

BACKGROUND NOTE ON ACTION PLANS

SMO Action Plans are developed by IFAC Members and Associates to demonstrate fulfillment of IFAC Statements of Membership Obligations (SMOs). SMOs require IFAC Members and Associates to support the adoption¹ and implementation² of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a Quality Assurance (QA) review and Investigation and Disciplinary (I&D) systems.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where improvements are needed. Based on the results of the assessment, Members and Associates develop an SMO Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs and (b) where some requirements are not yet addressed, to present plans towards their fulfillment.

SMO Action Plans are designed to be ever-green documents that provide a comprehensive description of the accountancy profession and its legislative and regulatory environment in the jurisdiction as well as the actions undertaken by IFAC Members or Associates to support adoption and implementation of international standards and best practices.

Regular updates of the SMO Action Plans are required as part of the IFAC Member Compliance Program.

Use of Information

Please refer to the [Disclaimer](#) published on the Compliance Program website.

ACTION PLAN

IFAC Member:	The Japanese Institute of Certified Public Accountants
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¹ *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to effect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

² *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

GLOSSARY

AAPCS	Auditing and Assurance Practice Committee Statement
ASBJ	Accounting Standards Board of Japan
ASCS	Auditing Standards Committee Statement
BAC	Business Accounting Council
BOJ	Bank of Japan
CPA	Certified Public Accountant
CPAAOB	Certified Public Accountants and Auditing Oversight Board
CPE	Continuous Professional Education
EU	European Union
FSA	Financial Services Agency
GAAS	Generally Accepted Auditing Standards
I & D	Investigation and Discipline
IAASB	International Auditing and Assurance Standards Board
IAESB	International Accounting Education Standards Board
IES	International Education Standards
IESBA	International Ethics Standards Board for Accountants
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
ISA	International Standards on Auditing
ISQC	International Standards on Quality Control
JBIC	Japan Bank for International Cooperation
JFAEL	Japan Foundation for Accounting Education and Learning
JICA	Japan International Cooperation Agency
JICPA	Japanese Institute of Certified Public Accountants
MIC	Ministry of Internal Affairs and Communication
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOU	Memorandum of Understanding
PIE	Public Interest Entities
QA	Quality Assurance
QCSCS	Quality Control Standards Committee Statements
SME	Small and Medium Enterprises
SMP	Small and Medium Practices

Action Plan Subject: SMO 1 and Quality Assurance (QA)
Action Plan Objective: Ensure a Quality Control Review Program is in Place for those Members and Audit Firms, Performing Audits of Financial Statements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Japanese Institute of Certified Public Accountants (JICPA) has conducted the quality control review as part of a self-regulatory function since April 1999 to improve and enhance the quality control system of audit firms that perform financial statement audits. The amendment in 2003 of the Certified Public Accountants (CPA) Act³, which took effect in April 2004, made this quality control review a legally-established system to be monitored by the Certified Public Accountants and Auditing Oversight Board (CPAAOB)⁴. The JICPA, Financial Services Agency (FSA) and Certified Public Accountants and Auditing Oversight Board (CPAAOB) work together to design and implement the quality control system for audits in Japan in order to ensure high quality audits.</p> <p>To ensure the quality control of audit firms that perform audits of listed companies, JICPA also requires all firms that audit listed companies to register with the registration system for listed company audit firms. The JICPA publishes the list of registered firms on its website, with the overview of the firms and their quality control systems.</p> <p>For more information about the Quality Assurance System in Japan, please visit the JICPA website (http://www.hp.jicpa.or.jp/english/accounting/qc/index.html).</p>					
<i>Revise Quality Control Standards Committee Statement and Auditing Standards Committee Statement</i>					

³ The Certified Public Accountants Act (CPA Act) provides the basic framework for the audit profession in Japan. It includes the scope of services to be provided by Certified Public Accountants (CPA), establishment of the national CPA examination, requirements for CPA qualification, establishment of audit corporations, duties and responsibilities of CPAs, roles and organization of the Japanese Institute of Certified Public Accountants (JICPA), roles of the regulatory authority, and the disciplinary and criminal sanctions applicable to CPAs. The CPA Act grants the Financial Services Agency (FSA) the authority to oversee CPAs and the JICPA. The CPA Act has been amended twice over the last several years. [The English translation of the CPA Act \(FSA website\)](#)

⁴ The amended CPA Act in 2003 stipulates the establishment of the CPAAOB as a public oversight body to monitor and oversee CPAs and the JICPA quality control review by reorganizing the CPA Investigation and Examination Board, which formerly oversaw CPA examinations and disciplinary actions for CPAs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	Ongoing	<p>Update Quality Control Standards Committee Statement (QCSCS) No 1 and related pronouncements in order to incorporate changes in laws and regulations as well as statements published by JICPA</p> <p>During the reporting period, JICPA updated Audit Standards Committee Statement (ASCS) No. 260 “Communication with those charged with governance”, and QCSC Statement No. 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services engagements” and ASCS No. 220 “Quality Control for an Audit of Financial Statements” and other related statements.</p>	Ongoing	<p>Executive Board Member</p> <p>- Quality Control Standards</p> <p>Executive Board Member</p> <p>- Auditing Standards</p>	<p>Quality Control Standards Committee,</p> <p>Auditing Standards Committee,</p> <p>JICPA Accounting, Auditing and Assurance Standards Group</p>
<i>Ensuring the Transparency of Quality Control Review</i>					
2.	Ongoing	<p>Publish review results and findings annually as Quality Control Review Annual Report</p> <p>The annual report is made widely available online and in booklet, with a brief summary, to communicate the significance of JICPA reviews and its roles particularly to those sitting on audit and supervisory boards of listed companies.</p> <p>The number of quality control reviews conducted:</p> <p>2014 fiscal year (ended 31 March 2015): 89</p> <p>2015 fiscal year (ended 31 March 2016): 83</p> <p>2016 fiscal year (ended 31 March 2017): 101</p> <p>2017 fiscal year (ended 31 March 2018): 96</p>	Ongoing /annual	<p>Chair of Quality Control Committee</p> <p>Executive Board Member</p> <p>- Quality Control</p>	<p>Quality Control Committee,</p> <p>Quality Control Review Team,</p> <p>JICPA Quality Control Group</p>

