

## 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)	WPK
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Dr. Michael Hüning
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Jan Langosch / Steffen Branz
E-mail address(es) of contact(s)	<a href="mailto:jan.langosch@wpk.de">jan.langosch@wpk.de</a> <a href="mailto:steffen.branz@wpk.de">steffen.branz@wpk.de</a>
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.	<a href="#">Europe</a>
	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.	<a href="#">Member body and other professional organization</a>
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	<p>Wirtschaftsprüferkammer (WPK) is a corporation under public law, whose members are German public accountants, German sworn auditors, German public audit firms and German firms of sworn auditors in Germany.</p> <p>As the representative of the entire profession of auditors in Germany WPK represents their professional interests towards the public and articulates these interests towards lawmakers, competent courts and other authorities.</p>

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:**

## 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 WPK regrets that IAASB and IESBA did not succeed to achieve the original objective to harmonize the PIE definitions between their organizations. We strongly recommend continuing the efforts to find a common solution.

As far as the current amendment is concerned, we understand that the IAASB proposes that the increased requirements, which according to the first draft were to apply to all “public interest entities” (PIEs) instead of “listed entities” as in the extant standards, should now apply to “publicly traded entities”. For this reason, the original definition of PIEs was removed. The definition of a “publicly traded entity” has remained unchanged. However, it was provided with an opening clause leaving the concrete interpretation of the term to the individual jurisdictions, whereas the first draft of Track 2 contained such an opening clause with regard to PIEs.

As a result, the differential requirements shall now only apply to “publicly traded entities”, not to all PIEs. As the term “publicly traded entity” - as far as we are aware - is not defined in the European Union, the opening clause for national jurisdictions would, as we understand, come to nothing. This means that companies whose shares or debt instruments, etc. are traded on non-regulated markets or over the counter would also fall within the definition in future whereas they are not included in the definition of a PIE in the European Union and would not have been subject to the differential requirements under the first ED. Consequently, the proposed change could potentially lead to a *de facto* scope expansion in Germany and Europe to this extent although the IAASB’s intent was to reduce the scope compared to the first draft.

**We therefore propose to include a clarification that the differential requirements shall apply only to publicly traded entities that fall within the definition of a PIE in the respective jurisdiction.**

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:** [Agree \(with no further comments\)](#)

**Detailed comments (if any):**

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:** [No response](#)

**Detailed comments (if any):**

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:** [No response](#)

**Detailed comments (if any):**