



**The Japanese Institute of
Certified Public Accountants**

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October 31, 2019

Mr. Ken Siong
Senior 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 Exposure Draft, *Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants*

The Japanese Institute of Certified Public Accountants (JICPA) appreciates this opportunity to comment on the International Ethics Standards Board for Accountants (IESBA) Exposure Draft, *Proposed Revisions to the Code to Promote the Role and Mindset Expected of Professional Accountants*.

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

I. Request for Specific Comments

1. Do you support the proposals in Section 100 that explain the role and values of professional accountants as well as the relationship between compliance with the Code and professional accountants acting in the public interest? Are there other relevant matters that should be highlighted in these paragraphs?

(Comment)

We support the proposals. There are no other relevant matters that we believe should be highlighted.

2. Do you support the inclusion of the concept of determination to act appropriately in difficult

situations and its position in Subsection 111?

(Comment)

We support its inclusion.

3. Do you support the proposal to require a professional accountant to behave in a manner that is consistent with the profession's responsibility to act in the public interest in paragraphs 110.1 A1 (e) and R115.1?

(Comment)

We support the proposal.

4. Notwithstanding that the IESBA has a separate Working Group that is exploring the implications of developments in technology, are there any additional matters relating to the impact of technology beyond the proposals in paragraphs 110.1 A1(b)(iii), 113.1 A2 and 120.12 A2 that you consider should be addressed *specifically* as part of the Role and Mindset project?

(Comment)

There are no additional matters that we believe should be addressed.

5. Do you agree with the concept of an inquiring mind as set out in the proposals in Section 120?

(Comment)

We agree with the concept.

6. Do you support the approach to addressing bias? If so, do you agree with the list of examples of bias set out in paragraph 120.12 A2? Should any examples be omitted or new ones added?

(Comment)

We support the approach. We do not think that any of the examples set out in paragraph 120.12 A2 should be omitted or new ones should be added.

7. Are there any other aspects about organizational culture in addition to the role of leadership that you consider should be addressed in the proposals?

(Comment)

Paragraph 120.13 A2 explains the conditions under which the promotion of the ethical culture within an organization is most effective, and (c) stipulates that "ethical values are adhered to in dealings with third parties."

The way this statement is expressed makes it difficult to understand whether the subject of (c) is an organization or an individual. We believe that this point should be clarified.

II. Request for General Comments

(a) *Small- and Medium-Sized Entities (SMEs) and Small and Medium Practices (SMPs)* – The IESBA invites comments regarding any aspect of the proposals from SMEs and SMPs.

(Comment)

We do not have any specific comments.

(b) *Regulators and Audit Oversight Bodies* – The IESBA invites comments on the proposals from an enforcement perspective from members of the regulatory and audit oversight communities.

(Comment)

Not applicable.

(c) *Developing Nations* – Recognizing that many developing nations have adopted or are in the process of adopting the Code, the IESBA invites respondents from these nations to comment on the proposals, and in particular on any foreseeable difficulties in applying them in their environment.

(Comment)

Not applicable.

(d) *Translations* – Recognizing that many respondents may intend to translate the final changes for adoption in their own environments, the IESBA welcomes comment on potential translation issues respondents may note in reviewing the proposals.

(Comment)

English is not the official language in Japan, thus, it is inevitable to translate the Code from English to Japanese in an understandable manner. For this reason, we pay close attention to the wording used in the Code in respect of whether it is translatable and comprehensible when translated. With regard to the concept of “inquiring mind” that is introduced in section 120, we request that a clarification of the purport and nuance of this term be provided in the Basis for Conclusion so that we can translate the Code into Japanese appropriately.

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

Sincerely yours,

Toshiyuki Nishida

Executive Board Member - Ethics Standards

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