#	Start Date	Actions	Completion Date	Responsibility	Resource
3.	Ongoing	Report the activities of Quality Control Oversight Board, including recommendations provided to Quality Control Committee on website and in journal	Ongoing /annual	Chair of Quality Control Oversight Board	Quality Control Oversight Board, JICPA Quality Control Group
4.	Ongoing	JICPA regularly communicates and exchanges views with audit firms on JICPA quality control review policies and procedures to gain wider understanding and cooperation	Ongoing	Chair of Quality Control Committee Executive Board Member - Quality Control	Quality Control Committee, Quality Control Review Team, JICPA Quality Control Group
5.	July 2018	To enhance transparency and quality of audit, JICPA has revised the rule on quality control committee to allow audit firms to disclose their quality control system and their implement status to the third parties.	Ongoing	Chair of Quality Control Committee Executive Board Member - Quality Control	Quality Control Committee, Quality Control Review Team, JICPA Quality Control Group
<i>Introduction of New System to Enhance Quality Control</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
6.	Ongoing	<p>Regularly update and improve review policies and procedures</p> <p>During the reporting period, new policies have been implemented to improve quality control reviews as follows:</p> <ul style="list-style-type: none"> - Those firms or individuals that have been de-listed from the listed company audit firm registration system are restricted from re-registering under certain circumstances until JICPA QC review acknowledges improvements in their practice - Requirements and assessment procedures to be registered firms/individuals under the listed company audit firm registration system have been newly established and improved. Under the new requirements, applicants must earn certain CPD credits required for those engaging in statutory audits - JICPA reconsidered reviews for those firms/individuals de-listed from the register due to the expiration of contracts with companies. 	Ongoing	JICPA Project Team on Improving Quality Control Reviews	<p>JICPA Project Team on Improving Quality Control Reviews</p> <p>JICPA Quality Control Group</p>
7.	February 2016	In response to the recent corporate scandals, JICPA conducted extraordinary quality control reviews to examine whether the registered firms have attained appropriate structure to address specific issues and considerations that need to be attended to during audit.	March 2016	<p>Chair of Quality Control Committee</p> <p>Executive Board Member</p> <p>- Quality Control</p>	<p>Quality Control Committee, Quality Control Review Team, JICPA Quality Control Group</p>
<i>Revise the Existing Review Program to Ensure It Addresses All SMO 1 Requirements</i>					
8.	Ongoing	Update the Quality Control Review Standards, the Quality Control Review Procedures, the Committee	Ongoing / Annually	Chair of Quality Control Committee	<p>Quality Control Committee, Quality Control Review Team,</p>

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Operation Manuals, and the Quality Control Review Tools		Executive Board Member - Quality Control	JICPA Quality Control Group
<i>Educational and Awareness Building</i>					
9.	Ongoing	Continue to provide seminars on quality control review system and provide courses on audit quality with specific illustrative examples of findings from reviews Starting from March 2016, JICPA requires all members engaging in statutory audits to take fraud case study training seminars. The number of fraud case study training seminars conducted / will be conducted: 2016 fiscal year(ended March 2017): 15 2017 fiscal year(ended March 2018): 12 2018 fiscal year(ended March 2019): 9	Ongoing /annual	Chair of Quality Control Committee Executive Board Member - Quality Control	Quality Control Committee, Quality Control Review Team, JICPA Quality Control Group
10.	Ongoing	Communicate with relevant stakeholders and organizations to cultivate further understanding and recognition for quality control reviews conducted by JICPA In 2016, JICPA performed a training seminar for audit and supervisory board members of JASBA (Japanese Audit and Supervisory Board Members Association). In February 2018, JICPA hosted a forum for investors.	Ongoing	Executive Board Member	JICPA Quality Control Group
<i>Review of JICPA's Compliance Information</i>					
11.	Ongoing	Perform periodic review of SMO 1 section of Action Plan, as necessary.	Ongoing	Executive Board Member – International	JICPA Staff of International Financial Reporting Standards (IFRS)/International Group

Self-Assessment of JICPA's QA Review System and SMO 1 Requirements

Requirements	Y	N	Partially	Comments
Scope of the System 1. At a minimum, mandatory QA reviews are required for all audits of financial statements. 最低限、全ての財務諸表監査に品質保証レビューが求められる。	✓			The main emphasis of the quality control review works is placed on the reviews of audit firms auditing Public Interest Entities and large-size credit unions or other financial institutions, but all audit firms are subject to reviews under JICPA regulation.
Quality Control Standards and Other Quality Control Guidance 2. Firms are required to implement a system of quality control in accordance with the quality control standards. 監査事務所は、品質管理の基準に従って、品質管理体制を実行することを求められる。	✓			
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards. International Standard on Quality Control (ISQC) 1 と他の ISA の関連規定の最新版が品質管理の基準に適用されている。	✓			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control. 加盟団体は、①品質管理の目的の理解、②適正な品質管理体制の構築・維持をサポートしている。	✓			
Review Cycle	✓			

Requirements	Y	N	Partially	Comments
<p>5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.</p> <p>品質保証レビューのための監査事務所の選択にサイクルアプローチ、リスクアプローチ又は混合アプローチが利用されている。</p>				
<p>6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).</p> <p>サイクルアプローチのためには、品質管理レビューは、少なくとも6年ごと（公共的利益の高い事業体に対しては3年ごと）に実施することが求められる。</p>	✓			
<p>QA Review Team</p> <p>7. Independence of the QA Team is assessed and documented.</p> <p>品質保証レビューチームの独立性は、評価され、文書化されている。</p>	✓			
<p>8. QA Team possesses appropriate levels of expertise.</p> <p>品質保証レビューチームは専門的事項について、適正なレベルを保持している。</p>	✓			
<p>Reporting</p> <p>9. Documentation of evidence supporting the quality control review report is required.</p> <p>品質管理レビュー報告書をサポートするために証拠の文書化が求められている。</p>	✓			

Requirements	Y	N	Partially	Comments
<p>10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.</p> <p>品質保証レビューの結論を記載した文書化された報告書が発行され、監査事務所に交付される。</p>	✓			
<p>Corrective and Disciplinary Actions</p> <p>11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.</p> <p>レビューされた監査事務所は、レビュー報告書の改善に沿うように、タイムリーな改善が求められる。</p>	✓			
<p>12. QA review system is linked to the Investigation and Discipline system.</p> <p>品質保証レビューシステムは、調査・綱紀制度とリンクしている。</p>	✓			
<p>Consideration of Public Oversight</p> <p>13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.</p> <p>品質保証レビューに責任のある団体は、モニタリング団体と協力し、品質保証レビュー制度の機能について情報共有することが求められる。</p>	✓			JICPA conducts the QA system, submits reports to CPAAOB. CPAAOB can ask FSA to correct deficiencies or ask JICPA to re-inspect.
<p>Regular Review of Implementation and Effectiveness</p>	✓			

Requirements	Y	N	Partially	Comments
14. Regular reviews of implementation and effectiveness of the system are performed. 制度の実行と有効性の定期的な確認が行われている。				

