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Our Ref: 2026/O/C1/IESBA AND IAASB/CM/356

Subject Line: Joint IESBA and IAASB Stakeholder Survey - Strategy and Workplans for 2028-2031

Dear Willie and Ken:

The International Organization of Securities Commissions' (IOSCO) Committee on Issuer Accounting, Audit and Disclosure (IOSCO Committee 1 or we) appreciates the opportunity to comment on the International Auditing and Assurance Standards Board's (IAASB) and the International Ethics Standards Board for Accountants' (IESBA) (collectively, the Boards or the SSBs) joint stakeholder survey regarding Strategy and Workplans (SWPs) for 2028-2031. As an international organization of securities regulators representing the public interest, IOSCO is committed to enhancing the integrity of international markets through the promotion of high-quality accounting, auditing and professional standards, and other pronouncements and statements.

Members of Committee 1 seek to further IOSCO's mission through thoughtful consideration of accounting, disclosure and auditing concerns, and pursuit of improved global financial reporting. Unless otherwise noted, the comments we have provided herein reflect a general consensus among the members of Committee 1 and are not intended to include all of the comments that might be provided by individual securities members on behalf of their respective jurisdictions.

Response to Section III: SSBs' Strategic Positioning for 2028–2031

As the IAASB and IESBA consider their strategies and work plans for the 2028–2031, we encourage both Boards to remain firmly grounded in the public interest and in their respective mandates. We believe it is essential that both Boards prioritize the development of high-quality standards that promote audit quality which can further strengthen public confidence in the global auditing and assurance profession, while also supporting the reliability, comparability, and transparency of financial and non-financial reporting thereby strengthening investor confidence. We also support the Boards' ongoing efforts to ensure their standards remain responsive to the needs of all stakeholders, without undue emphasis on any one stakeholder group. To achieve these objectives, we encourage the Boards to prioritize the following strategic goals:

1. Strengthen Responsiveness and Transparency in Stakeholder Engagement

We encourage the Boards to maintain regular and open dialogue with a diverse range of stakeholders and to enhance transparency around how stakeholder feedback informs both the identification of standard-setting priorities and the direction of project decisions. Demonstrating how input is evaluated, prioritized, and incorporated will reinforce confidence in the Boards' due process and the responsiveness of their standard-setting activities. In this context, a more formalized and consistent due process framework is needed and can be applied by both Boards, which could further strengthen transparency and accountability, particularly with respect to how stakeholder input is considered and how decisions are made regarding the development of standard-setting projects and non-authoritative material. We also encourage the Boards to proactively involve relevant experts throughout the standard-setting process, whether Board members, staff members, secondees, technical advisors, or expert groups, and to transparently communicate how this expertise informs project planning and decisions.

2. Clearly Define Standard-Setting Objectives and Scopes that Strengthen Global Consistency

We encourage clear articulation of standard-setting project objectives and scopes, supported by rigorous, evidence-based assessment of expected costs, benefits, and practical implications. In doing so, it is important that the Boards remain focused on developing standards that contribute to a globally operable baseline, minimizing jurisdictional divergence that could lead to inconsistent application, interpretive variability, and regulatory fragmentation across markets. To support this aim, it is important to design standards that are aligned with public-interest priorities, principles-based, sufficiently clear and operational, and scalable for use across jurisdictions with different regulatory environments. It is also important that the Boards consider how standards are interpreted and enforced in practice through engagement with audit regulators and oversight bodies to understand common inspection findings and areas where requirements may be inconsistently applied. This would help ensure that

standards remain sufficiently clear, operational, and capable of consistent application, while also promoting global consistency and comparability.

3. Enhance Agility and Responsiveness to Emerging Risks and Technologies

The rapid pace of technological change reinforces the need for forward-looking and timely standard-setting. We encourage the Boards to maintain agility by continuously monitoring emerging risks and technologies and ensuring they can respond in a timely and practical manner. This includes considering targeted or narrow-scope amendments to standards when appropriate, issuing timely non-authoritative material that is developed in consultation with a diverse set of stakeholders, maintaining the flexibility to allocate resources to emerging public-interest priorities as needed, and closely coordinating with relevant reporting standard setters to ensure coherent development of accounting and auditing requirements.

4. Increase the Use of Post-Implementation Reviews

We encourage the Boards to establish a more regular cadence of conducting post-implementation reviews, as these reviews can be a practical and cost-effective way to evaluate whether standards are achieving their intended objectives, identify practical challenges, and inform whether targeted clarifications or enhancements may be necessary. For example, reviews of ISQM 1 could provide insight into how firms are addressing governance, incentives, and firm-level risks, given its foundational role in firms' systems of quality management. We note that a post-implementation review of ISA 315 (Revised) is planned for 2027 and we encourage the IAASB to use this review to assess whether the revised standard is being applied consistently in practice.

