

Comments to the IESBA Exposure Draft "Proposed Revisions to the Fee-Related Provisions of the Code"

Japan Audit & Supervisory Board Members Association

The Japan Audit & Supervisory Board Members Association appreciates this opportunity to comment on the International Ethics Standards Board for Accountants (IESBA) Exposure Draft, *Proposed Revisions to the Fee-Related Provisions of the Code*.

I. "Fee dependency provisions for PIEs"

This Exposure Draft calls for resignation of the auditor when fee dependency on an audit client that is a PIE exceeds 15% for 5 consecutive years. However, this provision would become a factor in large companies avoiding to request audit services to small and medium-sized auditing firms, thereby creating the concerns over the promotion of oligopoly. Moreover, from the perspective of ensuring a wide range of auditor choices for small-scale listed companies in rural areas and companies seeking to be listed, the existing restrictions can be considered appropriate.

II. "Transparency/disclosure of fee-related information for PIEs"

Among initiatives aimed at improving transparency of fee-related information, particularly with regard to the methods of "disclosure to the general public" of information ((a) Audit fees, (b) Non-audit fees, and (c) Fee dependency) when an audit client is a PIE, the Exposure Draft states that the client in principle discloses the information. However, it can be considered reasonable to divide this disclosure role among different parties, depending on the nature of information.

Specifically, (c) fee dependency information is not necessarily obtained by the client but rather obtained by the auditor, and thus would reasonably be disclosed by the auditor.