Action Plan Subject: SMO 2 and International Education Standards (IESs)
Action Plan Objective: Continue to Use Best Endeavors to Ensure that All IES Requirements are incorporated into the JICPA Educational Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p><u>Initial Professional Development (IPD)</u></p> <p>Aspiring Professional Accountants must go through following steps required by the Certified Public Accountants Act:</p> <ul style="list-style-type: none"> • CPA Examination: The first and most challenging step is to pass the CPA examination. The administration and the requirements of the CPA examination are provided by the Certified Public Accountants Act. The examination is conducted by the Certified Public Accountants and Auditing Oversight Board (CPAFOB), the regulatory authority and an advisory body to the Financial Services Agency. The examination is held annually, only in Japanese. It consists of a multiple-choice test and an essay. Successful candidates of the multiple-choice test are entitled to sit the essay part of the test. Learning outcomes (contents of each subject) that are necessary to pass CPA examination are specifically identified by CPAFOB, which are publicly posted. The review process by CPAFOB is annually conducted. • Practical Experience: At least two-year practical experience is required in the area of either in audit or other related practices including financial accounting work. Practical experience is generally evaluated by the senior reviewers of the audit firms. • Professional Accountancy Education Program: Successful candidates of the CPA examination are required to complete a three-year professional accountancy education program provided by the Japan Foundation for Accounting Education and Learning (JFAEL). The Foundation was established mainly by the CPA profession, with the cooperation of business and academic communities and other parties. The curriculum is reviewed by JICPA and is established by taking into consideration the requirements set out in the International Education Statements issued by the International Accounting Education Standards Board of the IFAC. • Final Assessment: Those who completed the professional accountancy education program are qualified to take the final assessment, which is conducted annually by the JICPA. Those who passed the final assessment are eligible to register with JICPA. This registration is mandated by the Certified Public Accountants Act, and is necessary for CPAs to represent themselves as such to the public. <p>For more information regarding the process to becoming a CPA in Japan, please visit the JICPA website (http://www.hp.jicpa.or.jp/english/accounting/becoming/).</p> <p><u>Continuing Professional Development (CPD)</u></p> <p>Under the JICPA's rule for Continuing Professional Education (CPE), all CPAs are required to take 120 CPE credits in three-year rolling period with minimum 20 credits per annum. Mandatory credits are specified for all members in "Professional ethics" and "Tax" (two credits respectively in any given year) and six credits are required in "Audit Quality and Fraud" for those engaging in statutory audits.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to Use Best Endeavors to Ensure that All IES Requirements are Incorporated into the JICPA Educational Requirements</i>					
12.	Ongoing	<p>Communicate with relevant stakeholders and organizations to cultivate further understanding and recognition of IES in Japan.</p> <p>In doing so, Technical Committee on IES engages in the following activities:</p> <ul style="list-style-type: none"> - Translate IESs and other pronouncements published by IAESB - Conduct comparative study of accounting education system in Japan and overseas - Exchange views with stakeholders to call for aligning the entry requirements in Japan with those required in the IES 1. 	Ongoing	Executive Board Member - CPE	<p>JICPA's Technical Committee on IES</p> <p>JICPA Continuing Professional Education (CPE) Group</p>
13.	April 2015	<p>Consider to incorporate learning outcomes approach introduced in the revised IESs into JICPA CPE curriculum.</p> <p>IPD and CPD System are overall in line with revised IESs as published by IAESB. JICPA does not hold the full responsibility with the implementation of the IPD and it is shared amongst different stakeholders.</p> <p>Examples of the learning outcomes approach applied by the JICPA include, but not limited to:</p> <ul style="list-style-type: none"> • CPD curriculum was recently revised to include learning outcomes expected to achieve after taking each course; • minimum CPD credit by area of competence is required based on the current role as a professional accountants; and 	24 th Jan 2018	Executive Board Member - CPE	<p>JICPA's Technical Committee on IES</p> <p>JICPA CPE Group</p>

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> multiple choice test and/or short essay sometimes required to earn CPD credits. 			
14.	April 2015	Review professional accounting education program to align its curriculum with the revised IESs.	Ongoing	Executive Board Member - Professional Development and Examinations, and Career Development	Project team on the improving professional accounting education program
<i>Education and Awareness Building</i>					
15.	Ongoing	Provide information on IAESB activities and publication of the revised IESs and related pronouncements through JICPA website and journal	Ongoing	Executive Board Member- CPE	JICPA's Technical Committee on IES JICPA CPE Group
<i>Contribution to Activities of the IAESB</i>					
16.	Ongoing	Contribute to IAESB and its activities by sending a board member and technical advisors from Japan	Ongoing	Executive Board Member- CPE	JICPA's Technical Committee on IES JICPA CPE Group and International Affairs Group
17.	Ongoing	Review IAESB agenda materials, exposure drafts, and consultation papers, including submission of comment letters	Ongoing	Executive Board Member- CPE	JICPA's Technical Committee on IES JICPA CPE Group
<i>Review of JICPA's Compliance Information</i>					
18.	Ongoing	Perform periodic review of SMO 2 section of Action Plan, as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Board Member – International	JICPA International Affairs Group

Action Plan Subject: SMO 3 and International Auditing and Assurance Standards Board (IAASB)
Action Plan Objective: Ensure Ongoing Convergence with International Standards on Auditing (ISAs) and International Standards on Quality Control (ISQC)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Japanese Generally Accepted Auditing Standard (GAAS) consists of the product of two organizations - Auditing Standards codified by the Business Accounting Council (an advisory body established within the Financial Services Agency (FSA)) together with Auditing Standards Committee Statements issued by the Japanese Institute of Certified Public Accountants (JICPA). The standards issued by the BAC and the ASCSs and QCSC issued by JICPA, taken together, comprise Japanese GAAS, which are converged with the 2012 ISAs issued by the IAASB. In July 2018, the BAC revised BAC's auditing standards to improve transparency in the auditor's report which includes implementation of KAMs. On October 19 2018, JICPA issued the exposure draft of new ASCS 701 and revision of ASCSs related to auditor reporting. It will cover new auditor reporting standards except for ISA 720 (Revised) issued by IAASB in 2015.</p> <p>For more information regarding the Auditing System of Japan, please visit JICPA website (http://www.hp.jicpa.or.jp/english/accounting/system/index.html).</p> <p><i>*Revised Auditing Standards Committee Statements (ASCSs) and Quality Control Standards Committee Statement 1 (QCSCS 1)- Comparison with International Standards on Auditing (ISAs) and International Standard on Quality Control 1 (ISQC 1) – 18 September, 2013</i></p> <p>(http://www.hp.jicpa.or.jp/specialized_field/_isaisqc.html)</p>					
<p><i>Develop Auditing Standards Committee Statements and Practical Guidelines for Assurance Engagements in Response to the Clarity Project of IAASB</i></p>					
19.	June 2015	<p>○Auditor Reporting (new and revised Auditor Reporting standards)</p> <p>The BAC issued “Opinion on the Revision of Auditing Standards” on July 5, 2018.</p> <p>JICPA issued the exposure draft of the following ASCS On October 19 2018.</p> <ul style="list-style-type: none"> • ASCS 700,701,705,706,710,260,570,210,220,230 and QCSCS1. 	1st Quarter of 2019	<p>Executive Board Member - Auditing Standards,</p> <p>Executive Board Member- Quality Control standards</p>	<p>Auditing Standards Committee,</p> <p>JICPA Ethics and Auditing Standards Group</p>
	March 2017	<p>○NOCLAR(Revision of ASCS 250)</p> <p>JICPA issued revision of ASCS 250 On October 19 2018.</p>	October 2018		

