



**The Japanese Institute of  
Certified Public Accountants**

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February 28, 2014

Mr. Ken Siong  
Technical Director  
International Ethics Standards Board for Accountants  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor,  
New York, NY 10017  
USA

Dear Mr. Siong:

**Re: JICPA Comments on the IESBA Consultation Paper  
*Proposed Strategy and Work Plan, 2014-2018***

The Japanese Institute of Certified Public Accountants (“we”, “our” or JICPA) is pleased to comment on the International Ethics Standards Board for Accountants (IESBA) consultation paper *Proposed Strategy and Work Plan, 2014-2018* (proposed SWP).

We generally agree with the proposed SWP. One of the important objectives that the IESBA sets *the Code of Ethics for Professional Accountants* (the Code of Ethics or the Code) is to serve the public interest. An ever increasing number of stakeholders involved in the public interest draw concern to the IESBA activities. We believe that the proposed SWP appropriately responds to such stakeholders’ concerns and enables the IESBA to serve the public interest.

Following are our comments in response to the questions posed by the IESBA.

**Question (a). Do you support the four work streams the Board added to its SWP in 2012, i.e., Long Association, Non-Assurance Services, Review of Part C, and Structure of the Code (See Section II)? If not, please explain why.**

We support all of the work streams proposed. We believe that they are important issues to be addressed given the current discussion surrounding audit.

Of the four work streams, we believe that *Long Association* and *Non-Assurance Services* should be followed rigorously by the IESBA to ensure that expectations from stakeholders are met in terms of audit quality. Specifically, the IESBA should carefully consider how these work streams relate to global trends of enhancing audit quality, particularly in regards to mandatory audit firm rotation and provision of non-assurance services to audit clients.

With regard to the *Structure of the Code*, we believe that the IESBA should ensure that the Code is written in plain English, so that the requirements set forth and information presented in the Code are clearly and accurately understood by the member bodies which will undertake translation of the Code.

For the convergence of the Code of Ethics, we believe that it would be useful for the IESBA and its task force to consider a framework that enables the development of principle-based standards, in order to allow each jurisdiction to take account of its diverse cultural background when it is incorporating the Code.

**Question (b). Are the strategic themes identified for the period 2014-2018 appropriate? If not, please explain why.**

We believe that they are appropriate.

The four strategic themes identified by the IESBA are important for the standard-setting activities in the field of professional ethics given the current environment. Especially for the adoption and implementation of the Code, even when the IESBA establishes high-quality Code of Ethics it will become irrelevant if it cannot be applied and implemented globally in practice. We therefore believe that the IESBA should seek to achieve a reasonable balance between robustness and practicability of the requirements.

**Question (c). Are the actions identified with respect to each strategic theme, and their relative prioritizations, appropriate? If not, please explain why.**

We believe that they are appropriate, but we propose the followings:

- Among the key assumptions presented in paragraph 31, the assumption of re-exposure should be described as a “principle,” since the final decision to re-expose will be made by the IESBA.
- As paragraph 52 fails to clearly explain why it is necessary to consider fee dependency in relation to the strategic theme (iii), “Evolving the Code for continued relevance in a changing global environment,” a sufficient clarification should be provided with some background information.

**Question (d). Are there any actions not included in the proposed SWP that you believe the Board should consider for the 2014-2018 period? If so, please explain why, and indicate which actions identified in proposed SWP should be displaced (i.e., deferred or eliminated).**

We have not further comments on the proposed SWP.

We agree that the proposed SWP encompasses all relevant activities that need to be conducted in order to address the current issues.

We hope that our views will be of assistance to the IESBA.

Sincerely yours,

Mineo Kambayashi

Executive Board Member - Ethics Standards

The Japanese Institute of Certified Public Accountants