

27 March 2025

Response Template for the Invitation to Comment Before the IAASB Finalizes the Narrow Scope Amendments to the ISQMs and ISAs for the IAASB PIE Track 2 Project

Guide for Respondents

Comments are requested by **March 27, 2025**.

This template is for providing comments on the matters set out in the Invitation to Comment (ITC) for the pre-final narrow scope amendments to the International Standards on Quality Management (ISQMs) and the International Standards on Auditing (ISAs) as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity (PIE) in the IESBA Code. It also allows for respondent details, demographics and other comments to be provided. Use of the template will facilitate the IAASB's automated collation of the responses.

You may respond to all questions or only selected questions.

To assist our consideration of your comments, please:

- For each question, start by indicating your overall response using the drop-down menu under each question. Then below that include any detailed comments, as indicated.
- When providing comments:
 - Respond directly to the questions.
 - Provide the rationale for your answers. If you disagree with the proposals as explained in the ITC, please provide specific reasons for your disagreement. If you agree with the proposals, it will be helpful for the IAASB to be made aware of this view.
 - Avoid inserting tables or text boxes in the template when providing your responses to the questions because this will complicate the automated collation of the responses.
- Submit your comments, using the response template only, without a covering letter or any summary of your key issues, instead identify any key issues, as far as possible, in your responses to the questions.

The response template provides the opportunity to provide details about your organization and, should you choose to do so, any other matters not raised in specific questions that you wish to place on the public record. All responses will be considered a matter of public record and will ultimately be posted on the IAASB website.

Use the “**Submit Comment**” button on the IAASB [web page](#) to upload the completed template.

Responses to IAASB's ITC for the Pre-Final Narrow Scope Amendments to the ISQMs and ISAs as a Result of the Revisions to the Definitions of Listed Entity and PIE in the IESBA Code

PART A: Respondent Details and Demographic information

Your organization's name (or your name if you are making a submission in your personal capacity)	CEAOB (Committee of European Audit Oversight Bodies)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Panos PRODROMIDES, Chair
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Marjolein DOBLADO, Chair of the International Auditing Standards Sub-Group
E-mail address(es) of contact(s)	marjolein.doblado@h2a-france.org
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ITC). Select the most appropriate option.	Europe
	If "Other", please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ITC). Select the most appropriate option.	Regulator or audit/ assurance oversight authority
	If "Other", please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	

Should you choose to do so, you may provide overall views or additional background to your submission. **Please note that this is optional.** The IAASB's preference is that you incorporate all your views in your comments to the questions.

Information, if any, not already included in responding to the questions in Part B:

The content of this response has been prepared by the CEAOB International Auditing Standards Sub-group and has been adopted by the CEAOB. The comments raised reflect matters agreed within the CEAOB. It is not intended, however, to include all the comments that might be provided by the individual regulators that are members of the CEAOB and their respective jurisdictions.

This response builds on previous comments raised by the CEAOB:

- in its letter dated 8 April 2024 on the IAASB's exposure Draft on "Proposed Narrow Scope Amendments to International Standards on Quality Management; International Standards on Auditing; and International Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements as a Result of the Revisions to the Definitions of Listed Entity and Public Interest Entity in the IESBA Code" (hereafter "initial comment letter for IAASB") and
- in its letter dated 3 May 2021 on the IESBA's exposure draft on "Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code" (hereafter "comment letter for IESBA").

In examining the ITC, the CEAOB focused on the provisions in the ISQMs and ISAs, excluding the ISA 800 series. As a result, this response does not make any comments on the ISA 800 series or on ISRE 2400 (Revised).

The CEAOB welcomes the IAASB's initiative to undertake an additional consultation with its stakeholders, considering the significant changes proposed in the project since the initial consultation.

The CEAOB reiterates its call for:

- coordination with the IESBA to achieve convergence in the concept of Public Interest Entity (hereafter "PIE") and Publicly Traded Entity (hereafter "PTE"). As the IESBA Code of Ethics (hereafter "Code") is used in several European jurisdictions, and as various audit firms and networks have voluntarily committed to complying with the Code, the CEAOB clearly sees an interest in enhancing such convergence; and
- the inclusion of a PIE definition in the ISQMs and ISAs, whose audit would be subject to the differential requirements, as we believe the differential requirements for certain entities in the ISQMs and ISAs include more than one rationale and address broader matters than auditor independence. In particular, the CEAOB is of the view that heightened expectations of stakeholders regarding the audit engagement for a PIE should be met by requiring engagement quality reviews, providing transparency to intended users of the audit report and increasing communication to those charged with governance.

