

# Supplement to Agenda Item 3-A

## Appendix

### Comments from Standard-Setting Board (SSB)/IFAC Technical Managers

Due process requires that project proposals be circulated to SSB Staff and IFAC Staff for the technical areas within, or supported by, IFAC for comments on any matters of possible relevance to the project.

#### Consolidated comments from senior Staff of the following IFAC committees and departments:

- **Quality and Development**
- **Education**
- **Professional Accountants in Business (PAIB) Committee**
- **Small and Medium Practices (SMP) Committee**
- **Transnational Auditors Committee (TAC)**

We commend the IESBA for coordinating with the IAASB from the start of this project and in seeking to arrive at a common revised definition of a “listed entity” and a pathway for convergence between the concepts of PIE in the Code and the description of an ESPI in the IAASB standards, which we believe is in the public interest. The project should provide clarity, reduce confusion over the different concepts and foster consistent application. We also applaud the multi-stakeholder feedback that will be considered.

The IESBA will need to proceed carefully, considering the global impact, and recognizing the significant challenges of scope, particularly for the matter of PIEs. Comparing definitions and approaches across jurisdictions, such as the G20, will be informative; nevertheless, in application across the 120+ jurisdictions using the IESBA Code and the IAASB standards, tremendous variations exist. While the limitations of securities market regulators is noted within the proposal, it’s ultimately government through other regulatory bodies or laws that define PIEs and applicability of standards within each jurisdiction. Any term used will need to be sufficiently principles-based to allow for regional and national variations as PIEs may vary widely both in terms of their relative size but also the degree of public interest.

Given the stage of development of the IESBA’s NAS and Fees projects and the IAASB’s Quality Management projects, which are due to be finalized in June 2020, the impact analysis and practical impact of potential changes will require careful consideration.

IFAC is committed to helping the IESBA and IAASB in whatever way it can in respect to the project and looks forward to providing further input in due course.

Signed: Alta Prinsloo, Barry Naik, Chris Arnold, Joseph Bryson and Stathis Gould

Date: November 26, 2019

**Senior Staff to International Auditing and Assurance Standards Board (IAASB)**

N/A – the Working Group charged with developing this project proposal includes two correspondent members from the IAASB. In addition, the IAASB Steering Committee has provided input during the development of the project proposal under the established principles of IAASB-IESBA coordination.

**Senior Staff to the International Public Sector Accounting Standards Board (IPSASB)**

There are references to the public sector in paragraphs 26 and 31. Elsewhere, the implications for the public sector are oblique e.g., paragraph 6(b). Some more explicit references to the potential impact on the public sector and, more directly, to how the definition of a public interest entity relates to the public sector would be beneficial.

Signed:  Date: December 3<sup>rd</sup> 2019