#	Start Date	Actions	Completion Date	Responsibility	Resource
	January 2018	<p>○Addressing Disclosures in the Audit of financial statements.</p> <p>○Revision of ASCS 610</p> <p>JICPA is working to revise relevant ASCSs in light of revision of ISAs to address disclosure in the audit of financial statements (2015) issued by IAASB. JICPA is also working for the revision of ISA 610 (in 2012) at the same time.</p> <p>JICPA plans to issue the exposure draft of the relevant ASCSs until March, 2019</p> <p>-</p>	Ongoing		
20.	January 2015	<p>○Assurance Engagements Other Than Audits or Reviews of Historical Financial Information</p> <p>JICPA issued the Auditing and Assurance Practice Committee Research Report No.30 "Q&A of Assurance Practice Practical Statement 3000" and Auditing and Assurance Practice Committee Research Report No.31 "Conceptual Framework on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information Provided by CPAs." on December 19, 2017.</p>	December 2017	<p>Executive Board Member- Quality Control standards</p> <p>Executive Board Member - Auditing and Assurance Practice</p>	<p>Auditing and Assurance Practice Committee</p> <p>JICPA Accounting, Auditing and Assurance Standards Group</p>
	Ongoing	<p>JICPA will revise the extant Auditing and Assurance Practice Committee Statement No.86 "Assurance Reports on Controls at a Service Organization" based on the Assurance Practice Practical statement 3000.</p>	Ongoing		
<i>Education and Awareness Building</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
21.	Ongoing	Continue to provide information on the latest activities of IAASB thorough JICPA website, Board meetings and journal, distributed to all of our members.	Ongoing	Executive Board Member - Auditing Standards, Executive Board Member - Auditing and Assurance Practice	Auditing Standards Committee, Auditing and Assurance Practice Committee, JICPA Accounting, Auditing and Assurance Standards Group, and Ethics and Auditing Standards Group
22.	Ongoing	Continue to provide training seminars when the BAC audit standards and Auditing Standards Committee Statements are newly issued or revised. For example, training seminars on new auditors report were held in August and September 2018. Seminar materials in Japanese language are available at JICPA WEB (https://jicpa.or.jp/news/information/0-24-0-0-20180806.pdf). Require members engaged in statutory audit engagements to take training on quality control for audit engagements and response to fraud risk.	Ongoing	Executive Board Member - CPE	CPE Committee, JICPA Staff of CPE Group
<i>Contribution to Standard Setting Activities of the IAASB</i>					
23.	Ongoing	Contribute to IAASB and its activities by sending a technical advisor from Japan	Ongoing	Executive Board Member - Auditing Standards	Auditing Standards Committee JICPA Ethics and Auditing Standards Group
24.	Ongoing	Review IAASB agenda materials, exposure drafts, and consultation papers, including submission of comment letters.	Ongoing	Executive Board Member - Auditing Standards,	Auditing Standards Committee,

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				Executive Board Member - Auditing and Assurance Practice	Auditing and Assurance Practice Committee, IAASB Agenda Discussion Committee JICPA Accounting, Auditing and Assurance Standards Group, and Ethics and Auditing Standards Group
25.	Ongoing	Provide briefing sessions on IAASB exposure drafts to interested parties, when they are released.	Ongoing	Executive Board Member - Auditing Standards, Executive Board Member - Auditing and Assurance Practice	Executive Board Member – Auditing Standards, Executive Board Member - Auditing and Assurance Practice, Executive Board Member - International Affairs and Chair of Auditing Standards Committee, etc.
26.	Ongoing	Provide information to JICPA members about the IAASB exposure drafts and consultation papers through website and journal.	Ongoing	Publications	
<i>Review of JICPA's Compliance Information</i>					
27.	Ongoing	Perform periodic review of SMO 3 section of Action Plan, as necessary. Once updated, inform IFAC compliance staff about the updates in order for the compliance staff to republish updated information.	Ongoing	Executive Board Member - International Affairs	JICPA Staff of IFRS/International Group

Action Plan Subject: SMO 4 and International Ethics Standards Board for Accountants (IESBA) Code of Ethics
Action Plan Objective: Ensure Ongoing Convergence of JICPA Code of Ethics with IESBA Code

