

Responses to IAASB’s Request for Comments in the EM for the ED, Proposed Narrow Scope Amendments to ISQMs, ISAs and ISRE 2400 (Revised) 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)	The Japanese Institute of Certified Public Accountants (JICPA)
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Hidehiko Yuki, Executive Board Member, Auditing Standards
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Auditing, Professional Standards and Practices Division
E-mail address(es) of contact(s)	kansa@sec.jicpa.or.jp
Geographical profile that best represents your situation (i.e., from which geographical perspective are you providing feedback on the ED). Select the most appropriate option.	Asia Pacific
	If “Other”, please clarify
The stakeholder group to which you belong (i.e., from which perspective are you providing feedback on the ED). Select the most appropriate option.	Jurisdictional/ National standard setter
	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 (also, the last question in Part B allows for raising any other matters in relation to the ED).

Information, if any, not already included in responding to the questions in Parts B and C:

PART B: Responses to Specific Questions in the EM for the ED

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.

Objective for Establishing Differential Requirements for PIEs

1. Do you agree with establishing the overarching objective and purpose for establishing differential requirements for PIEs proposed in paragraphs A29A–A29B of ISQM 1 and paragraphs A81A–A81B of ISA 200 in the ED? If not, what do you propose and why?

(See EM Section 1-B, paragraphs 13-18)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with establishing the overarching objective and purpose for differential requirements for PIEs in the ISQMs and ISAs. The overall objective and purpose of establishing the differential requirements for PIEs in ISQMs and ISAs would be unclear unless they are articulated in ISQM 1 and ISA 200. Therefore, we believe that establishing the overarching objective and purpose in the ISQMs and ISAs is necessary.

Definitions of PIE and “Publicly Traded Entity”

2. Do you agree with adopting the definitions of PIE and “publicly traded entity” into ISQM 1 and ISA 200 (see proposed paragraphs 16(p)A–16(p)B of ISQM 1 and paragraphs 13(l)A–13(l)B of ISA 200 in the ED)? If not, what do you propose and why?

(See EM Section 1-C, paragraphs 19-26)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with adopting the definitions of PIE and “publicly traded entity” into ISQM 1 and ISA 200. As these definitions have already been deliberated and undergone proper due process at the IESBA, we believe it is appropriate to adopt the same definitions in the ISQMs and ISAs.

Differential Requirements in the ISQMs and ISAs

- 3A. Do you agree with the IAASB’s proposals for extending the extant differential requirements for engagement quality reviews to apply to PIEs (ISQM 1, paragraph 34(f) in the ED)?

(See EM Section 1-D, paragraphs 27-40 and Appendix 1)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

Considering the overarching objective and purpose for differential requirements for PIEs and the definition of PIE proposed in the ED, we agree with the IAASB's proposal for extending the extant differential requirement for engagement quality reviews to apply to PIEs.

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

3B. Do you agree with the IAASB's proposals for extending the extant differential requirements for communication with TCWG about the firm's system of quality management to apply to PIEs (ISQM 1, paragraph 34(e) in the ED)?

(See EM Section 1-D, paragraphs 27-38 and Appendix 1)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

Considering the overarching objective and purpose for differential requirements for PIEs and the definition of PIE proposed in the ED, we agree with the IAASB's proposal for extending the extant differential requirements for communication with TCWG about the firm's system of quality management to apply to PIEs.

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

3C. Do you agree with the IAASB's proposals for extending the extant differential requirements for communicating about auditor independence to apply to PIEs (ISA 260 (Revised), paragraphs 17 and 17A, and ISA 700 (Revised), paragraph 40(b) in the ED)?

(See EM Section 1-D, paragraphs 27-38 and 41-45 and Appendix 1)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

Considering the overarching objective and purpose for differential requirements for PIEs and the definition of PIE proposed in the ED, we agree with the IAASB's proposal for extending the extant differential requirements for communicating about auditor independence to apply to PIEs.

