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**\*\*Exclusively for HKICPA members\*\***

**1 March 2021**

**To: Preparers, investors, practitioners, regulators and other interested parties**

**Roundtable discussion: 7 April 2021**  
**IESBA EXPOSURE DRAFT**  
***Proposed Revisions to the Definitions of Listed Entity***  
***and Public Interest Entity in the Code***

As economies around the world evolve, capturing the appropriate types of entities as public interest entity (PIE) and doing so in a globally operable way is a matter of public interest. It is because the PIE concept is central to the International Independence Standards (IIS) as it determines whether the auditor of an entity should comply with additional independence requirements.

The concept of PIE was first introduced in early 2000. After years of implementation, some regulatory stakeholders suggested that the definition of a PIE should be re-examined, while some small and medium practices (SMP) expressed concern that the independence requirements are increasingly disproportionate in those circumstances where firms provide audit and review services to small entities that fall within the PIE definition. Various jurisdictions such as the EU, Australia and South Africa have taken different or more specific approaches to defining or scoping the concept of a PIE for their local purposes. Therefore a need to understand the commonalities and differences between those jurisdictional approaches and the approach taken in the extant International Code of Ethics for Professional Accountants (the Code), and whether there would be merit in seeking a pathway to greater convergence at the global level.

To respond to concerns raised by stakeholders, the International Ethics Standards Board for Accountants (IESBA) has published the [Exposure Draft](#) (ED) that proposed revisions to the Code which provided a holistic approach that the specifications for the PIE categories are set at a high level given the wide diversity in national PIE definitions which necessarily reflect local circumstances.

Among other matters, the proposed revisions:

- Introduce an overarching objective for additional independence requirements to enhance confidence in the audit of financial statements of PIEs.
- Provide guidance on factors to consider when determining the level of public interest in an entity.
- Broaden the definition of PIE to a list of categories of entities that should be treated as PIEs, subject to refinement by relevant local bodies (e.g national setters, local regulators).
- Replace the term “listed entity” with the term “publicly traded entity”.
- Elevate the extant application material to a requirement for firms to determine if additional entities should be treated as PIEs for independence purposes and to publicly disclose if an audit client was treated as a PIE.
- Require firms to disclose if an audit client has been treated as a PIE.

To help stakeholders understand the key proposals in the ED, the IESBA will hold [global webinars](#) on 25 and 29 March 2021.



The Hong Kong Institute of Certified Public Accountants invites you to a roundtable to share your views on the above.

Your views are important to us in providing feedback to the IESBA. If you would like to express your views on these topics, please join our roundtable discussion.

**Details of the roundtable**

Date: 7 April 2021, Wednesday

Time: 4:00 pm – 6:00 pm

Venue\*: HKICPA Boardroom, 37/F, Wu Chung House,  
213 Queen's Road East, Wanchai, Hong Kong

CPD Hour: 1 verifiable CPD hour (for HKICPA members), subject to actual attendance and participation in the roundtable

\*In view of the uncertainty of the COVID-19 pandemic, we may provide the option to join via **Zoom** if necessary.

To register, please click the following link and reserve by **29 March 2021**:  
<https://survey3.hkicpa.org.hk/index.php?r=survey/index&sid=251228&lang=en>

***(Seats are limited and registrations are on a first-come-first-served basis. Successful enrolled participants will be provided the confirmation by e-mail.)***

If you cannot attend the roundtable but would like to provide your comments on the IESBA's Exposure Draft, please refer to the and email us at [commentletters@hkicpa.org.hk](mailto:commentletters@hkicpa.org.hk) by 3 April 2021. Comments will be acknowledged and may be made available for public review unless otherwise requested by the contributor.

Updated on 16 March 2021