

**TFAC Response to IESBA’s Exposure Draft (ED) on
“the Proposed Revisions to the Definitions of Listed Entity and Public
Interest Entity in the Code.”**

Overarching Objective

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?*

TFAC response: We support the overarching objective.

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?*

TFAC response: We agree with the proposed list of factors. We suggest the Board determine further criteria for implementation.

Approach to Revising the PIE Definition

3. *Do you support the broad approach adopted by the IESBA in developing its proposals for the PIE definition, including:*
 - *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?*

TFAC response: We support the broad approach. However, IESBA shall provide further requirements or guidance for local bodies to minimise inequality and diversity in practice among jurisdictions.

PIE Definition

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.*

TFAC response: We support the proposals because the term 'financial instruments' is broader and covers all related instruments.

5. *Do you agree with the proposals for the remaining PIE categories set out in subparagraphs R400.14 (b) to (f)?*

TFAC response: We agree with the remaining proposed PIE categories, which will presumably be subjected to refinement by local bodies. As noted for question 4, we recommend clarifying the broad categories for these specific examples.

6. *Please provide your views on 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.*

TFAC response: We are unable to support the initiative in capturing ICO as the further PIE category in the IESBA code due to the following reasons:

- The regulators' appetite and market development stage in each jurisdiction are different.
- It should be specified by local bodies or law and regulations in each jurisdiction.

Role of Local Bodies

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?*

TFAC Response: We are unable to support the proposals for proposed paragraph 400.15 A1. The size of the business is not applicable to item (b)-(e) in paragraph

400.14 as they are financial institutions accountable to the public. We agree to apply the size to entities that fall in item (f) in paragraph 400.14.

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?*

TFAC Response: We support the IESBA's proposed outreach and education support to relevant local bodies. The sample contents are as follows:

- The PIE definition applied by each jurisdiction.
- Importance of PIE definition towards local bodies' independence and public interest

Role of Firms

9. *Do you support the proposal to introduce a requirement for firms to determine if any additional entities should be treated as PIEs?*

TFAC Response: We support the proposals to introduce a requirement for firms. However, these requirements will further create diversity in practice. Therefore, coordination with relevant local bodies regarding firms' addition of PIE is also recommended to acknowledge those in charge of supervising firms' practice.

10. *Please provide any comments to the proposed list of factors for consideration by firms in paragraph 400.16 A1.*

TFAC Response: From our perspective, only the second item (Whether the entity is likely to become a public interest entity in the near future) is likely applicable.

Transparency Requirement for Firms

11. *Do you support the proposal for firms to disclose if they treated an audit client as a PIE?*

TFAC Response: We are unable to support the proposal as we normally define in the auditor's report the type of financial reporting standards (for PIE/Non-PIE) our audit clients adopt. This practice has already implied their status, and no further

disclosure is needed. Also, such disclosure could give rise to confusion that there is a fundamental difference in audit performance requirements for PIEs versus non-PIEs.

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.*

TFAC Response: In reference to item 11, we would like to reserve our opinion on this matter.

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?*

TFAC Response: We support the Board's decision.

- (b) *Propose any amendments to Part 4B of the Code?*

TFAC Response: Refer to question 13(a); we support not to propose any amendments.

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

TFAC Response: We support the proposed effective date, provided that there will be a transition provision for liable entities.

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.

TFAC Response: We support the overarching objective in proposed paragraphs 400.8 and 400.9. However, the differentiated requirements in the ISAs/ISQMs, if broadened to PIEs, would not represent audit quality but enhance transparency level.

(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.

TFAC Response: We are unable to support this approach. If the requirements are extended to all PIEs, it may confuse the users of financial statements. The so-called disclosure provides no incremental information or transparency to users.

(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?

TFAC Response: In reference to item 11 and 12, we are unable to support this proposal.
