

2. SECTION I: ABOUT THE RESPONDENT

1. From which perspective are you providing this feedback?

The view of an organization

Please complete:

Your name:

Your organization (if applicable):

E-mail address:

Please complete:

Organization:

The Japanese Institute of Certified Public Accountants (JICPA)

Name(s) of contact(s) for this submission:

Asami Funaki

E-mail address(es) of contact(s):

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2. Please select from the following options to which stakeholder group you or your organization belongs:

Jurisdictional Standard Setter (JSS) or Other Standard Setter

Please specify the type of accounting firm:

Please specify:

Please specify:

Please specify:

JSS for both Auditing and Assurance, and Ethics

Please specify:

3. Please select from the following options the geographical region that best matches you or your organization:

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Asia Pacific

4. SECTION III: SSBs' STRATEGIC POSITIONING FOR 2028–2031

4. As the SSBs look toward the 2028–2031 period, they are reflecting on how to position their strategies and work plans to best serve the public interest within a rapidly changing global environment. This involves careful consideration of how the SSBs remain relevant, responsive, and impactful in their standard-setting and other related work. In that context, what do you believe the SSBs should aspire to achieve during their next strategy period, 2028–2031?

Your answer may touch on different dimensions, for example:

The relevance, responsiveness and impact of the SSBs' standard-setting and related activities.

Broader adoption and effective implementation of the SSBs' standards.

The SSBs' interaction and engagement with key stakeholder groups.

The SSBs' ability to serve the public interest.

The examples above are for illustrative purposes only and should not limit, direct, or otherwise influence your response.

Your answer should address the IAASB and IESBA collectively; however, you may wish to also highlight matters specifically for the IAASB or IESBA (if applicable, you could use separate headings to address such matters).

During the next strategy period, we believe the SSBs should aspire to develop high-quality international standards that serve the public interest in a timely and practical manner, based on evidence supported by appropriate research and analysis, and to enhance trust in professional accountants through the adoption and implementation of those standards. In particular, with respect to outreach activities and surveys, we suggest that the SSBs design and employ effective fact-finding methodologies and use the information gathered to assess whether issues arise from the absence of standards or instead from the inappropriate application or implementation of existing standards. We also suggest that the SSBs further strengthen mechanisms such as post-implementation reviews in order to continuously assess both the intended effects and any unintended consequences of newly introduced standards.

We also believe it is important that the SSBs maintain and reinforce a principles-based approach in their standards so that they remain applicable across a wide variety of environments, while avoiding an excessive shift toward detailed, rules-based requirements. From the perspectives of cost-benefit and the public interest, it is essential to focus on the most important issues, which in turn requires careful prioritization. This includes, where appropriate, relying on guidance and other non-authoritative tools rather than creating new standards, or even consciously choosing not to act on certain topics. From an ethics perspective, careful consideration will also be needed in relation to any expansion of the scope of the IESBA Code, particularly to ensure consistency in its application across jurisdictions.

Furthermore, while we recognize the importance of continuous engagement with all stakeholders, we consider it even more

critical to enhance the operability and acceptability of the standards for professional accountants who apply them in practice. Even after standards have been issued, we believe that strengthening support for their adoption and implementation in each jurisdiction—through initiatives such as communication and education, the promotion of understanding, and the identification, resolution, and sharing of practical implementation issues—should be a key role for the SSBs in the next strategy period.

6. SECTION IV: KEY TRENDS IMPACTING THE SSBs

A.1 Digital Transformation – Increasing Use of Emerging Technologies

6 – Strongly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Unlike more traditional forms of AI, whose outputs are relatively predictable, generative AI involves a much greater "black box" element and therefore requires consideration from both audit and ethics perspectives. From an ethics perspective, the technology-related revisions to the Code in 2023 have provided a basis for addressing some of these matters. However, additional guidance may be needed on how the existing requirements should be applied to this fundamentally new type of technology. From an audit perspective, it will be important to continue monitoring technology-related developments on an ongoing basis, including through the Technology Position. We also strongly support the IAASB's ongoing project to develop non-authoritative material (NAM).

A.2 Digital Transformation – Digital Assets and Institutionalization of Digital Assets

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

A.3 Digital Transformation – Financial Crimes Enabled by Technology

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

7. SECTION IV: KEY TRENDS IMPACTING THE SSBs

B.1 Changes in the Geopolitical and Regulatory Landscape – Regulatory Changes

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

We believe it is important to recognize that regulatory change does not necessarily imply only a one-way move toward more regulation or greater regulatory stringency. The SSBs should closely monitor regulatory developments in each jurisdiction and, in setting priorities for their standard-setting activities, adopt a balanced approach that considers not only the possible need for stronger regulation but also the potential need for simplification, rationalization, and the elimination of overlapping or duplicative requirements.

