

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)	Accountancy Europe
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Endrin Bitraj
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	endrin@accountancyeurope.eu
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.	Member body and other professional organization
	If “Other”, please specify
Should you choose to do so, you may include information about your organization (or yourself, as applicable).	Accountancy Europe unites 49 professional organisations from 35 countries that represent 1 million qualified accountants, auditors and advisors.

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):

Accountancy Europe believes that the IESBA and the IAASB should align their terminologies to the extent possible. This is required to provide greater clarity and consistency for auditors, entities, and regulators, avoiding the confusion that arises from having two different approaches.

In addition, accountancy Europe has the following observations regarding the IAASB's narrow scope amendments to the ISQMs and ISAs:

Public Interest Entities (PIE)

- a) We are concerned that the current approach may result in inconsistencies between IAASB and IESBA standards. Although the IAASB and IESBA staff have engaged in discussions, we believe a joint project would have been beneficial to ensure greater alignment and consistency between the two boards' definitions and requirements. Without such alignment, there is a risk of diverging interpretations in practice.
- b) In addition, we note key differences in how the two boards address conflicts between their standards and local laws or regulations. IESBA permits professional accountants to claim compliance with its Code, even when local regulations take precedence. In contrast, IAASB standards restrict such claims unless explicitly allowed by language such as "unless prohibited by law or regulation." We believe this inconsistency requires careful consideration to avoid confusion in practice.

Since the European Union has a clear definition for Public Interest entities (PIE) and this has a multitude of legal consequences, it must be made clear for the application of ISA and ISA-compliant reporting (ISA 700) that this definition takes precedence within the EU. It is essentially a legal concretisation of the principles of PIE understanding according to IESBA.

Publicly Traded Entity (PTE)

- c) Moreover, IAASB's approach of allowing a narrower, locally adjusted Publicly Traded Entities (PTE) definition is inconsistent with the principle that IAASB definitions should be standalone to promote global harmonisation. We believe this flexibility should be reconsidered to maintain the integrity of international standards.
- d) Overall, we agree with the revised definition and scope of requirements for PTEs including the added sentence that accepts alignment with local definitions as the best compromise solution. We encourage IAASB to provide additional guidance, and to promote consistency in the treatment of non-regulated markets.

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 comments below](#)

Detailed comments (if any):

We 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.

We believe that aligning the effective date with the standards from the Going Concern and Fraud projects is appropriate to facilitate a coordinated and efficient implementation process. This alignment will allow firms to address all related changes simultaneously, reducing complexity and enhancing the effectiveness of training and implementation efforts.

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):

We agree with the IAASB’s commitment to revisit the decision to adopt the IESBA’s PIE definition (adapted as necessary for ISQMs and ISAs) and to extend differential requirements for PIE audits.

We believe that alignment between the IESBA and IAASB definitions and requirements is essential to ensure clarity and consistency for practitioners. Diverging approaches risk creating confusion and inefficiencies for both auditors and entities.

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):

We do not agree with the proposed timing for revising the matters highlighted in 2(b). Given that the IESBA Post-Implementation Review of the PIE revisions is scheduled to begin in 2027, we believe it would be more appropriate to wait until the results of this review are available before making any further revisions.

The IAASB’s planned report back in the second half of 2026 may be premature, as it does not allow enough time to incorporate the insights from the IESBA’s monitoring and review processes, including any early findings from IESBA’s Adoption and Implementation Working Group. A more informed and coordinated approach, factoring in the outcomes of the IESBA review, would ensure that any revisions are based on a thorough understanding of the impact and effectiveness of the current standards.

Therefore, we recommend postponing the decision to revise the matters highlighted in 2(b) until after the IESBA Post-Implementation Review is completed in 2027.

