Response ID:154 Data

2. (untitled)

Please indicate if you are responding as an individual or on behalf of your organization?

Responding on behalf of your organization

Approximate years of professional experience:

If you are responding on behalf of your organization, please indicate the jurisdictional profile which best represents your situation, i.e., from which jurisdictional perspective are you providing your responses?

Single jurisdiction (Please specify): Japan

Please indicate the stakeholder category to which you belong, i.e., from which perspective are you providing your responses? If you or your organization has one or more roles (e.g., JSS and Regulator), please respond to all relevant parts of the survey.

JSS (Complete Part B) (Please indicate the users of your standards as a JSS, e.g., individual PAPPs, professional accountants in business (PAIBs) and/or accounting firms (including audit firms)): The users include individual PAPPs, PAIBs and accounting firms.

PAOs (Complete Part C) (Please indicate whether your members are PAPPs and/or PAIBs): Our members include both PAPPs and PAIBs.

Please provide the following information *(Personal information will not be made public and will only be used by the Project Team to follow up if clarification on your responses is needed):*

Your organization's name, if any (if you are responding on behalf of an organization[1])

JICPA （The Japanese Institute of Certified Public Accountants）

Your name and job title / role:

Tomoko　Waku （Executive Board Member - Ethics Standards）

Your email address:

rinri@sec.jicpa.or.jp

Your jurisdiction/country:

Japan

3. (untitled)

Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? (Please choose the most representative answer)

(b) Yes, through adoption with modifications (Please (i) describe the nature of, and reasons for, the modifications, (ii) provide information on the effective date, and (iii) provide links to the local NOCLAR provisions or the specific announcement of the adoption or issuance of the local NOCLAR provisions): (i) Sections 260 and 360 of the JICPA Code differ in part from the corresponding sections of the IESBA Code in the following respects: (a) Additions to the IESBA Code based on jurisdiction-specific laws and regulations, including professional standards ・Paragraph 360.6 A2 JP: Describes the treatment under the Financial Instruments and Exchange Act and the Companies Act. ・Paragraph R360.22 (in part): Adds a reference to Auditing Standards Committee Report 900, "Auditor Replacement." ・Paragraph 360.26 A1 JP: Describes considerations applicable to prospective auditors who are not subject to Article 193-3 of the Financial Instruments and Exchange Act. (b) Omissions from the IESBA Code due to potential conflicts with confidentiality obligations under the Certified Public Accountants Act and other reasons Paragraphs 260.18 A1 (partial), 260.18 A2, 260.19 A1, 260.20 A1, 260.20 A2, 260.20 A3, R260.21, R260.22, R260.26, 360.25 A2 (partial), 360.25 A3 (partial), R360.26 (partial), R360.27 (partial), R360.33 (amended to 360.36 A2 JP), 360.33 A1 JP (partial), 360.36 A2 (partial), 360.36 A3, R360.37, R360.38 (ii) Effective dates: The NOCLAR provisions for PAPPs took effect on April 1, 2019, followed by those for PAIBs on April 1, 2020. Subsequently, of the provisions concerning whether to disclose identified or suspected non-compliance to an appropriate authority that JICPA had not initially incorporated into the JICPA Code, JICPA incorporated R360.26, which applies to members performing financial statement audit engagements. In addition, JICPA added Japan-specific application material (Section 360.26 A1 JP) addressing how to respond to NOCLAR when a proposed successor accountant is unable to communicate with the predecessor accountant. This material took effect on April 1, 2023. (iii) Links to Relevant Announcements [LINK] July 30, 2018: Approval of the "Code of Ethics" by the General Assembly (Effective date: April 1, 2019) https://jicpa.or.jp/specialized_field/20180730jfa.html [LINK] September 26, 2019: Amendments to the "Code of Ethics" and Other Documents (Effective date: April 1, 2020) https://jicpa.or.jp/specialized_field/20190926ity.html [LINK] October 31, 2022: Amendments to the "Code of Ethics" (Effective date: April 1, 2023) https://jicpa.or.jp/specialized_field/20221031dfa.html

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

Yes （Japanese）

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (Select all that apply and provide links)