5. Enhance Coordination Across Standard-Setting Boards

We strongly encourage continued coordination between the IAASB and IESBA to ensure that their respective standards remain interoperable and mutually reinforcing, particularly in areas where audit, ethics, and independence considerations intersect. At a broader level, we also emphasize the importance of strengthened coordination with other relevant reporting standard setters. Many emerging corporate reporting developments have direct assurance and ethical implications. Early and ongoing engagement among the IAASB, IESBA, and relevant reporting standard setters helps promote cohesive and aligned standard-setting. Examples of key areas where coordinated action is particularly important include:

- Technology – Technology development, including the use of AI-enabled tools, data governance, and the implications for audit evidence, risk assessment, and ethical responsibilities, requires the IAASB, IESBA, and other relevant reporting standard setters to coordinate closely. Alignment across accounting, auditing,

and ethics perspectives is critical to ensure that guidance is coherent, principles-based, and capable of consistent and scalable global application.

- Trending Accounting Topics – We encourage continued coordination between the IASB and IAASB to ensure accounting and auditing requirements remain aligned. This includes implementation-stage coordination for finalized standards such as Management-defined Performance Measures under IFRS 18 *Presentation and Disclosure in Financial Statements*, helping the IAASB fully understand accounting expectations when considering auditor responsibilities, as well as early coordination on ongoing projects like *Business Combinations—Disclosures, Goodwill and Impairment* to support clear and practical audit requirements once the accounting standard is finalized.
- Public Interest Entity (PIE) Framework and Definitions – Consistent with prior IOSCO positions, we encourage the IAASB and IESBA to continue coordinating on PIE-related matters to ensure alignment of definitions and related requirements across standards. Ongoing collaboration will be critical to help promote a clear and robust global baseline, reducing jurisdictional divergence and the risk of fragmentation.

Response to Section IV: Key Trends Impacting SSBs

In this section, we assess the relative influence of the key trends identified in the survey on the broader financial reporting ecosystem and standard-setting landscape. While the assessment is qualitative in nature, we indicate the level of influence using High, Moderate-High, Moderate, or Low to reflect our views on the extent to which each trend may inform the SSBs for their next strategy period starting in 2028. Our intent is to provide directional insight on the trends most likely to affect the environment in which the SSBs carry out their work, rather than to prescribe specific standard-setting activities. Taken together, the assessment of those key trends supports the appropriateness of the strategic goals we outline in Section III and underscores the role each of the identified trends have in shaping effective and forward-looking standard-setting activities.

A – Digital Transformation

A.1 Increasing Use of Emerging Technologies – High Influence

The increasing use of emerging technologies will be a major driver of audit and ethics standard-setting activities in the coming years. As both companies and auditors adopt emerging technologies, including AI-enabled systems and advanced data-driven tools, the nature of risks evolves. Companies' increasing use of emerging technologies introduce new risks related to data integrity, model governance, and susceptibility to financial crimes enabled by technology that could have a material impact on financial reporting. At the same time, auditors' use of automated tools, capable of processing an entire population of data rather than samples,

reshapes how materiality is understood in practice. These tools can also create risks of technology bias or over-reliance on system-generated outputs as audit evidence without sufficient evaluation. These developments have important implications for how auditors identify and assess risks of misstatement, determine materiality, evaluate the sufficiency and appropriateness of audit evidence, and maintain an appropriately high level of professional skepticism. In addition, we agree that the use of emerging technologies raises ethics and independence considerations. As we highlighted at the top of this letter, these issues require closely coordinated action among the IAASB, IESBA, and other relevant reporting standard setters to ensure aligned terminology, guiding principles, and expectations across accounting, auditing, assurance, ethics, and independence standards.

As this trend continues to evolve, we encourage the SSBs to consider, based on emerging evidence and practical experience, whether this will lead to further clarification of existing standards or other forms of support to ensure that technological developments are addressed in a manner consistent with the public interest. As part of that consideration, we highly encourage the SSBs to leverage the feedback gathered from their ongoing technology-related projects and, where appropriate, draw on the perspectives of other regulators and standard-setters around the globe to inform a complete assessment of where additional clarity is needed.

A.2 Digital Assets and Institutionalization of Digital Assets – Moderate Influence

While not rising to the same level of urgency as emerging technologies, we consider digital asset activity to be an important and developing area that warrants timely attention from the IAASB. The use of digital assets is expanding across jurisdictions, and companies are entering into an increasingly diverse range of transactions involving digital assets. These developments introduce unique audit and assurance challenges, such as understanding the reliability of blockchain-based information and evaluating the susceptibility of digital asset environments to fraud and other risks.