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In Japan, the Ethical rules corresponding to the Code of Ethics of the IESBA are defined in CPA Act and the Code of Ethics of JICPA.</p> <p>JICPA has continued to revise the JICPA Code of Ethics and the related Guidance to adopt revision of the IESBA Code. Some of the rules in Japan are more stringent (more restrictive or additional provisions) than Code of Ethics of the IESBA. As of August 2018, JICPA adopted the IESBA Code(2016 version) except for section 360. JICPA plans to adopt section360 in 2019.</p> <p>For more information regarding the JICPA Code of Ethics please visit the website (http://www.hp.jicpa.or.jp/english/about/ethics/index.html).</p>					
<i>Ongoing Convergence with IESBA Code</i>					
28.	Ongoing	Continue to update JICPA Code of Ethics and related Guidance in pursuant to the revisions in IESBA Code of Ethics In July 2018, JICPA revised the Code and the Guidance on independence to adopt the revised IESBA Code which addressed 1) certain non-assurance services provisions for audit and assurance clients (revised in 2015), 2) NOCLAR (revised in 2016) and 3) Long Association (based on the close-off document released by IESBA in January 2017).	Ongoing	Executive Board Member- Ethics	Ethics Committee JICPA Ethics and Auditing Standards Group
29.	Ongoing	Continue to update following guidance and checklists in a timely manner: <ul style="list-style-type: none"> • Interpretations of JICPA Code of Ethics (Revised on April 2018 in order to incorporate changes in JICPA code and the Guidance above) • Interpretations of the revised CPA Act relating to Independence • Auditors' Checklist on Independence 	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics and Auditing Standards Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Education and Awareness Building</i>					
30.	Ongoing	Maintain on JICPA website JICPA Code of Ethics and related guidance and rules to promote further understanding of professional ethics in general public	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics and Auditing Standards Group
31.	Ongoing	Continue to provide information on the latest activities of IESBA through JICPA website, Board meetings and journal, distributed to all of our members.	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics and Auditing Standards Group
32.	Ongoing	Continue to provide training seminars and courses on professional ethics when revisions are made on JICPA Code of Ethics and other related guidance and rules. Require all members engaged in professional services to earn two credits a year in professional ethics.	Ongoing	Executive Board Member- Ethics Executive Board Member- CPE	Ethics Committee, JICPA Ethics and Auditing Standards Group CPE Committee JICPA CPE Group
33.		JICPA provided professional ethics guidebook and portable booklet to all members to assist with the understanding and reflection on professional ethics.	April 12, 2016	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics and Auditing Standards Group
<i>Code of Ethics Interpretation / Advice / Counseling</i>					
34.	Ongoing	Open a hotline service to JICPA members to provide advice on ethical matters	Ongoing	Chair of Ethics Committee	Ethics Committee JICPA Ethics and Auditing Standards Group JICPA Consulting Group
<i>Contribution to Activities of the IESBA</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
35.	Ongoing	Contribute to IESBA and its activities by sending a board member and a technical advisor from Japan Support outreach activities of IESBA by arranging meetings and other events with relevant stakeholders in Japan	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics and Auditing Standards Group
36.	Ongoing	Review of IESBA agenda materials and exposure drafts, including submission of comment letters. Response to the survey conducted by IESBA.	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Staff of Ethics and Auditing Standards Group
37.	Ongoing	Provide information to JICPA members about IESBA revised Code of Ethics and exposure drafts through website and journal.	Ongoing	Publications	
<i>Review of JICPA's Compliance Information</i>					
38.	Ongoing	Perform periodic review and update sections relevant to SMO 4, as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Board Member- International	JICPA Staff of IFRS/International Group

Action Plan Subject: SMO 5 and International Public Sector Accounting Standards (IPSASs)
Action Plan Objective: Continue to Use Best Endeavors to Support Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Japanese government has not established convergence with IPSAS and there is no current plan to do so. The national public sector accounting standards require financial statements to be prepared on accrual basis.</p> <p>Ministry of Internal Affairs and Communications (MIC) released, in January 2015, public sector accounting manual for municipalities, with key features such as the introduction of double-entry bookkeeping and fixed asset ledger to further promote the use of a single set of accounting standards for reporting financial information by local governments. Local governments are strongly encouraged to take the necessary measures to align their reporting system with the standard by 2017. Starting from 2018, discussion on how best to analyse and utilize reports published by local governments has been undertaken under the leadership of MIC. MIC will assist the local governments by providing seminars to acquire the know-how for applying the standard and utilizing ICT system.</p> <p>JICPA has established a special committee on local government accounting and auditing under the Council on Public Sector Accounting to support members involved in preparation of financial statements and other related documents based on the unified standards for local governmental bodies. The Council on Public Sector Accounting and Auditing is managing registration system for Public Sector Accounting and Auditing members. JICPA plans to increase the members registering and provide them with information and training courses as necessary.</p> <p>Normally when discussions take place at Ministry of Finance (MoF) or MIC in relation to the revisions of accounting standards, JICPA nominates members to a subcommittee of MoF's Council on Fiscal System or to a meeting on utilization of public sector accounting information lead by MIC, and also conducts meetings with MoF or MIC. In addition, JICPA supports MIC activities particularly in relation to widening the understanding of the utilization of financial information by hosting seminars for JICPA members and for local assemblymen.</p> <p>JICPA undertakes activities to promote the adoption of pronouncements issued by the International Public Sector Accounting Standards Board (IPSASB) as described in the following table.</p>					
<i>Continue to Use Best Endeavors to Support Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements</i>					
39.	Ongoing	Exchange information and views on the latest activities and work programs of IPSASB with the Ministry of Finance (MoF) * and the Ministry of Internal Affairs and Communication (MIC) **on a regular basis; and encourage them to converge the Japanese public sector accounting standards with IPSASs.	Ongoing	Executive Board Member- Public Sector	Public Sector Accounting Committee JICPA Public Sector Accounting and Auditing Practice Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Meetings with MoF and MIC are held every quarter following the IPSAS meetings. JICPA discusses on the development in IPSASB and exchange views with MoF and MIC. This meeting sometimes include a discussion or opinion hearing related to particular exposure draft or consultation paper. *The Ministry of Finance of Japan has responsibility for the development of public sector accounting standards for the Japanese central government. **The Ministry of Internal Affairs and Communication of Japan has responsibility for the development of accounting standards for local governments in Japan.			
40.	Ongoing	Exchange information and views on the work programs of IPSASB with the Board of Audit on a regular basis.	Ongoing	Executive Board Member- Public Sector	Public Sector Accounting Committee JICPA Public Sector Accounting and Auditing Practice Group
<i>Education and Awareness Building</i>					
41.	Ongoing	Continue to translate new and revised IPSASs and other publications issued by the IPSASB into Japanese; and make these publicly available through website.	Ongoing	Executive Board Member- Public Sector	Public Sector Accounting Committee JICPA Public Sector Accounting and Auditing Practice Group
42.	Ongoing	Continue to provide information on the latest activities of IPSASB through website, Board meetings, journal, distributed to all of our members Continue to publish articles on website and journal to provide the overview of revised IPSASs and exposure drafts published by IPSASB	Ongoing	Executive Board Member- Public Sector	Public Sector Accounting Committee JICPA Public Sector Accounting and Auditing Practice Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<p>< Examples ></p> <p>Report about IPSASB meeting on March 2018 https://jicpa.or.jp/specialized_field/ITI/2018/20180615ftw.html</p> <p>Commentary on IPSASB ED65"Improvement to IPSAS, 2018" https://jicpa.or.jp/specialized_field/ITI/2018/20180725swt.html</p>			
<i>Contribution to Activities of the IPSASB</i>					
43.		<p>Contribute to IPSASB and its activities by sending a technical advisor from Japan</p> <p>Support outreach activities of IPSASB by arranging meetings and events involving relevant stakeholders in Japan</p>			
44.	Ongoing	Review IPSASB agenda materials and exposure drafts, including submission of comment letters	Ongoing	Executive Board Member- Public Sector	Public Sector Accounting Committee JICPA Public Sector Accounting and Auditing Practice Group
<i>Review of JICPA's Compliance Information</i>					
45.	Ongoing	<p>Periodic review and update of sections relevant to SMO 5, as necessary.</p> <p>Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.</p>	Ongoing	Executive Board Member – International	JICPA IFRS/International Group

