we understand the Boards will closely coordinate and contribute to each other's Board deliberations, there remains a risk that the two Boards may ultimately arrive at conclusions that do not fully align with each other. That will undermine the public's confidence in the Boards' ability to work with each other in a seamless manner and complicates the implementation efforts.</p>	ACCA

	Key Issues and Comments	Respondents
	<p>We do support the proposed effective date, however, as discussed in our response to Question 3, we believe that the IESBA should monitor implementation through the National Standard Setters meetings as well as through a dedicated working group, beginning immediately after the revisions are issued. The IESBA should consider extending the effective date if there are indications that local bodies are having significant implementation issues or delays in refining the definition of a PIE.</p>	CPAC
	<p>We note that the recently released Non-Assurance Services (“NAS”) and Fees pronouncements will be effective 15 December 2022. Most of the revisions to NAS and Fees provisions apply only to audit clients that are PIEs.</p> <p>We appreciate IESBA’s commitment to accelerate the review of PIE definition as a clearer definition of PIE will help to facilitate the application of NAS and Fees provisions.</p> <p>We acknowledge that IESBA’s intention is to allow firms to have sufficient time to revise and implement the relevant policies and procedures for the revised NAS and Fees provisions and apply them to their PIE clients under the extant Code before they need to be applied to any new PIE clients captured under the revised PIE definition.</p> <p>Accordingly, we support the proposed effective date of 15 December 2024.</p>	ISCA
	<p>We support the proposed date.</p> <p>In addition to relevant local bodies refining the PIE categories, work will be required by firms in relation to considering additions to PIEs, revising internal policies, upgrading systems, investigating the issue of PIE disclosures, and contemplating whether or not to provide non-assurance services in cases where the scope of the PIE has expanded, so sufficient preparation time must be provided before the revisions are applied.</p>	JICPA
	<p>The KICPA supports the proposed effective date if the Code will be revised by the end of 2021, which will give us approximately 3 years as transition period. If the recently revised NAS and FEE are to take effect earlier than that, we hope that enough time will be given to apply them to current PIEs before the revised PIE criteria becomes effective, considering that the NAS and FEE contain stronger requirements for PIEs as the result of the recent revisions.</p>	KICPA
	<p>The Institute would like to propose that the effective date of this ED can only be later than the proposed effective date for the revisions to the Code for Non Assurance Services (NAS) and Fees in view of the significant impact on the definition of PIEs on both projects. In any case, it should not be earlier than December 15, 2024.</p>	MIA
	<p>Given the local amendments in the development of our own definition of a PIE, South Africa has an advantage in implementing the proposed changes. SAICA and members of the working group are therefore in support of the proposed effective date of December 15, 2024 (with early adoption allowed), as we believe that it provides sufficient time for implementation.</p> <p>SAICA encourages the IESBA to pay careful attention to the responses received from local jurisdictions that have not made local amendments to the Code. This is seen as the area where the proposed amendments will have a greater impact and require additional time to implement the consequential requirements of the widened definition of a PIE.</p>	SAICA

	Key Issues and Comments	Respondents
	We support the proposed effective date, provided that there will be a transition provision for liable entities.	TFAC
	Yes, we support the proposed effective date of December 15, 2024. However, as we have previously noted, given the importance of local bodies and regulators refining the entities to be included in the proposed categories of PIEs, the Board should evaluate the extent of the necessary outreach activities that will be required with local bodies and regulators and whether the proposed effective date provides the Board with adequate time to perform this outreach and assess the effectiveness of the outreach efforts. A narrow approach, as we have suggested above, would not be dependent upon local bodies and regulators taking action before the proposals could be implemented, and therefore would enable implementation by the proposed date. The Board should carefully consider the comments from local bodies and regulators regarding the effective date as they may find it difficult to complete adoption by December 2024.	EY
	As the proposed changes from this Exposure Draft and other changes to the code in relation to fees and non-assurance services will have a significant impact on firms and require changes to policies and procedures, we agree that sufficient time should be allowed for firms to implement the necessary changes. However, 3 years from issue of the final pronouncement to implementation does seem excessive and we recommend that the effective date is brought forward, perhaps by 1 year.	Mazars
	Respondents that requested extension and other comments	
	<p>The remaining timeline for this project in paragraph 86 of the Paper is indicated to seek IESBA approval of the final pronouncement in December 2021. Relatedly, the proposed effective date is defined as December 15, 2024. We have concerns on both the remaining timeline and the proposed effective date.</p> <p>First, as it relates to the remaining timeline, we encourage the IESBA to consider republishing the Paper for further public consultation once the IESBA has the opportunity to consider the responses received on this Paper and if the Board makes significant changes to its proposal. In our opinion, it is of critical importance that the revised definition of a PIE as an outcome of this project promotes confidence to be globally adopted and can remain fit for purpose over time.</p> <p>Second, on the proposed effective date, we believe that although the proposed effective date provides for approximately two years to implement, this will still be challenging for those jurisdictions that need to consider the new PIE definition and amend or adjust their local regulation, which oftentimes involves public consultation. Additionally, as firms may be required to disclose when an entity was treated as a PIE in their auditor's report, this also may result in additional challenges due to coordination with the IAASB and implementation of new requirements by audit firms.</p>	IOSCO
	<p>As IESBA will be aware, in response to NAS ED and Fees ED, the SMPAG outlined our view that in light of the significant impact the definition of PIEs will have, both projects should have been deferred pending the outcome of this ED.</p> <p>It is difficult to have a position on the proposed effective date until it is clear what the requirements will entail following the Board's analysis of all the responses to the ED. It will be impacted by how broad the final PIE definition will be and how many entities are captured. This information is necessary to understand what will be involved in practice to consider when a reasonable effective date should be.</p>	SMPAG

