

**HKAB’s Comments on IESBA Exposure Draft -
Proposed Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code**

Seq.	IESBA Question	HKAB Comments
Overarching Objective		
1.	Do you support the overarching objective set out in proposed paragraphs 400.8 and 400.9 as the objective for defining entities as PIEs for which the audits are subject to additional requirements under the Code?	We are supportive of the proposed change.
2.	Do you agree with the proposed list of factors set out in paragraph 400.8 for determining the level of public interest in an entity? Accepting that this is a non-exhaustive list, are there key factors which you believe should be added?	We are supportive of the proposed change.
Approach to Revising the PIE Definition		
3.	<p>Do you support the broad approach adopted by the IESBA in developing its proposals for the PIE definition, including:</p> <ul style="list-style-type: none"> • Replacing the extant PIE definition with a list of high-level categories of PIEs? • Refinement of the IESBA definition by the relevant local bodies as part of the adoption and implementation process? 	We are supportive of the proposed change.
PIE Definition		
4.	Do you support the proposals for the new term “publicly traded entity” as set out in subparagraph R400.14(a) and the Glossary, replacing the term “listed entity”? Please provide explanatory comments on the definition and its description in this ED.	We are supportive of the proposed change.
5.	Do you agree with the proposals for the remaining PIE categories set out in subparagraphs R400.14 (b) to (f)?	We would like to seek clarification with the IESBA on R400.14(f) on what are the “law and regulation” referred to in the captioned subparagraph.

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6.	Please provide your views on whether, bearing in mind the overarching objective, entities raising funds through less conventional forms of capital raising such as an initial coin offering (ICO) should be captured as a further PIE category in the IESBA Code. Please provide your views on how these could be defined for the purposes of the Code recognizing that local bodies would be expected to further refine the definition as appropriate.	We are supportive of the proposed change.
Role of Local Bodies		
7.	Do you support proposed paragraph 400.15 A1 which explains the high-level nature of the list of PIE categories and the role of the relevant local bodies?	We would like to seek clarification with the IESBA on the “local laws and regulations” being referred to for the local bodies in refining the criteria of PIEs.
8.	Please provide any feedback to the IESBA’s proposed outreach and education support to relevant local bodies. In particular, what content and perspectives do you believe would be helpful from outreach and education perspectives?	We would like to suggest the IESBA to provide more examples within the standards for the local bodies across countries to adopt a consistent / standardized approach.
Role of Firms		
9.	Do you support the proposal to introduce a requirement for firms to determine if any additional entities should be treated as PIEs?	We suggest the IESBA to provide further guidance on the standardized set of criteria to be set out in the Framework in order to determine whether any additional entities should be treated as PIEs.
10.	Please provide any comments to the proposed list of factors for consideration by firms in paragraph 400.16 A1.	We suggest the IESBA to further clarify on the following clause under 400.16: <i>“Whether the entity or other stakeholders requested the firm to treat the entity as a public interest entity and, if so, whether there are any reasons for not meeting this request.”</i>
Transparency Requirement for Firms		
11.	Do you support the proposal for firms to disclose if they treated an audit client as a PIE?	We would prefer Option 2 mentioned in para. 70 of the exposure draft.

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12.	Please share any views on possible mechanisms (including whether the auditor’s report is an appropriate mechanism) to achieve such disclosure, including the advantages and disadvantages of each. Also see question 15(c) below.	We would like to suggest the IESBA to disclose whether an audit client is being viewed as a PIE under the Auditor’s responsibilities session.
Other Matters		
13.	<p>For the purposes of this project, do you support the IESBA’s conclusions not to:</p> <p>(a) Review extant paragraph R400.20 with respect to extending the definition of “audit client” for listed entities to all PIEs and to review the issue through a separate future workstream?</p> <p>(b) Propose any amendments to Part 4B of the Code?</p>	We suggest the questions can be left for audit firm to comment.
14.	Do you support the proposed effective date of December 15, 2024?	We suggest the questions can be left for audit firm to comment.
Matters for IAASB consideration		
15.	<p>To assist the IAASB in its deliberations, please provide your views on the following:</p> <p>(a) Do you support the overarching objective set out in proposed paragraphs 400.8 and 400.9 for use by both the IESBA and IAASB in establishing differential requirements for certain entities (i.e., to introduce requirements that apply only to audits of financial statements of these entities)? Please also provide your views on how this might be approached in relation to the ISAs and ISQMs.</p> <p>(b) The proposed case-by-case approach for determining whether differential requirements already established within the IAASB Standards should be applied only to listed entities or might be more broadly applied to other categories of PIEs.</p> <p>(c) Considering IESBA’s proposals relating to transparency as addressed by questions 11 and 12 above, and the further work to be undertaken as part of the IAASB’s Auditor Reporting PIR, do you believe it would be appropriate to disclose within the auditor’s report that the firm has treated an entity as a PIE? If so, how might this be approached in the auditor’s report?</p>	<p>For (a) and (b), we are supportive of the overarching objective of establishing differential requirements and do not have further comments.</p> <p>For (c), we would like to suggest the IESBA to have further consultation regarding additional disclosure in auditor’s report with regards to the following areas:</p> <ul style="list-style-type: none"> - the objective and purpose of the additional disclosure on top of the existing auditor’s report; - the difference between the audit of a PIE and a non- PIE; and - the impact on the audit opinion or audit procedures performed.