Action Plan Subject: SMO 6 and Investigation and Discipline (I & D)
Action Plan Objective: Improve and Ensure Ongoing Maintenance of JICPA Investigation and Discipline System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In addition to the traditional "information-based" approach, JICPA adopts a "complaints-based" approach to investigate potential misconduct by auditors. Complaints-based actions are taken when JICPA receives a complaint against a member from another member or from the public. JICPA has been formally collecting complaints about audits from members and the public by letters, e-mails, or Fax since November 2005. These complaints may be related to not only audits, but also services provided by CPAs. Information collected through those two approaches is first reviewed by the Audit Practice and Review Committee. As necessary, unsatisfactory conclusion of quality control reviews are sent over to be assessed under the Investigation and Discipline System. The Audit Practice and Review Committee consists of 15 members and includes Executive Board members and Council members</p> <p>When the Audit Practice and Review Committee decides to further investigate cases, the Committee refers the cases to the Investigative Committee. The Investigative Committee starts its own investigation as to whether there is any violation of laws and regulations, or breaches of the JICPA Constitution and Regulations, and determines whether to recommend sanctions to the Chairman and President. Based on the determination of the Investigative Committee, the Chairman and President request the Disciplinary Committee to review the case. The Disciplinary Committee examines the evidences and judges on sanctions to be imposed.</p> <p>The Investigative Committee consists of 10 members and includes Executive Board members and Council members. The Disciplinary Committee consists of seven members: five CPAs and two members outside of the profession, and does not include a member of the Investigative Committee.</p> <p>The discipline structure is independent of the Chairman and President, Deputy Presidents, the Executive Board and the Council.</p> <p>When a member is not satisfied with the decision of the Disciplinary Committee, they are entitled to appeal to the Appeals Committee. The Appeals Committee consists of five members: three CPAs and two members outside of the profession. None of them are members of the Investigative Committee or the Disciplinary Committee, and are expected to make an impartial decision.</p> <p>The Audit Practice Monitoring Board was established as a permanent body in 2001 in order to ensure the objectivity and transparency of JICPA's monitoring activities concerning the proper implementation and effectiveness of the investigative and disciplinary system. The Board consists of a member appointed by the JICPA Chairman and President, and five distinguished individuals from the outside of the profession such as industry, the stock exchange and academia.</p> <p>For more information regarding Investigation and Discipline Mechanisms of JICPA, please visit the website (www.hp.jicpa.or.jp).</p>					
<i>Improve and Ensure Ongoing Maintenance of JICPA Investigation and Discipline System</i>					
46.	Ongoing	Administrative Process, Investigative Process, Disciplinary Process - Continue to update JICPA	Ongoing	Deputy President –	Disciplinary Committee, Appeals Committee

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Investigation and Discipline System by revising JICPA Constitution and other related rules and regulations		Liaison with Disciplinary Executive Board Member – Investigative Executive Board Member – Audit Practice and Review	JICPA Discipline Group Investigative Committee JICPA Investigative Group Audit Practice and Review Committee, JICPA Audit Practice and Review Group
47.		the number of cases that are annually investigated by the investigative committees and the outcomes of those cases April 2017 - March 2018 Audit Practice and Review Committee 30 Investigative Committee 10 Disciplinary Committee 8		Deputy President – Liaison with Disciplinary Executive Board Member – Investigative Executive Board Member – Audit Practice and Review	Disciplinary Committee, Appeals Committee JICPA Discipline Group Investigative Committee JICPA Investigative Group Audit Practice and Review Committee, JICPA Audit Practice and Review Group
48.	July 2018	Administrative process - Issue “Recommended Case Example Book” in the context of the review by the Audit Practice and Review Committee, and distribute the booklet to members in order to contribute to the improvement of audit practices.		Executive Board Member – Audit Practice and Review	Audit Practice and Review Committee, JICPA Staff of Audit Practice and Review Group
49.	February 2018	Administrative process - Issue “Case Example Book on Discipline” by the Discipline Committee, and distribute the booklet to members in order to contribute to the improvement of audit practices.		Deputy President – Liaison with Disciplinary	Disciplinary Committee, JICPA Discipline Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
50.	July 2017	Administrative process - Issue "Recommended Case Example Book" in the context of the review by the Audit Practice and Review Committee, and distribute it to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice and Review	Audit Practice and Review Committee, JICPA Staff of Audit Practice and Review Group
51.	July 2016	Administrative process - Issue "Recommended Case Example Book" in the context of the review by the Audit Practice and Review Committee, and distribute it to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice and Review	Audit Practice and Review Committee, JICPA Staff of Audit Practice and Review Group
52.	January 2016	Administrative process - Issue "Auditor's Response to Fraud in Audit of Financial Statements" -Not to Overlook Material Misstatements due to Fraud-" in the context of the review by the Audit Practice and Review Committee, and distribute it to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice and Review	Audit Practice and Review Committee, JICPA Staff of Audit Practice and Review Group
53.	July 2015	Administrative process - Issue "Recommended Case Example Book" in the context of the review by the Audit Practice and Review Committee, and distribute it to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice and Review	Audit Practice and Review Committee, JICPA Staff of Audit Practice and Review Group
<i>Review of JICPA's Compliance Information</i>					
54.	Ongoing	Perform periodic review of JICPA's SMO Action Plan, as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Board Member-International	JICPA Staff of IFRS/International Group

Self-assessment of JICPA's I&D System and SMO 6 Requirements

Requirements	Y	N	Partially	Comments
Scope of the System	Y			

Requirements	Y	N	Partially	Comments
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.				
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			
Initiation of Proceedings				
3. Both a “complaints-based” and an “information-based” approach are adopted.	Y			
4. Link with the results of QA reviews has been established.	Y			
Investigative Process				
5. A committee or similar body exists for performing investigations.	Y			
6. Members of a committee are independent of the subject of the investigation and other related parties.	Y			
Disciplinary Process				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	Y			
8. Members of the committee/entity include professional accountants as well as non-accountants.	Y			