	Key Issues and Comments	Respondents
	<p>In addition, as outlined in our response to question 4, we believe the IESBA should undertake a formal impact assessment of the proposals. The cost/ benefit assessment is an important consideration for understanding the practical impact of any potential changes.</p>	
	<p>PEEC does not support the December 15, 2024 effective date and does not believe this timing takes into account the strain² on resources experienced by local bodies due to the significant other standards issued by the IESBA and the pandemic as well as the timing needed for local bodies to</p> <ul style="list-style-type: none"> • refine the categories, • go through their required due process, • perform the necessary educational efforts to drive consistent practice and minimize unintended breaches, • provide their members/stakeholders time to implement the new requirements, and • converge with the necessary IAASB's standards. <p>So that consistent practice is achieved, we recommend the effective date be tied to the local bodies' effective date for the refined PIE definition or include a transition provision so that firms (subject to IESBA requirements) will <i>not</i> be required to implement the broad unrefined standard while their local body goes through their required due process to refine and implement a revised PIE standard.</p>	AICPA
	<p>No, we do not support the proposed implementation date of 2024. The IESBA should consider a later effective date since for many jurisdictions there will be a significant increase in the number of PIEs. This will allow the time needed to introduce necessary adoptions in the local rules. Given the importance of increasing trust in audit and the public expectations on this issue, the IESBA could encourage early adoption in jurisdictions that are able to do so.</p>	AE
	<p>Achievement of the current proposed effective date is largely dependent on timely consideration and consultation by local bodies in each territory.</p> <p>Considering the onus of responsibility that rests with local regulators under the current proposals, we believe that the effective date should be postponed (possibly mid/late 2025) as transitional arrangements will take time to plan and implement.</p>	CAI
	<p>2024 can be too short a deadline, depending on the number of new PIEs created by the new definition. In France, the European Regulation significantly increased the number of PIEs and it took time to adjust teams and systems to these requirements.</p>	CNCC
	<p>The proposed effective date should be set at or before the proposed effective date for the revisions to the Code of Ethics for non-assurance services and fees-related independence provisions.</p>	CPAA

	Key Issues and Comments	Respondents
	<p>Given the influx of unconventional forms of raising capital in current times, the proposed date of December 15, 2024 might be a bit too long for the institution of a proper regulation in various jurisdictions. The proposed date will allow firms sufficient time to revise and implement the relevant policies and procedures for the revised NAS and Fees provisions and apply them to their PIE clients. Option 3 will give firms some time to develop experience with the application of the new NAS and Fees provisions for PIEs based on the extant PIE definition before these provisions become applicable to a broader group of PIEs (i.e., a “step change” approach rather than a “big bang” one). A longer transition period will provide more time for relevant local bodies to refine the new PIE definition and also allow the IESBA more time to develop non-authoritative guidance material to facilitate global adoption of the PIE definition</p>	ICAG
	<p>We do not support the proposed effective date of December 15, 2024 given the work that may be needed by especially the local bodies to harmonize and align their relevant variations and modifications to the requirements. This usually will call for extensive engagements, guidance and outreach to prepare their respective jurisdictions to reception of the amendments. We would thus prefer a slightly longer transition period of an additional one year to December 15, 2025.</p>	ICPAU
	<p>The proposal involves determination of PIEs by the Code, the local bodies and the firms. It is foreseeable that additional entities will be categorised as a PIE pursuant to either the new requirements in the Code or refinements prescribed by the local bodies or the firms. Such change would involve readiness of the affected entities to comply with new reporting regime. It also impacts the adequacy of audit firms’ resources to cater for such change, due primarily to partners rotation and EQRP requirements.</p> <p>While we have no objection to the proposed effective date, it is essential due consideration has been given to ensure new PIEs and affected audit firms having adequate time to adapt and prepare for the change. In this respect, perhaps a two-tier effective date can be considered namely:</p> <ol style="list-style-type: none"> 1) an effective date for the Code and announcements of refinements by local bodies and by the firms, followed by 2) a transitional period for implementation 	MICPA
	<p>As a final remark, we would also encourage IESBA to take further into consideration the tremendous impact of the current COVID-19 pandemic on the profession and kindly request IESBA to extend the implementation periods of upcoming changes to the Code. In this regard, we appreciate IESBA’s proposal of an effective date of December 15, 2024 (cf. question 14). Nevertheless, the outcome of the present project might have a significant impact on the finalised projects NAS and Fees. We would encourage IESBA to readdress any matters of its already finalized projects NAS and Fees that might arise from the present ED.</p>	WPK
	<p>We have concerns with the proposed effective date. In some jurisdictions, there are more than one regulator who may need to consider the requirements in this Code. It may be difficult for them to complete their analysis prior to the effective date. Our proposal is to allow for some flexibility with the effective date.</p>	BDO

