

September 7, 2017

Mr. David McPeak

Principle

International Accounting Education Standards Board

International Federation of Accountants

529 Fifth Avenue 6th Floor New York, NY 10017

Dear Mr. McPeak:

Comment on Proposed IES 7, *Continuing Professional Development* (Revised)

The Japanese Institute of Certified Public Accountants (hereinafter, “We” or “JICPA”) is grateful for the opportunity to comment on the Exposure Draft of “Proposed International Education Standard (IES) 7, *Continuing Professional Development* (Revised)” published by the International Accounting Education Standards Board (hereinafter referred to as “IAESB”).

Our answers to each individual question raised by IAESB are as follows:

General Comment

We give high credit to the exposure draft that allows both output-based and input-based approaches to continue to coexist on an equal footing, instead of prioritizing either of the two.

Initially, this project was launched based on the idea that, at the end of the day, approaches should be converged on the output-based approach while the input-based approach should be abolished in the mid- to long-term perspective, given that it is inconsistent with the learning outcomes approach. The course of this project, however, has been modified, so that it stood on its ground of realistic standards, taking into account the practice of CPD in many countries. We would like to extend our warm welcome to this.

Specific Comments

Question 1. Is the Objective statement (see paragraph 8) of the proposed IES 7 (see Appendix 1) appropriate and clear?
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Answer: It is appropriate and clear.

Question 2. Are the Requirements (see paragraphs 9-17) of the proposed IES 7 (see Appendix 1) appropriate and clear?

Answer: They are appropriate and clear.

Questions 3. Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7 (see Appendix 1)?

Answer: Yes.

We would like you to illustrate by diagrams that the learning outcomes approach includes both output-based approach and input-based approach and that input-based approach is not inconsistent with learning outcomes approach.

Question 4. Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-A21) improve understanding and your ability to apply an output-based measurement approach? If not, what suggestions do you have to improve clarity of the output-based approach?

Answer: We propose that “clients” be newly added as paragraph A20 (f).

Question 5. Are there any terms within the proposed IES 7 (see Appendix 1) which require further clarification? If so, please explain the nature of the deficiencies.

Answer: Yes, there are.

It is possible for “other measures” in paragraph A23 to be confused with input-based approach. What “other” means should be specified.

Question 6. Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the requirements included in this proposed IES 7 (see Appendix 1)?

Answer: Yes.

Under the current Japanese laws and ordinances, the JICPA members are required to carry out at least 40 training units in one fiscal year (from April 1 to March 31 in the

following year). Practically, they abide by the numerical criteria of Input-Based Approach provided in paragraph 15 of IES 7. If the provision on specific number of hours concerning measurement of CPD's input-based approach is rescinded, there is a possibility that professional accountants in Japan will be subject to numerical criteria in the Japanese laws and ordinances.

We propose that this numerical standard also be stated in the revised version as a requirement.

Question 7. What topics or subject areas should implementation guidance cover?
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Answer: We do not have any particular topic or subject area to comment on.

[Comment on other items]

- (1) We propose that “This International Educational Standard (IES)” be changed to “This International Education Standard (IES).”
- (2) What is meant by “professional accountants” in paragraphs 8 and A6, whereas “all” is added to the words in paragraphs 9 and A7?
- (3) We propose that two unnecessary words in Paragraph 10 be deleted, as shown below.
 10. IFAC member bodies shall promote the importance of,
and a commitment to, CPD as well ~~to the~~ as development
and maintenance of professional competence.
- (4) Paragraph 14 requires “professional accountants to complete a specified amount of learning and development activity” concerning learning units, but does not specify any numerical criteria. We propose that those of paragraph 15 of the current IES 7 remain as requirements in the revised version.

If not stated in the requirements, they should be in the explanatory material.

If not included in either of them, we consider that its rationale should be explained in the Background of the conclusion. Unless one of the above is implemented, the pertinence of numerical criteria of the current 7 becomes arguable. As we indicated in “Comments on Consultation Paper concerning Strategies and Priorities of International Accounting Education Standards Board (IAESB) Going Forward” that we submitted on March 8, 2016, requirements of specific number of hours of input-based approach are

codification of good practice of CPD already firmly established in many countries.

This is the base regulation that forms the core of CPD. Even If the requirements are deleted in the revised IES 7, in countries where their own comparable rules have already been rooted, they will not abolish the criteria on the number of hours. Irrespective of principle-based rules or minutely articulated rules, we request the following regulations on specific number of hours not be deleted:

- (a) Complete at least 120 hours (or equivalent learning units) of relevant professional development activity in each rolling period three-year period, of which 60 hours (or equivalent learning units) shall be verifiable; and
- (b) Complete at least 20 hours (or equivalent learning units) of relevant professional development activity in each year.

We would be pleased if our comments above could be of any service to consideration in IAESB.