Given the rapid pace of market evolution, we encourage the IAASB to undertake targeted information-gathering to better understand the types and prevalence of digital asset activities, the business models and custody arrangements used, and the practical challenges auditors face in applying existing standards in this area. We also encourage the IAASB to engage with standard setters across jurisdictions that have already undertaken similar information-gathering efforts, so the Boards can learn from, compare, and build on the approaches and insights that have already emerged. Monitoring global developments and coordinating with other auditing standard setters will also help promote consistency across jurisdictions as the digital asset landscape matures. Additionally, as accounting treatment is fundamental to determining the appropriate audit response, we also encourage close coordination with the International Accounting Standards Board (IASB) during this information-gathering process to ensure that the Boards have a clear understanding of emerging practice issues and areas where further clarity may be needed. As the landscape for digital asset activities continues to evolve, we

emphasize that any future considerations should be guided by well-defined scopes and objectives, supported by evidence-based needs.

A.3 Financial Crimes Enabled by Technology – High Influence

As part of the broader trend of increasing use of emerging technologies (see A.1), we also recognize that financial crimes enabled by technology may present a growing challenge for auditors, as digital information becomes more difficult to authenticate and new ways of perpetrating fraud continue to emerge. These developments have implications for how auditors identify, assess, and respond to risks of material misstatement, including risks related to fraud, and underscore the importance of maintaining an appropriately high level of professional skepticism. As this trend evolves, we encourage the Boards to consider whether any issues arising from technology-enabled financial crimes indicate a need for further clarification within the existing standards or additional forms of support. In making such assessments, the Boards may benefit from insights gained through ongoing technology-related initiatives and engagement with other regulators and standard-setters to deepen their understanding of evolving risks and practical challenges in this area.

B – Changes in the Geopolitical and Regulatory Landscape – Moderate-High Influence

Changes in the geopolitical and regulatory landscape continue to shape the environment in which the Boards carry out their work. Although the matters discussed in this section may not rise to the same level of influence as the technology-related trends in Section A, they remain critical contextual considerations that could guide the Boards' strategic direction. These developments, including evolving regulatory expectations, risks of fragmentation, the need for greater agility in standard setting, and the importance of diverse stakeholder input, interact closely with the strategic goals outlined in Section III and influence how the Boards approach the development, implementation, and coordination of high-quality global standards.

B.1 Regulatory Changes

We encourage the Boards to balance technical rigor with practical insight and to ensure that standard-setting decisions are supported by transparent and appropriately thorough cost-benefit analyses. We believe it remains essential for the Boards to develop standards that are scalable and proportionate, enabling effective implementation by accounting firms in diverse regulatory environments serving entities of varying sizes. We also encourage the Boards to maintain a principles-based approach to standard setting to support broad adoption and consistent application.

B.2 Risk of Fragmentation

Consistent with past feedback from IOSCO, members continue to strongly advocate for audit and ethics standards that:

- support high-quality audit outcomes, not merely compliance;
- promote professional skepticism, sound judgment, and accountability, particularly in areas involving estimation uncertainty, emerging risks, and management bias;
- are principles-based but also sufficiently clear, operational, and scalable to support consistent application, inspection, and enforcement across jurisdictions; and
- responsive to stakeholder feedback throughout the process.

When the Boards' projects remain focused on these outcomes, and decisions are guided by thorough cost-benefit evaluations and balanced input from diverse stakeholders, they help promote global consistency and interoperability, reducing the risk of frameworks that allow inconsistent application or interpretation. Conversely, global fragmentation can undermine comparability, raise the cost of capital for reporting entities, and increase the overall cost of financial reporting, particularly in jurisdictions that relying solely on domestic standards, ultimately affecting investors and capital markets.

B.3 Call for Greater Agility in Standard Setting

We support efforts to enhance agility in responding to emerging issues, including the ability to act in a timely and proportionate manner. To achieve this, we encourage the Boards to maintain sufficient flexibility in allocating resources and to clearly distinguish between matters that warrant authoritative standard setting and those that can be addressed through quicker, principles-based materials. We also emphasize the importance of incorporating stakeholder input to ensure that any guidance developed is operable in practice. In particular, we support the strategic use of non-authoritative materials to address urgent issues and promote consistent application by providing practical guidance, such as relevant examples, that support the application of the principles within the auditing, assurance, ethics or independence standards.

C - Evolving Expectations Concerning Sustainability Information – Moderate Influence

We believe that sustainability assurance remains important for investor protection and market integrity, but the strategic focus of the Boards going forward should be on the implementation and global adoption of extant sustainability standards. We acknowledge the need for continued emphasis on ongoing implementation challenges related to ISSA 5000, however, we encourage the Boards to exercise appropriate caution when considering whether further standard-setting in the sustainability area is warranted.