Requirements	Y	N	Partially	Comments
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	Y			
Sanctions 10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	Y			<p>Together with JICPA's disciplinary actions which include reprimand, suspension of membership rights for a certain period, exclusion from membership (applicable for associate members only), and recommendation of withdrawal from membership, FSA has the authority to revoke CPA qualification or order of dissolution to audit firms and other disciplinary actions (orders of administrative actions).</p> <p>Disciplinary actions taken by the FSA include reprimand, suspension of services for periods not exceeding two years and revocation of CPA qualification. For audit firms, FSA can also issue reprimands, an order to improve engagement management, an order to suspend services for periods not exceeding two years, and an order to dissolve. Through requesting FSA to implement those administrative actions, JICPA can practically take extensive disciplinary actions.</p>
Rights of Representation and Appeal 11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			
Administrative Processes 12. Timeframe targets for disposal of all cases are set.	Y			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			

Requirements	Y	N	Partially	Comments
14. Records of investigations and disciplinary processes are established.	Y			
Public Interest Considerations				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			
16. A process for the independent review of complaints on which there was no follow-up established.	Y			<p>In view of the reports received from relevant committees including the Disciplinary Committee, Appeals Committee, Audit Practice and Review Committee and Investigative Committee, Audit Practice Monitoring Board reviews and evaluates whether the disciplinary cases and assessment of audit engagements in question are appropriately conducted.</p> <p>Audit Practice Monitoring Board takes responsibility of issuing recommendations to relevant committees and recommend to the Chairman and President of the JICPA to publish the general summary of cases dealt by each committee based on its reviews and evaluations.</p>
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			<p>Audit Practice Monitoring Board meets regularly in once every quarterly period. Meeting reports summarizing the results of investigative and disciplinary proceedings are published on JICPA website or communicated through JICPA journal.</p> <p>Audit Practice Monitoring Board issues its annual report.</p> <p>Annual reports of JICPA Investigation and Discipline System are published on JICPA website.</p>
Liaison with Outside Bodies	Y			

Requirements	Y	N	Partially	Comments
18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.				
Regular Review of Implementation and Effectiveness 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	Y			

Action Plan Subject: SMO 7 and International Financial Reporting Standards (IFRSs)
Action Plan Objective: Continue to Use Best Endeavors to Support Adoption and implementation of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Listed company)</i></p> <p>On December 11, 2009, the Financial Services Agency (FSA) of Japan published final Cabinet Office Ordinances that allowed some public companies to start using, on a voluntary basis, IFRSs designated by the Commissioner of the FSA (Designated IFRSs) in the consolidated financial statements starting from the fiscal year ending March 31, 2010.</p> <p>Following the meeting of Business Accounting Council (BAC) of the FSA in 2013, BAC published, on June 20, 2013, a report containing following three key policy recommendations to promote further use of IFRSs in Japan; namely, a) relax the eligibility criteria to use IFRSs voluntarily, b) introduce 'endorsed IFRSs', and c) simplify disclosure requirements in a separate financial statement under Japanese GAAP.</p> <p>Based on the report by BAC, the FSA revised its Cabinet Office Ordinances and eliminated certain requirements that stipulated certain categories of companies that are eligible to use IFRS standards. Under the current regulation, a company may voluntarily use IFRS Standards if it meets the following criteria:</p> <ul style="list-style-type: none"> • The company discloses, in its Annual Securities Report, information regarding specific efforts to ensure that the consolidated financial statements will be prepared in accordance with Designated IFRSs; and • The company allocates executives or employees with ample knowledge about Designated IFRSs, and puts in place a structure to ensure that the consolidated financial statements will be prepared properly in accordance with Designated IFRSs. <p>There is the Accounting Standards Board of Japan (ASBJ) as the private-sector Japanese accounting standard-setting body. All accounting standards set by the ASBJ are subject to endorsement by the FSA, a Japanese government agency.</p> <p>The IASB and the ASBJ have been working together to achieve convergence of IFRS Standards and Japanese Generally Accepted Accounting Principles (Japanese GAAP) since 2005. That work was formalized in 2007 with the Tokyo Agreement.</p> <p>On 30 June 2015, Japan inaugurated a new set of accounting standards to be known as Japan's Modified International Standards, bringing to four the number different accounting frameworks that listed companies in Japan may use. The four frameworks are:</p> <ul style="list-style-type: none"> ● IFRS Standards Virtually all listed companies and unlisted companies preparing consolidated financial statements for listing purposes are permitted to use IFRS Standards. (This means IFRS as designated by the Commissioner of the FSA.) 					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p>● Japanese GAAP as issued by the ASBJ Historically, most listed companies have used Japanese GAAP.</p> <p>● Japan's Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications JMIS was developed based on IFRS Standards with deletions and modifications determined by the ASBJ. Concurrent with issuance of JMIS on 30 June 2015, the ASBJ published modifications relating to amortization of goodwill and recycling of other comprehensive income.</p> <p>● US GAAP With the permission of the Commissioner of the FSA</p> <p>The Japanese government policy has continuously encouraged stakeholders to promote the voluntary adoption of IFRS Standards since 2014. As of August 2018, 193 companies (over 30% of the Tokyo Stock Exchange (TSE) market capitalization) have adopted or plan to adopt IFRS Standards. The 193 companies include 178 companies that have already adopted or are in the process of adopting IFRS Standards, and 15 companies that have announced plans to adopt IFRS Standards. However, there are no adopters of JMIS.</p> <p><i>(Non-Listed Companies)</i></p> <p>Non-Listed companies follow Japanese GAAP.</p> <p>For more information regarding Accounting Standards Setting and the International Financial Reporting Standards in Japan, please visit the JICPA website (www.hp.jicpa.or.jp) and the ASBJ website (www.asb.or.jp/asb/top.do).</p>					
<i>Review of the Financial Reporting Environment</i>					
55.	April 2008	Review financial reporting environment to consider whether or not it is appropriate to maintain the status quo where IFRSs is not required but permitted to use	Ongoing	Deputy President and Executive Board Member - Accounting Standards and Practice/IFRS	Chairman and President, Chief Executive, Executive Board Members in relevant areas, JICPA Accounting, Auditing and Assurance Standards Group
<i>Support Adoption of IFRS</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
56.	July 2009	Assist initiatives in various stakeholders by participating in relevant committee meetings, including IFRS Council where the FSA, the ASBJ, the JICPA, the Japan Business Federation (Keidanren), the Securities Analysts Association of Japan (SAAJ), the Tokyo Stock Exchange (TSE), the Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice get together to share their views and efforts on the promotion of voluntarily adopting IFRSs and technical committees initiated in private sector as well as the Accounting Committee under Business Accounting Council of FSA	Ongoing	Deputy President and Executive Board Member - Accounting Standards and Practice/IFRS	Chairman and President, Advisor, Deputy Presidents, Chief Executive, Executive Board Member, JICPA Accounting, Auditing and Assurance Standards Group
57.	July 2013	Facilitate the discussion and promote the voluntary use of IFRS by initiating activities through IFRS Technical Committee, including Working Group for Endorsement of IFRSs, and Technical Committee on ASAF. Working Group for Endorsement of IFRSs discusses whether or not it is appropriate for the ASBJ to endorse IFRSs without modifications or deletions in the endorsement process of JMIS. Technical Committee on ASAF discusses whether or not the ASBJ's view on important topics for the ASAF meeting (for example, goodwill and other comprehensive income) is appropriate.	Ongoing	Deputy President and Executive Board Member - Accounting Standards and Practice/IFRS	IFRS Technical Committee JICPA Accounting, Auditing and Assurance Standards Group
58.	Ongoing	Exchange information on IFRS voluntary adoption	Ongoing	Deputy President	Executive Board Members in relevant areas JICPA Accounting, Auditing and Assurance Standards Group
59.	Ongoing	Conduct research on challenges for IFRS adoption or implementation and provide information to members	Ongoing	Executive Board Member - Small	Small and Medium Practice Committee,

