

2. (untitled)

1. From which perspective are you providing this feedback? [* Required where indicated]

Standard setter

Please provide the following contact information:

First Name

Sayaka

Last Name

Shimura

Job Title/Role

Executive Board Member - Ethics Standards

Email Address

rinrikansa@jicpa.or.jp

Organization Name (if applicable)

The Japanese Institute of Certified Public Accountants

2. In which country or jurisdiction do you or your organization work or serve? (If international, please indicate so; if a region of the world, please indicate which region)

If country, please select country?

Japan

OR if a region of the world, please indicate which region:

OR if international, please indicate by ticking the box:

3. (untitled)

B.1 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

It is expected that the rapid evolution of technologies, such as artificial intelligence (AI), data analytics, cloud computing, bitcoin, and robotics, and their increasing use among firms and their clients as it becomes widespread, will fundamentally transform their businesses.

It will cause substantial changes mainly in clients' usage of technologies and firms' audit procedures, carrying broad implications for ethical matters, including PAs' mindsets and threats to their independence.

In connection with the above, for example AI, robotics, etc., it is necessary to consider the possibility of specifying in the Code that ethical judgments on AI's algorithm and pre-installed programs for controlling robots are included in the ones that PAs are responsible for and that PAs are also responsible for the reliability of those programs. Regarding data analytics, cloud computing, etc., it is imperative to study the impact on the Code because of the seriousness of heightened data-related risks, such as the increasing

risk of information leakage, caused by the significant rise in the amount of electronically stored information.

As for independence, one of the issues to be addressed is whether the undertaking of cyber security monitoring services falls under the category of prohibited non-audit services. Concerning professional competence, an overall review is required on the criteria for attaining and maintaining professional competence to keep up with fundamental technological changes.

These issues should be among the top priorities, as they are expected to arise in the not too distant future, given today's rapid technological advances.

B.2 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

This topic should be a high priority, as there is a possibility that firms' business models will markedly shift in such a manner as they begin to provide services that are not simple, or difficult to be categorized as advisory services or business transactions.

B.3 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

B.4 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

B.5 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

B.6 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

There is the ambiguity of the materiality concept in provisions to be clarified, such as whether the materiality in question is actually referring to the one associated with financial statements, what the materiality for determining material financial interests should be, what the materiality in evaluating threats should be and whether those should be the materiality related to financial statements.

B.7 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

B.8 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

B.9 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

4. (untitled)

B.10 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

We do not have any specific comments.

B.11 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

This topic should be a comparatively high priority; some existing terms, such as a "related entity," should be more clearly defined, while there is a possibility that new terms need to be coined to describe new financial products and others including bitcoin.

B.12 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

Many provisions are now under revision. Some of them, however, have been (or are to be) revised under the perception that they need improvements, without any sufficient evidence of the existing Code not providing enough safeguards (e.g. the revision of a cooling-off period in partner rotation). It is necessary to examine the effectiveness of the revision through a post-implementation review of the restructured Code.

B.13 Do you have any specific comments on this topic and, in particular, why this topic should or should not be prioritized?

Many questions have been raised as to the concept of "public interest" in the global context, including whether its meaning is subject to varying interpretations due to cultural differences, and how to strike a balance between costs and benefits. It should be clearly defined, however, what public interest in the global context is, since the ethical provisions for the public interest have increased including non-compliance with laws and regulations (NOCLAR) provisions. This topic is considered a comparatively high priority.

Are there any trends, developments or issues not otherwise covered in this section that you would rank in your top six priorities? If so, please explain why.

We do not have any specific comments.

Please rank your top six priorities among items B.1 to B.13 above (1 being highest and 6 being lowest).

1. B.1 Trends and developments in technology and innovation
2. B.2 Emerging or newer models of service delivery
3. B.13 Meaning of public interest in the global context
4. B.12 Post-implementation review of the restructured Code
5. B.11 Definitions and descriptions of terms
6. B.6 Materiality

5. (untitled)

C.1 Do you have any comments on any of the above activities or initiatives? In particular, do you believe any of them should not be a strategic priority for the IESBA and, if so, why? Please be as specific as possible.

Refer to the following comments.

C.2 Are there any specific activities or initiatives you believe the IESBA should undertake to promote further adoption and more effective implementation of the Code? If so, please explain why.

In order for the timely and effective implementation of the Code, not only a post-implementation review but also a pre-survey, such as a study on situations of the member nations in the early stages of a project, is

essential. This includes an investigation into why each jurisdiction's regulation is designed as it is at a certain point in time.

Regarding a post-implementation review of the revised Code, which is described in section D, we believe it is very important to conduct a post-implementation review for the partner rotation and NOCLAR provisions.

Additionally, it is very useful to provide supporting materials, such as FAQ, with illustrations, flowcharts, and examples in order to facilitate the adoption.

6. (untitled)

D.1 Are there any particular matters you believe the IESBA should consider in relation to any one of these pre-existing commitments? Please be as specific as possible and explain your reasoning.

A post-implementation review of the partner rotation and NOCLAR is of particular significance.

Concerning the e-Code development, we specifically request, for the following reasons, that printed and PDF versions of the Code continue to be provided, even if the e-Code is developed and regarded as the official version.

(a) Translation of the IESBA Code into Japanese is essential, since in Japan, we develop and revise the JICPA code of ethics based on the official version of the IESBA Code.

(b) Translation of the IESBA Code available at certain point in time into Japanese is indispensable in explaining the IESBA Code to stakeholders in Japan.

(c) From the viewpoints which include the following:

- How due process should be for the change of links and others
- Clarification of the scope of the Code, including linked document and etc.
- Addressing system troubles, including access troubles
- Maintaining the history of past revisions
- Clarifying the Code available at certain point in time
- Restricting printouts due to system requirements

7. (untitled)

Section E: Any Other Strategic Matters

E.1 Are there any other matters of strategic importance not covered elsewhere in this survey or your earlier responses that you believe the IESBA should consider as it positions the Code for 2025? Please be as specific as possible.

We do not have any specific comments.

8. (untitled)

3. Please confirm that you have completed all your responses?

Yes