Technical guidance (e.g., FAQs)
Education/training programs (e.g., webinars, CPD programs)
Articles, publications or newsletters (e.g., updates about standards, case studies or illustrative examples)

Does your organization provide guidance to individual professional accountants, accounting firms, or other users of your standards in the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (Select all that apply)

Ethics hotline or equivalent (e.g., for technical queries)
Whistleblower hotline (e.g., to report actual or suspected NOCLAR)

Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? *(Please provide details, including from which stakeholder groups the inquiries or questions arose)*

Although we have received few inquiries about specific NOCLAR provisions in the JICPA Code, we have received several inquiries as to whether disclosure of a matter would conflict with confidentiality provisions in the JICPA Code or applicable laws and regulations.
These inquiries were submitted by PAPPs, including external auditors, and by PAIBs.

Do users of your organization's standards have an overall understanding of the local NOCLAR provisions? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by users of your standards)

Yes
Comments: "Professional Ethics" is a required component of practical training and the final assessment, as well as of the Continuing Professional Development (CPD) program. Through these requirements, we verify that members have a thorough understanding of ethical requirements, including the NOCLAR provisions.

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? If yes, is the protection under the relevant law or regulation perceived to be effective?

Please provide details.

Yes.
Although Japan had enacted the Whistleblower Protection Act, as of April 2019 when the NOCLAR provisions took effect, only employees were protected under the Act.
Following subsequent amendments to the Act, the scope of protection was expanded to include executives. Consequently, professional accountants may be eligible for protection under the whistleblower reporting system if they qualify as employees or executives. However, financial auditors are explicitly excluded from its scope.
Since we do not have data on the effectiveness of these protective measures with respect to professional accountants, we cannot draw a definitive conclusion.

Has your organization observed any trend in instances of NOCLAR reported or escalated? If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

We have not received any reports of NOCLAR or had any instances of NOCLAR escalated to us.

Based on your organization's observations, has the application of the local NOCLAR

provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (Please explain the basis for your response and provide any relevant details, including any supporting materials or reports)

As stated above, we have received few inquiries relating to NOCLAR, and the inquiries have primarily concerned the interpretation of the NOCLAR provisions.
In addition, if a JICPA member identifies actual or suspected NOCLAR, the member is required to take appropriate action in accordance with the member's organization's policies and procedures, depending on the applicable provision, discuss the matter with the member's immediate superior (R260.13), communicate with those charged with governance (R260.14), or discuss the matter with the appropriate level of management and, where appropriate, those charged with governance (R360.11).
In complying with these requirements, members take steps through these processes to deter NOCLAR or mitigate its consequences, even where JICPA has not been consulted.

Has your organization observed any challenges in the application of the local NOCLAR provisions? (Please provide details, including specific provisions that caused particular challenges and why, as well as any actions taken to address them)

Yes.
We have received several inquiries as to whether disclosure to an appropriate authority or other parties constitutes a justifiable ground for disclosing or using confidential information under the JICPA Code or the Certified Public Accountants Act. Determining whether such disclosure meets this criterion presents a practical challenge.

Has your organization observed any trends where professional accountants or accounting firms encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

No, not observed
Comments: We have been unable to identify any such trend because we have received few inquiries about NOCLAR.

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

IESBA should not add further detailed provisions because the IESBA Code is principles-based and already provides sufficient guidance on addressing NOCLAR. Adding further detailed provisions could result in a more rules-based approach. Fundamentally, NOCLAR matters should be addressed not by professional accountants alone, but by all relevant stakeholders, including management, audit committee members, and regulatory bodies.
On this basis, to enhance the effective implementation of the NOCLAR provisions, we suggest that IESBA develop NAMs that clarify the roles of the various stakeholders. This would support the establishment of an ecosystem involving all relevant stakeholders, including management, those charged with governance, and regulatory bodies, thereby enhancing stakeholders' understanding of the responsibilities of professional accountants.

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

In Japan, requirements relating to NOCLAR are set out not only in the JICPA Code but also in applicable laws and regulations.

