

AGENDA PAPER

Item Number: 11
Date of Meeting: 3 September 2024
Subject: Proposed revisions to APESB pronouncements for Code Conforming Amendments

Action required For discussion For noting For information

Purpose

To obtain, subject to the Board's feedback and comments, the Board's approval to issue an Exposure Draft comprised of revisions to the following APESB pronouncements:

- APES 345 *Reporting on Prospective Financial Information Prepared in connection with a Public Document* (APES 345);
- APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350); and
- APES GN 31 *Professional and Ethical Considerations relating to Low Doc Offering Sign-offs* (APES GN 31).

Background

In December 2023, APESB released the newly compiled Code for APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code). In addition, APESB also issued the Amending Standards for revisions to the Definitions of Listed Entity and Public Interest Entity (PIEs) in November 2023 and Technology-related revisions in June 2024.

Therefore, at its March 2024 meeting ([Agenda 3](#)), the board considered reviewing APESB's suite of pronouncements for Code-conforming amendments.

As a result, APESB has commenced a project to update its current pronouncements where relevant, to update any cross-references to the Code and Amending Standards to ensure consistency of definitions and terminology, and other matters identified in the APESB's Issues Register.

Key Considerations

Technical Staff have prepared an Exposure Draft and Explanatory Memorandum for a second set of 3 APESB pronouncements to be revised as part of the Code conforming amendments project. The three pronouncements all relate to Transaction Advisory-related services. Refer to Agenda Item 11 (a) for the proposed Exposure Draft on these pronouncements.

The key proposed amendments incorporated into the selected pronouncements in the Exposure Drafts include:

- updating cross-references to the newly Compiled Code and Amending Standards for PIEs and Technology-related revisions;
- revising paragraphs and definitions to ensure consistency with the newly Compiled Code and Amending Standards for PIEs and Technology-related revisions;
- revisions to address matters noted on APESB's Issues Register.
- revisions to address matters identified by Technical Staff from a review of these pronouncements;
- revisions to ensure consistency with other APESB pronouncements; and
- addressing minor editorial matters.

The revised standards are proposed to be effective from 1 April 2025, with early adoption permitted.

The details of these revisions and how they affect the selected pronouncements are set out in the Explanatory Memorandum to the Exposure Draft. Refer to Section C for tables summarising the proposed revisions to the selected pronouncements in the Exposure Draft.

Retention of the term Listed Entity

As part of the Amending Standard *Revisions to the Definitions of Listed Entity and Public Interest Entity in the Code*, the defined term "Listed entity" was deleted and replaced with the term "Publicly traded entity", intending to broaden the scope to include more entities than listed entities as Public Interest Entities. The term "Publicly traded entity" can encompass both primary and secondary exchanges and, as such, subsumes the term Listed Entity. This new definition is set out below:

Publicly Traded Entity An entity that issues financial instruments that are transferrable and traded through a publicly accessible market mechanism, including through listing on a stock exchange.

A listed entity as defined by relevant securities law or regulation is an example of a Publicly Traded Entity.

In Australia, the Transaction Advisory Services Related Pronouncements were designed for the roles of investigating accountants on due diligence committees, primarily for listings on the Australian Securities Exchange (ASX). Technical Staff is of the view that retaining the term "Listed Entity" in these pronouncements is essential for alignment with the *Corporations Act 2001*.

Accordingly, Technical Staff recommends that the Board not propose to replace references to "Listed Entity" with the term "Publicly Traded Entity" in the Transaction Advisory Services Related Pronouncements. Stakeholders are welcome to provide feedback on any concerns regarding the retention of the term "Listed Entity" in these pronouncements. We have included a request for specific comment on this matter in the exposure draft.

Technical Staff have requested feedback from the Transaction Advisory Services Taskforce members on the retention of the term 'Listed Entity' in these three pronouncements. The feedback is due to be received on 22 August 2024. Technical Staff will orally advise the Board of the outcome of this consultation at the Board Meeting and whether any changes to the proposed exposure draft are required.

Technical Staff recommend a public comment period of at least 45 days for the exposure draft and seek the Board's feedback and comments on the proposed Exposure Draft.

Staff Recommendations

Subject to the Board's feedback and comments, the Board approve the release of the Exposure Draft and Explanatory Memorandum on APES 345, APES 350 and APES GN 31 for public comment.

Materials Presented

Agenda Item 11(a) Proposed Exposure Draft 04/24 Revision of APESB pronouncements

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