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

3D. Do you agree with the IAASB's proposals for extending the extant differential requirements for communicating KAM to apply to PIEs (ISA 700 (Revised), paragraphs 30-31, 40(c) and ISA 701, paragraph 5 in the ED)?

(See EM Section 1-D, paragraphs 27-38 and 46 and Appendix 1)

Overall response: Agree, with comments below

Detailed comments (if any):

Considering the overarching objective and purpose for differential requirements for PIEs and the definition of PIE proposed in the ED, we agree with the IAASB's proposal for extending the extant differential requirements for communicating KAM to apply to PIEs. However, we propose that the IAASB provide flexibility by permitting the jurisdiction not to extend KAM requirements to the audits of certain PIEs which have a limited number of intended users of the auditor's report, such as non-publicly traded entities, even if the jurisdiction decided to refine the scope of the PIEs to include those entities.

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

3E. Do you agree with the IAASB's proposals for extending the extant differential requirements for the name of the engagement partner to apply to PIEs (ISA 700 (Revised), paragraphs 46 and 50(I))?

(See EM Section 1-D, paragraphs 27-38 and Appendix 1)

Overall response: Agree, with comments below

Detailed comments (if any):

Considering the overarching objective and purpose for differential requirements for PIEs and the definition of PIE proposed in the ED, we agree with the IAASB's proposal for extending the extant differential requirements for the name of the engagement partner to apply to PIEs.

If you do not agree, what alternatives do you suggest (please elaborate why you believe such alternatives would be more appropriate, practicable and capable of being consistently applied globally)?

Detailed comments (if any):

4. Do you agree with the IAASB's proposal to amend the applicability of the differential requirements for listed entities in ISA 720 (Revised) to apply to "publicly traded entity"? If not, what do you propose and why?

(See EM Section 1-D, paragraphs 47-51)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with the IAASB's proposal to amend the applicability of the differential requirements for listed entities in ISA 720 (Revised) to apply to "publicly traded entity". As described in the Explanatory Memorandum to the ED, the findings from the Auditor Reporting PIR noted the practical issues which arise in various jurisdictions when the other information is not available at the time the auditor's report is signed for the entity not listed on the market. Therefore, we believe that it is appropriate to amend the differential requirements of ISA 720 (Revised) to apply not to PIEs but to "publicly traded entity".

Proposed Revisions to ISRE 2400 (Revised)

5. Do you agree with the new requirement and application material in ISRE 2400 (Revised) to provide transparency in the practitioner's review report about the relevant ethical requirements for independence applied for certain entities, such as the independence requirements for PIEs in the IESBA Code? If not, what do you propose and why?

(See EM Section 1-E, paragraphs 52-57)

Overall response: [Agree, with comments below](#)

Detailed comments (if any):

We agree with the proposed new requirement and application material in ISRE 2400 (Revised). We believe that it is appropriate to make similar disclosures in the practitioner's review report under ISRE 2400 (Revised) to be consistent with ISA 700 (Revised).

Other Matters

6. Are there any other matters you would like to raise in relation to the ED? If so, please clearly indicate the requirement(s) or application material, or the theme or topic, to which your comment(s) relate.

Overall response: [No \(with no further comments\)](#)

Detailed comments (if any):

Part C: Request for General Comments

The IAASB is also seeking comments on the matters set out below:

7. Translations—Recognizing that many respondents may intend to translate the final narrow scope amendments for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents note in reviewing the ED.

Overall response: [No response](#)

Detailed comments (if any):

8. Effective Date—Given it is preferred to coordinate effective dates with the fraud and going concern projects, the IAASB believes that an appropriate effective date for the narrow scope amendments would be for financial reporting periods beginning approximately 18-24 months after approval of the final narrow scope amendments for Track 2. The IAASB welcomes comments on whether this would provide a sufficient period to support effective implementation of the narrow scope amendments for Track 2 of the listed entity and PIE project.

Overall response: [No response](#)

Detailed comments (if any):