PART B: Responses to Specific Questions in the ITC

For each question, please start with your overall response by selecting one of the items in the drop-down list under the question. Provide your detailed comments, if any, below as indicated.

1. You are invited to share any observations that you believe might be relevant to the IAASB prior to finalizing the narrow scope amendments to the ISQMs and ISAs.

Please note:

- *This ITC does not extend to and is not inviting comment on the IESBA PIE revisions read together with the IESBA clarification. IESBA's Listed Entity and PIE project is complete.*
- *If you submitted a comment letter to ED-PIE Track 2 in April 2024, the IAASB has fully considered those responses during its deliberations in September and December 2024; therefore, it is not necessary to repeat comments previously provided. You may believe that a specific matter remains relevant to share as an observation here, in which case the request is that you please clearly relate such matter to the IAASB's decisions and rationale in this Post-Exposure Consultation. (See **Section IV**, paragraphs 23-32.)*

Overall response: [Do not concur - see observations below](#)

Detailed comments (if any):

The CEAOB sees no reason for immediate urgency to adopt the new definition of Publicly Traded Entity (hereafter "PTE") without addressing the further issues regarding the PIE definition.

It is the CEAOB preference that the IAASB should consider both aspects of this project together (PIE and PTE) and propose modifications at a later stage, as the drawbacks of the proposed partial change outweighs the benefits.

Indeed, the CEAOB expectation was that the differential requirements would be applicable to the audit of all PIEs for the reasons set out in the previous section of this questionnaire. At present, the proposed changes are limited to "PTE" replacing "listed entities", and the CEAOB sees no real added value of making multiple amendments of the ISQMs and ISAs solely for this limited update.

The CEAOB also draws your attention to the comments raised by the CEAOB in its initial comment letter to the IAASB, in particular in its paragraphs 9 and 10. Indeed, some national standard setters in the European Union are currently using the IAASB's definition of listed entities alongside the EU PIE definition, meaning that the entities listed on a market other than a regulated market are still subject to the differential requirements. The CEAOB appreciate the consideration of the concern for alignment of the definition of PTE by proposing to add a new paragraph to deal with potential variations in the legal definitions used in some jurisdictions, like for instance in Europe. However, for the reasons explained above, this need for alignment was flagged, in the CEAOB initial comment letter for IAASB, as highly important for adopting the PIE definition but is less relevant when only the PTE definition is considered. Finally, the CEAOB notes that the added paragraph of the PTE definition does not solve various issues faced. Considering that differential local requirements apply for listed entities, those countries limiting the scope of differential requirements to "regulated markets" will have to clarify this in their local standard, and the countries using "all markets" will have to clearly state and clarify that the definition of PTE is not influenced by the EU PIE definition and may need to delete the added paragraph of the PTE definition.

Specific questions on forward-looking matters (See *ITC Section V*):

2(a). Do you agree with the proposed effective date of the narrow scope amendments, i.e., for audits of financial statements for periods beginning on or after December 15, 2026, to be aligned with the standards from the Going Concern and Fraud projects? (See **Section V**, paragraphs 35-37.)

Overall response: [Disagree, with comments below](#)

Detailed comments (if any):

The CEAOB answered in its initial comment letter for IAASB that it was in favor of aligning the IESBA and IAASB pronouncements for definitions. However, considering the CEAOB comments exposed in point 1 above the CEAOB recommends that the IAASB reconsiders both definitions (PIE and PTE) together, as well as how they are to be applied to all ISAs including on the going concern and fraud upcoming revisions.

2(b). Do you agree with the IAASB's commitment to revisit the decision to adopt the definition of PIE in the IESBA Code (adapted as necessary for the ISQMs and ISAs) and extending differential requirements to apply to audits of PIEs? (See **Section IV**, paragraph 31 and **Section V**, paragraph 38.)

Please note: When the decision is revisited, the IAASB will develop an exposure draft for public consultation. Therefore, you do not now need to provide comments or to repeat comments previously provided regarding the extant differential requirements in the ISQMs and ISAs.

Overall response: [Agree, with comments below](#)

Detailed comments (if any): The CEAOB continues to support extending differential requirements to apply to audits of PIEs, but believes this extension should be done as one step as a single output of IAASB project, instead of the introduction of the PTE definition.

2(c). Do you agree with the proposed timing for revising the matters highlighted in 2(b) above? (See **Section V**, paragraphs 39-41.)

Overall response: [Disagree, with comments below](#)

Detailed comments (if any):

The CEAOB is of the view that all pieces of the project (i.e. both PTE and PIE) should be treated together at a later stage.