Specifically, under Article 193-3 of the Financial Instruments and Exchange Act, if a certified public accountant or auditing firm, in the course of the audit certification, discovers a fact which constitutes a violation of laws and regulations, the certified public accountant or auditing firm must notice those charged with governance of the audited company and request that they take appropriate measures.
If any of the appropriate measures have not been implemented and it is found that the fact constituting a violation of laws and regulations could have a material impact on ensuring the appropriateness of the documents on financial accounting, the certified public accountant or auditing firm must file an opinion with respect to those particulars to an appropriate authorities.

5. (untitled)

Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? (Please choose the most representative answer)

(b) Yes, through adoption with modifications (Please (i) describe the nature of, and reasons for the modifications, (ii) provide information on the effective date, and (iii) provide links to the local NOCLAR provisions or the specific announcement of the adoption or issuance of the local NOCLAR provisions): Please refer to the answer to the same question in Part B.

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

Please refer to the answer to the same question in Part B.

6. (untitled)

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (Select all that apply and provide links)

Technical guidance (e.g., FAQs)
Education/training programs (e.g., webinars, CPD programs)
Articles, publications or newsletters (e.g., updates about standards, case studies or illustrative examples)

Does your organization provide guidance to individual members and accounting firms in the application of the local NOCLAR provisions if they seek such assistance, e.g., in dealing with a NOCLAR matter? (Select all that apply)

Ethics hotline or equivalent (e.g., for technical queries, application questions on the local NOCLAR provisions)
Whistleblower hotline (e.g., to report actual or suspected NOCLAR)

Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? (Please provide details, including from which stakeholder groups the inquiries or questions arose)

Please refer to the answer to the same question in Part B.

Do your organization's members have an overall understanding of the local NOCLAR provisions? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its members)

Yes
Comments: Please refer to the answer to the same question in Part B.

Does your organization enforce the local NOCLAR provisions?

Yes (Please specify (i) when enforcement started, (ii) details such as disciplinary cases against members (the information may be anonymized), and (iii) links to relevant published reports)
Comments: (i) Effective date: Enforcement of the NOCLAR provisions began on April 1, 2019. (ii) and (iii) There have been no such cases.

Does your organization have the authority to investigate NOCLAR or suspected NOCLAR that is reported to it and take any necessary action?

Yes (Please provide details, including the (i) nature of the NOCLAR matters that have been reported to your organization, and the (ii) actions taken (the information may be anonymized))
Comments: Although we have the authority to conduct investigations and take necessary action, there have been no such cases.

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law or regulation perceived to be effective? Please explain your response.

Please refer to the answer to the same question in Part B.

Has your organization observed any trend in instances of NOCLAR reported or escalated?

If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

Please refer to the answer to the same question in Part B.

Based on your organization's observations, has application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (Please explain the basis for your response and provide any relevant details, including any supporting materials or reports)

Please refer to the answer to the same question in Part B.

Has your organization observed any challenges in the application of the local NOCLAR provisions? (Please provide details, including specific provisions that caused particular challenges and why, as well as any actions taken to address them)

Please refer to the answer to the same question in Part B.

Has your organization observed any trends where members or accounting firms encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

No, not observed
Comments: Please refer to the answer to the same question in Part B.

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Please refer to the answer to the same question in Part B.

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

Please refer to the answer to the same question in Part B.

7. (untitled)

Has your organization adopted the NOCLAR provisions of the Code (IESBA NOCLAR provisions)? (Please choose the most representative answer)

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

What guidance or educational materials has your organization issued, or what programs has your organization developed, to support understanding of the local NOCLAR provisions in your jurisdiction? (Select all that apply and provide links)

Does your organization provide guidance to individual professional accountants or accounting firms in the application of the local NOCLAR provisions if they seek such

assistance, e.g., in dealing with a NOCLAR matter? (Select all that apply)

Which specific provisions in the local NOCLAR provisions has your organization commonly received inquiries or questions about? (Please provide details including which stakeholder groups the inquires or questions arose)

Do the professional accountants or accounting firms that your organization regulates or oversees have an overall understanding of the local NOCLAR provisions? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by professional accountants or accounting firms you regulate or oversee)

Does your organization enforce the local NOCLAR provisions?

Does your organization have the authority to investigate NOCLAR or suspected NOCLAR that is reported to it and take any necessary action?

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law and regulation perceived to be effective? Please explain your response.

