(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)

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ASEB Circular No. 12/ 2026

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ALL PRACTICING MEMBERS

Extension in applicability date of ISQM Standards for firms performing audits only of Small and Medium-Sized Companies (SMCs)

Dear Practicing Member,

The Council of the Institute, in its 423rd meeting held on October 3–4, 2026, has decided to further extend the mandatory applicability date of the International Standards on Quality Management (ISQM Standards) for the firms that:

- do not undertake audits of Public Interest Companies (PICs) or large-sized companies; and
- are exclusively engaged in the audit of Small and Medium-Sized Companies (SMCs), as defined under the Third Schedule to the Companies Act, 2017.

The decision has been taken in recognition of the practical challenges faced by smaller audit practices, particularly in relation to the availability of financial resources, technical expertise and human resources required to design, implement and operate an effective system of quality management.

Accordingly, the mandatory applicability date of the ISQM Standards, previously extended to **July 1, 2026**, is hereby further extended to **July 1, 2027** for the aforementioned firms. Early adoption is, however, encouraged.

Members are advised to take note of above.

Yours truly,

Muhammad Imran Khan
Director, Technical

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