

Exposure Draft January 2021
Comments due: May 3, 2021

Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code

Question	Answer
<p>Overarching Objective</p> <p>1. Do you support the overarching objective set out in proposed paragraphs 400.8 and 400.9 as the objective for defining entities as PIEs for which the audits are subject to additional requirements under the Code?</p>	<p>1. We support the general objective conditional on the fact that, except in the case of listed entities, the determination of the entities that should be treated as PIEs should be left in the hands of local regulators or other authorities in all cases. The considerations of the firms, collected through their professional experiences, should be received by a professional body for their evaluation in conjunction with a regulator.</p>
<p>2. Do you agree with the proposed list of factors set out in paragraph 400.8 for determining the level of public interest in an entity? Accepting that this is a non-exhaustive list, are there key factors which you believe should be added?</p>	<p>2. According to the proposed list, we suggest adding national entities that, in relation to Foreign States, sell goods, provide services or in any other way become contractors or suppliers of such States. Non-complex entities or SMEs, which were not required by regulation, should not be included in the lists prepared, preserving them from the rigorous independence requirements of the Code.</p>
<p>Approach to Revising the PIE Definition</p> <p>3. Do you support the broad approach adopted by the IESBA in developing its proposals for the PIE definition, including:</p> <ul style="list-style-type: none"> • Replacing the extant PIE definition with a list of high-level categories of PIEs? • Refinement of the IESBA definition by the relevant local bodies as part of the adoption and implementation process? 	<p>3. The broad approach is supported, because there is a greater scope for jurisdictions to assess their entities. Support includes the replacement of the current definition of PIE with a list of high-level categories. We support the intervention of the relevant local bodies as part of the adoption and implementation process, and not the authority of the Firms in the definition of PIEs.</p>
<p>PIE Definition</p> <p>4. Do you support the proposals for the new term “publicly traded entity” as set out in subparagraph R400.14(a) and the Glossary, replacing the term “listed entity”? Please provide explanatory comments on the definition and its description in this ED.</p>	<p>4. In accordance with the new term “publicly traded entity” because it contains more entities and not only refers to formal exchanges. The new term assumes that there is a facilitated negotiation mechanism that is intended to put buyers and sellers in contact. It does not cover privately negotiated agreements.</p>
<p>5. Do you agree with the proposals for the remaining PIE categories set out in subparagraphs R400.14 (b) to (f)?</p>	<p>5. In accordance with the proposals, under the expectation that regulatory bodies and local authorities will be allowed to adjust the list of entities taking into consideration the circumstances and regulations of each jurisdiction. In our opinion, the entities included in items b) and c) of point R100.14 whose systemic impact on the different sectors and the economy as a whole should not be designated as PIE in the event that a financial bankruptcy of the entity will not be significant.</p>
<p>6. Please provide your views on</p>	<p>6. We consider that for handling third-party</p>

<p>whether, bearing in mind the overarching objective, entities raising funds through less conventional forms of capital raising such as an initial coin offering (ICO) should be captured as a further PIE category in the IESBA Code. Please provide your views on how these could be defined for the purposes of the Code recognizing that local bodies would be expected to further refine the definition as appropriate.</p>	<p>funds they should be included in some way in the list of entities considered PIE, corresponding to the regulatory bodies to establish the necessary conditions for their inclusion.</p>
<p>Role of Local Bodies</p> <p>7. Do you support proposed paragraph 400.15 A1 which explains the high-level nature of the list of PIE categories and the role of the relevant local bodies?</p>	<p>7. We consider the participation of local professional bodies to be important so that the auditor obtains assurance that he is complying with all the ethical requirements that correspond to him, once the regulatory bodies define the size or other criteria that may be relevant in a specific jurisdiction. There should also be a determination that until such determination is made, the auditors proceed with the current situation based on publicly traded entities.</p>
<p>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?</p>	<p>8. 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>
<p>Role of Firms</p> <p>9. Do you support the proposal to introduce a requirement for firms to determine if any additional entities should be treated as PIEs?</p>	<p>9. We consider that firms should not make this determination. The difficulty of making an accurate identification of a PIE will add greater risk to audit firms and their criteria are likely to differ in comparable cases. As we expressed in question 1) "The considerations of the firms, collected through their professional experiences, should be received by a professional body for their evaluation in conjunction with a regulator, where this joint work proceeds.</p>
<p>10. Please provide any comments to the proposed list of factors for consideration by firms in paragraph 400.16 A1.</p>	<p>10. We have no other comment, except those that arise from the answers already provided in the previous points. We emphasize our response in point 9) regarding this intention related to the proposal that firms "must determine whether they should treat other entities or certain categories of entities, as public interest entities" contained in the text of R 400.16</p>
<p>Transparency Requirement for Firms</p> <p>11. Do you support the proposal for firms to disclose if they treated an audit client as a PIE?</p>	<p>11. Transparency as an objective seems to us a reason that should be supported, however we consider it desirable that the decision to treat an entity as PIE arises from the disposition of a professional body supported by a regulation of the competent body to issue it, then the disclosure to through the report on the treatment granted by the firm (See answer to questions 12</p>

	and 15 c).
12. Please share any views on possible mechanisms (including whether the auditor's report is an appropriate mechanism) to achieve such disclosure, including the advantages and disadvantages of each. Also see question 15(c) below.	12. If there is regulation that provides for the treatment of an entity as PIE, the Auditor's Report may be an adequate means for disclosing the condition, with this statement the auditor confirms compliance with the regulation.
Other Matters 13. For the purposes of this project, do you support the IESBA's conclusions not to: (a) Review extant paragraph R400.20 with respect to extending the definition of "audit client" for listed entities to all PIEs and to review the issue through a separate future workstream? (b) Propose any amendments to Part 4B of the Code?	13. We support the conclusions of the IESBA, for the following: a) We believe it is convenient to define the questions regarding PIE, raised in this ED and then analyze decisions such as the one proposed in this item b)
14. Do you support the proposed effective date of December 15, 2024?	14. We understand that if the proposal is approved and published until the end of the year 2021, it would be reasonable for it to take effect on December 15, 2024
Matters for IAASB consideration 15. To assist the IAASB in its deliberations, please provide your views on the following: (a) Do you support the overarching objective set out in proposed paragraphs 400.8 and 400.9 for use by both the IESBA and IAASB in establishing differential requirements for certain entities (i.e., to introduce requirements that apply only to audits of financial statements of these entities)? Please also provide your views on how this might be approached in relation to the ISAs and ISQMs. (b) The proposed case-by-case approach for determining whether differential requirements already established within the IAASB Standards should be applied only to listed entities or might be more broadly applied to other categories of PIEs. (c) Considering IESBA's proposals relating to transparency as addressed by questions 11 and 12 above, and the further work to be undertaken as part of the IAASB's Auditor Reporting PIR, do you believe it would be appropriate to disclose within the auditor's report that the firm has treated an entity as a PIE? If so, how might this be approached in the auditor's report?	15. a) We support the overall objective set out in proposed paragraphs 400.8 and 400.9 for both the IESBA and the IAASB to establish differentiated requirements for certain entities (that is, to introduce requirements that apply only to audits of the financial statements of these entities) Once the Project is defined, the impact on ISA and ISQM must be analyzed. b) We understand that they can be applied to other categories of PIE entities c) We have already given our opinion on the conditions that should apply to express the status of PIE in the Report. In relation to where, we suggest that it be in the Auditor's Responsibility Paragraph

