

International Auditing and Assurance Standards
Board
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Date	Re	Our ref	Attachment
27 March 2025	Post Exposure Consultation	25/JZ/171907	1

Direct dial nr
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Dear Mr. Seidenstein,

The Royal Netherlands Institute of Chartered Accountants (NBA)¹ is pleased to respond to the *Invitation to Comment before the IAASB Finalizes the Narrow Scope Amendments to the ISQMs and ISAs for the IAASB PIE Track 2 Project* (the consultation). You have asked us to provide our feedback using a specifically developed template. We have attached that template as an Annex to this letter. The letter itself addresses our key positions in context of the consultation.

Royal Netherlands
Institute of Chartered
Accountants



The NBA has consistently supported the efforts by you and the International Auditing and Assurance Standards Board (IAASB) as well as the International Ethics Standards Board for Auditors (IESBA) to develop and maintain a high quality and coherent set of standards and requirements. In such standards it is fully appropriate that for audits of PIEs that differential requirements have been developed, covering ethical (primarily independence), quality management (engagement quality control) and communication and reporting requirements.

In the NBA's view, it is of paramount importance that between the two Boards and, as a result, within the two bodies of standards, there is full alignment on which entities should be considered as Public Interest Entities for which such differential requirements should apply. The NBA is highly worried about the diverging approaches between IAASB and IESBA. These diverging approaches are not only manifest in the Standards themselves (where IAASB uses Publicly Traded Entities whilst IESBA uses Public Interest Entities for the respective groups of entities for which differential requirements apply). The diverging approach also manifests itself in IESBA's decision to allow claiming compliance with their Code, even when it is overruled by local regulation, while IAASB only allows claiming compliance if requirements have been met (allowing for some divergence when indicated by wording such as 'unless prohibited by law or regulation').

The NBA urges IAASB and IESBA to avoid any such differences, and to ensure that decisions and guidance on key policies (which include key terms like PIE but also on key approaches such as when compliance with the standards can be claimed) are developed and agreed on a joint basis instead of unilaterally. We therefore urge IAASB to apply differential requirements in its Standards to PIEs instead of PTEs, and we urge both Boards to jointly agree the scope of entities to be considered PIEs, including the extent to which deviations from that global definition are acceptable.

¹ The NBA is the professional body for accountants and auditors in the Netherlands. NBA's members include over 21,000 professionals working at accounting firms, government agencies, as internal auditors or in organizational management.

We will send a copy of this letter to the Chair of IESBA, Ms. Gabriela Figueiredo Dias, as we think that the key positions as outlined in this letter are equally important for IESBA to consider.

For further information, please contact Martijn Duffels (m.duffels@nba.nl).

We hope these comments will be of use in finalization the IAASB's pronouncement on the Narrow Scope Amendments in the PIE Track 2 Project. We appreciate your attention to the matters raised in the letter.

Yours sincerely,
NBA, the Royal Netherlands Institute of Chartered Accountants

/s/ A. Dieleman

Anton Dieleman,
Chair of the Dutch Assurance and Ethics Standards Board
NBA



Post-Exposure Consultation: Response Template

February 2025

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)	NBA, the Royal Netherlands Institute of Chartered Accountants
Name(s) of person(s) responsible for this submission (or leave blank if the same as above)	Anton Dieleman, Chair of the Dutch Assurance and Ethics Standards Board
Name(s) of contact(s) for this submission (or leave blank if the same as above)	Martijn Duffels Senior Technical Expert
E-mail address(es) of contact(s)	m.duffels@nba.nl
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.	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).	The NBA is the professional body for accountants and auditors in the Netherlands. NBA's members include over 21,000 professionals working at accounting firms, government agencies, as internal auditors or in organizational management.

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):

We are of the view that full alignment between the IESBA Code and IAASB Standards on when differential requirements are necessary, is of paramount importance. In our view, it is fully appropriate that for audits of PIEs differential requirements have been established, in particular in terms of independence (in the Code) and in terms of communication and reporting (in ISAs 260 and 700).

Against this backdrop, we strongly urge IAASB and IESBA to jointly agree on the definition and necessary guidance for PIEs. In our view, such key terms should in principle always be jointly proposed, agreed and implemented, as to ensure consistency.

In our view the definition of PIE as included in the Code is appropriate, and the rationale to include financial institutions is solid and justified. We strongly oppose the additional staff guidance issued by IESBA, as this essentially makes the PIE definition per the Code void.

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.

We strongly regret that IAASB has now limited the scope of its changes to the ISAs to publicly traded entities. The effect of this change as compared to the current term listed entity, is marginal.

The NBA notes that following national and European law, the NBA will expand the scope of the proposed ISA changes to cover all PIEs (as defined in EU law) as well as entities whose financial instruments are listed on a recognized trading platform.

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 in principle with the changes becoming effective as of December 15, 2026, in conjunction with the Going Concern and Fraud changes. If, however, the IAASB and IESBA were able to agree on a final position on the definition and guidance on PIEs, it would be desirable if the effective date of the (revised) definition and guidance in the Code with the effective date of the narrow scope amendments to the Standards were achieved.

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: [Disagree, with comments below](#)

Detailed comments (if any):

The NBA urges the IAASB to retain its original commitment (of December 2024) to all elements of its original proposals to adopt the PIE definition.

As per our responses to the previous questions, we strongly support a common definition and common guidance of which entities are to be considered PIEs. We urge both Boards to resolve the differing views as soon as possible, and to make amendments where needed. The NBA remains committed to the broader PIE definition, which includes PTEs as well as banks and insurance companies, with the possibility to add specific groups of entities at a national level.

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):

As noted, we are of the view that the differences of opinion should be resolved as soon as possible, and changes to the Code, to the Standards and to any guidance should be developed, consulted (where appropriate) and issued sooner rather than later.