B.2 Changes in the Geopolitical and Regulatory Landscape – Risk of Fragmentation

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

B.3 Changes in the Geopolitical and Regulatory Landscape – Call for Greater Agility in Standard Setting

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

While greater timeliness in standard setting is important, it is essential to maintain an appropriate balance with robust due process and adequate consideration of whether the standards are acceptable and operable in practice.

B.4 Changes in the Geopolitical and Regulatory Landscape – Greater Diversity of Voices Sought

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

It is important to ensure two-way communication with stakeholders, grounded in mutual understanding developed through clear explanation, consultation, and transparent feedback. The SSBs should clearly explain the background to each project, the objectives to be achieved, the need for the project, and the proposals being put forward. For example, in the area of ethics, the objective should not be the pursuit of independence as an end in itself, but rather securing the level of independence necessary to serve the public interest and support the sound functioning of capital markets. The SSBs should then actively seek input from a wide range of stakeholders, give due consideration to that input, and provide feedback in a transparent manner.

In the area of ethics and independence in particular, we believe that a balanced approach to independence is essential, taking into account the role of professional accountants and the sound functioning of capital markets, rather than pushing independence to a purely formal or absolute extreme. Given that legal frameworks, market maturity, and practical circumstances differ significantly across jurisdictions, the aim should not be to build increasingly uniform and highly prescriptive requirements. Instead, after obtaining stakeholder views, it is important for the SSBs to articulate a balanced, principles-based direction that allows each jurisdiction to respond flexibly in light of its own circumstances.

8. SECTION IV: KEY TRENDS IMPACTING THE SSBs

C.1 Evolving Expectations Concerning Sustainability Information – Continuing Demand for Sustainability Reporting and Assurance

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

C.2 Evolving Expectations Concerning Sustainability Information – Regulatory and Geopolitical Changes

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

9. SECTION IV: KEY TRENDS IMPACTING THE SSBs

D.1 Evolving Structure and Business Models of Accounting Firms – Alternative Ownership Structures

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

D.2 Evolving Structure and Business Models of Accounting Firms – Increased Involvement of Non-Professional Accountants in the Accounting and Auditing Profession

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

Although the involvement of non-professional accountants in accounting- and audit-related work is increasing, from an audit perspective, we believe that the quality of work performed by non-professional accountants can be maintained within the existing framework of auditing and quality management standards. From an ethics perspective as well, professional accountants and non-professional accountants may be subject to the same ethical requirements, and the objectives relating to ethics and independence set out in those requirements can be fully achieved through the appropriate application and oversight of firms' internal policies and procedures. Therefore, we consider that there is limited need to develop new standards in response to this development.

D.3 Evolving Structure and Business Models of Accounting Firms – Challenges to Attracting and Retaining Talent

5 – Increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

We believe that, in order for the profession to remain an attractive field that can make effective use of cutting-edge technologies, it is necessary to develop standards that are appropriately adopted to the evolving environment. In doing so, the standards should not unduly impede the benefits of technology, such as improvements in quality and efficiency. Rather, they should be designed in a manner that professional accountants find reasonable and convincing, with careful consideration given to how they can positively affect day-to-day work in practice.

D.4 Evolving Structure and Business Models of Accounting Firms – Non-Assurance Service Line

4 – Slightly increasing in importance

Please explain why you do not believe this should be considered a relevant trend for the SSBs:

Do you wish to highlight any matters relating to this trend or identified impacts, or any additional impacts, for the IAASB or IESBA or both the SSBs?

10. SECTION IV: KEY TRENDS IMPACTING THE SSBs - OTHER TRENDS AND RANKING

6. Are there trends or related areas or matters that you believe the SSBs should consider that are not covered? If so, please provide details.

No

Additional trends

Please number your additional trend (O.1, O.2, O.3, ...)

Please describe the additional trend

On a scale of 1 to 6, indicate the extent to which you believe this trend will increase or decrease in importance for the SSBs for their next strategy period starting in 2028.

Do you wish to explain your rating or highlight any matters relating to this trend for the IAASB, IESBA, or both the SSBs?

7. Based on your evaluation of the identified trends, please rank what you believe are the TOP FIVE most important trends for the SSBs to consider for their next strategy period starting in 2028.

Rank 1 : A.1

Rank 2 : B.3

Rank 3 : D.3

Rank 4 : B.1

Rank 5 : B.2

11. SECTION V: AREAS FOR JOINT ACTIONS IN SSBs' WORK PLANS

8. Please share your views about areas of common interest and possible joint or parallel work plan topics (e.g., standard-setting or non-authoritative materials), or other initiatives or activities.