D - Evolving Structure and Business Models of Accounting Firms

D.1 Alternative Ownership Structures – Moderate-High Influence

Alternative firm ownership models, including private equity (PE) investment and alternative practice structures (APS), continue to evolve and may introduce new risks to audit quality, independence, and firm-level governance. These models can create pressure points arising from

external investor expectations, economic interdependencies between audit and non-audit entities, shorter-term incentive horizons, and increasingly complex cross-entity arrangements. Given the potential implications for firms' quality management systems and the public interest, we agree that this is an important area for attention.

We acknowledge IESBA's recent decision to launch a project on PE investment in accounting firms. However, we believe coordinated information-gathering across both Boards will help establish a shared understanding of how these structures are operating and where practical challenges may arise. This should include engaging with a diverse set of stakeholders to assess the implications related to audit quality, independence and ethics, including engaging with other regulatory authorities and standard-setting bodies that have begun work in this area, as their insights could further inform the Boards' understanding.

As we support the Boards to continue to explore this area, it will be important to reflect on how these developments interact with the existing quality management, ethics, and independence frameworks. Such insights can help the Boards determine whether the current standards continue to provide a sufficient foundation or whether emerging issues may warrant further consideration over the strategy period.

D.2 Increased Involvement of Non-Professional Accountants in the Profession – Low Influence

We recognize that the increasing involvement of non-professional accountants in multidisciplinary teams may raise important questions regarding competence, engagement level supervision, accountability, and the consistent application of ethical principles. These developments also create considerations around the quality and reliability of inputs provided by non-professional accountants, as well as emerging data governance and technology risks where firms rely on automated tools or third-party systems.

While this trend is meaningful for many jurisdictions, its impact on the SSBs' standard-setting landscape may be more limited at this stage given the breadth of existing quality management, ethics, and independence frameworks that already address core concepts such as competence, assignment of responsibilities, and oversight. Continued monitoring of how these developments evolve in practice will help the Boards determine whether any future areas may warrant further attention.

D.3 Challenges to Attracting and Retaining Talent – Low Influence

We recognize that challenges in attracting and retaining talent continue to affect the audit profession, including through resource constraints, shifting workforce expectations, and increasing reliance on specialists or technology-enabled delivery models. These dynamics can

influence how firms organize their teams and manage audit execution, and they remain important considerations for the broader audit ecosystem.

However, their direct influence on the SSBs' standard-setting landscape is more limited. The current quality management, ethics, and independence frameworks already establish expectations for competence, supervision, and accountability, which are foundational regardless of staffing trends. Continued observation of how workforce developments evolve in practice may help the Boards determine whether any future implications arise, but at this stage we view the influence of this trend on standard-setting as relatively low.

D.4 – Non-Assurance Service Lines – Low Influence

Growth in non-assurance service lines can create economic dependence and perception risks, but we also recognize that access to specialists can enhance audit quality when appropriately supervised. While we recognize the potential impact of these dynamics on the broader ecosystem, similar to our observations in D.2 and D.3, the influence of this trend on the SSBs' standard-setting landscape appears relatively limited at this stage. The existing quality management such as ISQM 1's focus on firm-level governance, culture, and risk assessment, already provide a robust foundation for identifying and addressing threats arising from non-assurance services. As the Boards monitor the evolution of firm service models, reflecting on how these developments align with the current frameworks may help determine whether any future areas warrant further attention.

Other Trends

Evolving Application of Materiality in an Expanded Reporting Landscape

As financial and non-financial reporting frameworks evolve and place greater emphasis on qualitative information and disclosure-related judgments, the application of materiality is becoming increasingly complex. These developments may create circumstances where interpretations vary in practice for entities with similar characteristics and risks. We encourage the Boards to carefully monitor this area, and stand ready to support consistent and high-quality assessments of material disclosures and misstatements as reporting expectations evolve across jurisdictions. We support strategic use of non-authoritative material, when appropriate, to promote consistent application of materiality in practice.

Thank you for the opportunity to respond to the joint stakeholders survey. If you have any questions or would like to discuss these matters further, please contact Nigel James at phone number: +1 (202) 551-5394 or email address: JamesN@sec.gov or myself. In case of any written correspondence, please mark a copy to me (email: cmcinnis@osc.ca).

Sincerely,

A handwritten signature in black ink, appearing to read 'CML' with a period at the end. The letters are cursive and fluid.

Camron McInnis, FCPA, CPA (Illinois)
Chair, Committee on Issuer Accounting, Audit and Disclosure
International Organization of Securities Commissions