



**The Japanese Institute of
Certified Public Accountants**

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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 2019-2023*

The Japanese Institute of Certified Public Accountants (JICPA) appreciates this opportunity to comment on the International Ethics Standards Board for Accountants (IESBA) Consultation Paper, *Proposed Strategy and Work Plan 2019-2023*.

Our responses to the specific questions raised by the IESBA are as follows:

1. Do you agree with the proposed criteria for the IESBA to determine its actions and priorities over the strategy period?

(Comment)

We agree with the proposed criteria.

We believe the points that should be considered in determining future actions and their priorities are covered.

2. Do you support the actions that have been identified with respect to each strategic theme? If not, please explain why.

(Comment)

(a) Public interest

We believe the “Meaning of public interest in the global context,” which was listed as a possible project/initiative in the 2017 April questionnaire, should also be added as a strategic theme. While the recently revised IESBA Code of Ethics for Professional Accountants (the Code) stipulates more requirements to address public interest such as NOCLAR provisions, there is no clear provision on the concept of public interest. In order to apply the Code globally, we believe the concept of public interest should be clarified by considering matters such as whether it could have different meanings in different cultures, or how the balance between cost and benefit should be addressed. Further, since the duties of professional accountants, including assurance engagements, are strongly associated with public interest, the concept of public interest in relation to the mission of professional accountants should be clarified and clearly stated in the beginning of the Code. For example, in Japan, publicness is stated in the beginning of the Certified Public Accountants Act and the JICPA Code of Ethics as certified public accountants’ mission which is to contribute to further strengthen the sustainable financial market and economy.

(b) Non-assurance services (NAS) and Fee related matters

While the issues considered as a part of the strategic themes include the level of non-audit fees and its ratio to audit fees that would be discussed from the perspective of independence, we believe qualitative factors such as what kind of threats may be created from the specific non-audit services and their level of non-audit fees should also be sufficiently considered, in addition to quantitative factors such as the level of non-audit fees and its ratio in order to establish requirements and application materials.

3. Recognizing that this proposed SWP is ambitious, do you believe the IESBA should accelerate or defer any particular work stream(s)? If so, please explain why.

(Comment)

We did not identify any specific work streams that should be accelerated or deferred.

We do not particularly oppose the proposed priorities of work streams and we believe the schedule is a realistic one with IESBA’s capacity taken into account.

4. Do you have comments on any other matters addressed in this consultation paper or any significant matters not covered in this consultation paper that you believe the IESBA should address?

(Comment)

We believe it is important to set evidence-based standards (i.e. set standards based on appropriate research and evidence concerning issues to be addressed) when developing the Code. In addition,

it is important to consider the cost and benefit, fully analyze the burden of changing the Code and merits brought to the public interest, set well-balanced standards, and disclose the details and results of these analyses in future exposure drafts and basis for conclusions.

Further, we believe the principle-based standards will better facilitate the adoption of the Code by taking into sufficient consideration the legal systems, cultures, and practices that differ by each country in the IESBA's discussions including those in the task force.

Also, translation needs in non-English speaking jurisdictions should be taken into account when developing the Code. We believe the IESBA should avoid lengthy sentences and use concise and easily understanding wording.

We hope the comments provided above will contribute to the robust discussions at the IESBA.

Sincerely yours,

Sayaka Shimura

Executive Board Member - Ethics Standards

The Japanese Institute of Certified Public Accountants