

## 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)	Hong Kong Institute of Certified Public Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Selene Ho
Name(s) of contact(s) for this submission (or leave blank if the same as above)	
E-mail address(es) of contact(s)	selene@hkcipa.org.hk
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="#">Asia Pacific</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="#">Jurisdictional/ National standard setter</a>
	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:**

## 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:**     Concur and wish to share the following observations

**Detailed comments (if any):**

In April 2024, the Institute [responded](#) to the exposure draft of the IAASB PIE Track 2 Project (ED-PIE Track 2), supporting the IAASB's proposals to extend the existing differential requirements for listed entities in the ISQMs and ISAs to public interest entities (PIEs).

However, as the Institute developed the localized PIE definition in the HKICPA *Code of Ethics for Professional Accountants* (HKICPA Code), released in [July 2024](#), we recognized the divergence issue discussed in the Post-Exposure Consultation. For instance, the HKICPA Code explicitly defines the mandatory PIE category for entities whose main function is to take deposits from the public, limiting it to licensed banks as defined under the Banking Ordinance in Hong Kong. This prevents the unintended inclusion of entities that do not process significant public interest in their financial condition. Nonetheless, the proposals in ED-PIE Track 2 could inadvertently impose the differential requirements on certain deposit-taking companies that the HKICPA Code intentionally excludes from the PIE definition at the jurisdictional level.

Implementing the proposed publicly traded entities (PTE) path as described in the Post-Exposure Consultation will effectively resolve the divergence issue. This approach also addresses concerns raised by Hong Kong stakeholders about the additional resources needed.

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):**

The revised proposal in this Post-Exposure Consultation is to replace listed entities in paragraph 46 of ISA 700 (Revised) with publicly traded entities (PTE). As explained in paragraph 26 of the Explanatory Memorandum (EM) to ED-PIE Track 2, the change would result in entities being scoped out – as described in the EM as entities whose financial instruments might be listed but are not intended to be traded or are not freely transferable – e.g. an entity whose listed debt securities are offered only to institutional investors would not meet the definition of a PTE.

As the definition of extant requirement in paragraph 46 of ISA 700 (Revised) applying to a listed entity will remain effective until the revisions to the pronouncements in PIE Track 2 becomes effective at a later date, the requirement in paragraph 46 of ISA 700 (Revised) would still be applicable to an entity with listed debt securities are being offered only to institutional investors – i.e. not a PTE under the definition of a PTE for the purposes of the IESBA Code, but would still fall under the definition of a listed entity per the Glossary of the IAASB.

It would be helpful if the IAASB could clarify the application of the requirements in ISA 700/ISA 701 for such entities which are currently defined as listed entities but would eventually be scoped out due to the change in the definition to PTE, in particular, for the period before the IAASB PIE Track 2 becomes effective.

- 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 \(with no further comments\)](#)

**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:** Agree (with no further comments)

**Detailed comments (if any):**