#	Start Date	Actions	Completion Date	Responsibility	Resource
		on IFRS based disclosure in other countries		and Medium Practices (SMP) Executive Board Member - Accounting Standards and Practice/IFRS	JICPA Small and Medium Practice Group, Accounting, Auditing and Assurance Standards Group
60.	Ongoing	Review ASBJ exposure drafts and discussion papers (as a part of convergence programs with IASB), including submission of comment letters	Ongoing	Executive Board Member- Accounting Standards and Practice/ - Accounting Practice	Accounting Practice Committee, JICPA Accounting, Auditing and Assurance Standards Group
<i>Review of Educational Needs and Strategies</i>					
61.	September 2010	Maintain IFRS advisory hotline for members	Ongoing	Deputy President, Executive Board Member - Accounting Standards and Practice/IFRS	JICPA Accounting, Auditing and Assurance Standards Group (IFRS Desk)
62.	Ongoing	Provide IFRS training programs to members and run IFRS seminars in Professional Accountancy Education Program provided by Japan Foundation for Accounting Education and Learning (JFAEL) The main titles of IFRS training programs are as follows; <ul style="list-style-type: none"> IFRS 15 <i>Revenue from Contracts with Customers</i> (October 2014) 	Ongoing	Executive Board Member – CPE Executive Board Member – Training and Examination Executive Board Member – Accounting	CPE Committee, Practical Training Committee, JICPA CPE Group, Practical Training Group,

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> IFRS 9 <i>Financial Instruments</i> (December 2014) IFRS 16 <i>Leases</i> (August 2017) <p>The main titles of IFRS seminars provided by JFAEL are as follows;</p> <ul style="list-style-type: none"> Sharing the experience of the IFRS transition (March 2017) Sharing the experience of the IFRS practice and the IFRS transition (March 2018) 		Standards and Practice/ IFRS	Accounting, Auditing and Assurance Standards Group
63.	September 2017	Organize IFRS Conference with IFRS Foundation	Ongoing	Executive Board Member – CPE Executive Board Member- Accounting Standards and Practice/IFRS	CPE Committee CPE Group Accounting, Auditing and Assurance Standards Group
64.	Ongoing	Publish, in journal, through email magazine and other publications, articles on IFRSs, exposure drafts, highlights from IASB and International Financial Reporting Interpretations Committee (IFRIC) meetings and interviews with the IASB members or the IFRS Foundation Trustees.	Ongoing	Executive Board Member – SMP Executive Board Member - Accounting Standards and Practice/IFRS	Accounting Practice Committee, Small and Medium Practice Committee, JICPA, Accounting, Auditing and Assurance Standards Group, Small and Medium Practice Group
Contribution to Accounting Standard Setting of IASB					
65.	Ongoing	Review IASB exposure drafts and discussion papers (including IFRS for Small and Medium Enterprises (SMEs)), including submission of comment letters.	Ongoing	Executive Board Member - Accounting Standards and Practice/IFRS	Accounting Practice Committee, IFRS Technical Committee,

#	Start Date	Actions	Completion Date	Responsibility	Resource
				Executive Board Member - SMP	Small and Medium Practice Committee, JICPA Accounting, Auditing and Assurance Standards Group, Small and Medium Practice Group
66.	Ongoing	Provide comments on public consultations regarding the due process handbook, the governance and strategy, or the amendments to the constitution, of IFRS Foundation and Monitoring Board	Ongoing	Chairman and President	Chairman and President, Advisor, Deputy Presidents, Chief Executive, Executive Board Members, IFRS Relations Project Team, JICPA Staff of Accounting, Auditing and Assurance Standards Group (IFRS Desk)
67.	February 2011	Update IFRS for SMEs translation and make the publication publicly available through IASB website. <i>(Every five years, the IASB undertakes a comprehensive review to consider whether there is a need to revise IFRS for SMEs to reflect new IFRS or amendments to IFRS, so the translation will be made when IFRS for SME is revised.)</i>	Ongoing	Small and Medium Practice Committee	Small and Medium Practice Committee, JICPA Small and Medium Practice Group
68.	November 2012	Cooperate with IFRS Foundation Asia-Oceania Office in order to provide the IASB with a local presence in the Asia-Oceania region, and support greater regional outreach and participation in the IASB's standard-setting activities.	Ongoing	Deputy President and Executive Board Member - Accounting Standards and Practice/IFRS	JICPA Accounting, Auditing and Assurance Standards Group, International Group
Review of JICPA's Compliance Information					

#	Start Date	Actions	Completion Date	Responsibility	Resource
69.	Ongoing	Review and update sections relevant to SMO 7, as necessary. Once updated, inform IFAC Compliance staff about the updates in order for the Compliance staff to republish updated information.	Ongoing	Executive Board Member – International	JICPA Staff of International/International Group



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December 21, 2018

Shinji Someha

Executive Board Member – International Affairs

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Attestation of Ongoing SMO Compliance

IFAC Statements of Membership Obligations (SMOs) require IFAC Members and Associates to support the adoption and implementation of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems.

The Japanese Institute of Certified Public Accountants (JICPA) has developed an Action Plan to demonstrate how it fulfills the requirements of the SMOs (revised in 2012). We have reviewed the information contained within the SMO Action Plan and affirm that the JICPA continues to undertake these and other relevant actions in order to maintain ongoing compliance and fulfillment of the membership obligations.

On behalf of the leadership of the JICPA, I endorse the publication of the SMO Action Plan on the IFAC website in the interests of transparency and to demonstrate our commitment to enhancing the quality and credibility of the accountancy profession worldwide.

Shinji Someha, Executive Board Member – International Affairs

The Japanese Institute of Certified Public Accountants

December 20, 2018

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