	Key Issues and Comments	Respondents
	<ul style="list-style-type: none"> • If local bodies implement a longer implementation date as part of their refinement, then the effective date will be the longer of the two implementation dates. • If local bodies have not yet completed their analysis of the refinement, the effective date is not set until the local bodies complete their analysis. • If local bodies do not refine the entities, the broadest possible inclusion of entities will occur and will not meet the intended objective of the Code. The Code should consider an alternative mechanism of refinement with an appropriate effective date for the respective jurisdiction. 	
	<p>In principle we support the effective date of December 15, 2024, assuming there is no unforeseen delay in finalising the changes to the IESBA Code. This application date will give firms time to develop experience with the application of the new non-audit services and fees provisions for PIEs based on the current definition before these provisions become applicable to potentially a broader group of PIEs.</p> <p>We note that the Exposure Draft makes no mention of transitional arrangements. The provisions of R540.8 and R540.9 are framed for the situation where a single client becomes a PIE. The proposals in this Exposure Draft could result in numerous clients of a firm becoming PIEs at the same time in some jurisdictions, which may present significant challenges in respect of audit partner rotation. We therefore encourage the IESBA to reconsider the adequacy of the above-named paragraphs as transitional arrangements for such a major change to the definition of a PIE.</p>	BKTI
	<p>Deloitte Global is not supportive of the proposed effective date as it may not provide sufficient time for local bodies to decide what to define and implement in their respective jurisdiction, especially when considering their need to adhere to due process, allowing for a public comment period, etc. As noted in our introductory comments, we recommend that the effective date of any change to the PIE definition be the effective date that is dictated by the local standard setting body or regulatory setting</p>	DTTL
	<p>There are several key aspects to consider for implementation of these proposals and we believe that the Board should consider bifurcating the implementation timeline. First, the IESBA has rightly been focused on allowing sufficient time for local bodies to refine the final revisions of the Code. Beyond just refinement however, local bodies may need to develop local standards to allow convergence with IESBA standards. Local standard setting with appropriate due process will be challenging to have completed in the current timeline and we encourage the Board to proactively consult with local bodies, specifically those with a more robust standard-setting process, as to the sufficiency of the implementation period.</p> <p>Second, there should be a two-part timeline whereby local bodies are requested to complete refinement of the Code within a certain time period (likely a three-year period), following which the firms have a period of time to react to specific client needs and finalize internal processes and procedures to comply with the revised standards. The effective date should then be set eighteen to twenty-four months after the date by which local bodies complete their refinement process.</p> <p>It is also of utmost importance that IESBA monitor the refinement efforts by the local bodies, especially those most impacted by the new definition, and consider postponing the effective date if appropriate progress is not being made by local bodies.</p>	KPMG

	Key Issues and Comments	Respondents
	<p>We also recommend that transition provisions be provided, similar to those for mergers and acquisitions in section 400.70, to clarify application of the Code’s requirements for existing interests and relationships, including the provision of non-assurance services, to an entity which, just prior to the effective date of the standard, was classified as a non-PIE, but will be treated as a PIE at the effective date, and for an entity whose treatment will change in the future due to refinements by local bodies or determinations made by firms.</p> <p>As a note for IAASB consideration, we also suggest that, as a result of the interaction of terminology and triggering of requirements between the Code and the ISAs/ ISQMs, any conforming amendments to the ISAs/ ISQMs should be determined in parallel to this project, and such changes should have the same effective date. Otherwise, there would be a mismatch between the Code and the ISA/ ISQM standards.</p>	
	<p>In our view, in light of the significant impact the definition of PIEs will have, both the NAS ED and Fees ED projects should have been deferred pending the outcome of this ED. Our approach would therefore have been that the proposed effective date should have been set at, or before, the proposed effective for the revisions to the Code for NAS and Fees.</p>	Nexia
	<p>The effective date of December 15, 2024 is likely not sufficient considering the work required at a local body level and the potential impact to entities and firms. Based on our comments regarding the required involvement of local bodies to make the proposed model workable, and to ensure consistency of understanding and application, we recommend that the effective date should be aligned to the date the local jurisdictions have issued authoritative refining guidance.</p> <p>A longer transition period would be beneficial, particularly to allow smaller audit firms to understand the necessary revisions to their systems, processes and controls and to assess and manage the impact on their business due to greater service restrictions to their audit clients.</p> <p>A longer timeline to implementation would also allow the IAASB to deliberate fully upon the proposals, and to decide if amendments to auditing standards may be appropriate, and then have sufficient time to consult upon these proposed amendments and implement any agreed changes.</p>	PwC
	<p>Given that we feel there is a need to do more work to align with IAASB to agree an aligned definition of PIE and that we think it is important for the IESBA to perform an education outreach internationally, we feel that the proposed date is too soon and would recommend an effective date of December 2025</p>	RSM