Has your organization observed any trend in instances of NOCLAR reported or escalated? If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

Based on your organization's observations, has the application of the local NOCLAR provisions been effective in deterring the commission of NOCLAR, or rectifying, remediating or mitigating the consequences of NOCLAR? (Please explain the basis for your response and provide any relevant details including any supporting materials or reports)

Has your organization observed any challenges in the application of the local NOCLAR provisions? (Please provide details, including specific provisions that caused particular

challenges and why, as well as any action taken to address them)

Has your organization observed any trends where professional accountants or accounting firms your organization oversees encountered NOCLAR or suspected NOCLAR but did not apply the local NOCLAR provisions in whole or in part?

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions, or on matters of translation)?

8. (untitled)

Has your firm implemented global, regional or local policies and methodologies that adopt the NOCLAR provisions of the Code (IESBA NOCLAR provisions) or the locally adopted version of the IESBA NOCLAR provisions, as applicable? (Please choose the most representative answer)

If you have answered (a), (b) or (c), were the IESBA NOCLAR provisions translated into the local NOCLAR provisions? If yes, please indicate the language of translation.

This question is for global networks.

Where an individual firm is part of a global network and the network has adopted the IESBA NOCLAR provisions, how are these provisions implemented across network firms in the following situations:

What guidance or educational materials has your firm or network issued, or what programs has your firm or network developed, to support understanding of the NOCLAR policies and methodologies of the firm or network? (Select all that apply and provide links)

If your firm is part of a network, does the network provide guidance to network firms in the application of the network’s NOCLAR policies and methodologies? (Select all that apply)

Do audit partners and staff within your firm have an overall understanding of your firm's NOCLAR policies and methodologies? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its audit personnel)

Do non-audit partners and staff within your firm have an overall understanding of your firm's NOCLAR policies and methodologies? (Please explain the basis for your response, including how your organization evaluates the overall understanding of the local NOCLAR provisions by its non-audit personnel)

Have you or your firm encountered any NOCLAR or suspected NOCLAR (i) at a client, or (ii) within the firm?

Have you or your firm observed any trend in instances of NOCLAR reported or escalated?

If so, please describe the trend and indicate the period for which this trend has been observed, as well as the general nature of the NOCLAR commonly observed.

What benefits have you or your firm experienced as a result of the implementation of its NOCLAR policies and methodologies? (Please explain the basis for your response, e.g., do partners and staff feel better equipped to hold a conversation on a NOCLAR matter with their client; the standard helpful in guiding partners and staff as to how to respond to a NOCLAR or suspected NOCLAR matter?)

Which aspects of the IESBA NOCLAR provisions or the local NOCLAR provisions has your firm found most challenging to apply when responding to a NOCLAR or suspected NOCLAR? (Please provide details, including whether the challenges were for (i) audit partners and staff, and (ii) non-audit partners and staff)

Has your firm's whistleblowing policy been used by personnel within the firm to respond to a NOCLAR or suspected NOCLAR? If so, why was this used instead of escalating the matter to a supervisor or above? (Please provide details (information provided may be anonymized))

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or

regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law and regulation perceived to be effective? (Please explain your response)

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on matters of translation)?

9. (untitled)

What guidance or educational materials have you received or accessed on the local NOCLAR provisions? (Select all that apply and provide links)

From which organizations have you received guidance or educational materials on the local NOCLAR provisions? (Select all that apply)

Do you have access to guidance on the application of the local NOCLAR provisions if you seek such assistance, e.g., in dealing with a NOCLAR or suspected NOCLAR? (Select all that apply)

Which specific provisions in the local NOCLAR provisions have you inquired or raised questions about? (Please provide details)

Has your employing organization made changes to its governance mechanisms, ethics policies and procedures, or internal code of conduct in response to the issuance of the local NOCLAR provisions?

Do you have an overall understanding of the local NOCLAR provisions?

Have you encountered any NOCLAR or suspected NOCLAR in your work?

What benefits have you experienced as a result of the application of the local NOCLAR provisions? (Please explain the basis for your response, e.g., you feel better equipped to hold a conversation on a NOCLAR matter with management or those charged with governance of your employing organization; the standard was helpful in guiding you as to how to respond to a NOCLAR or suspected NOCLAR matter?)

Which of the local NOCLAR provisions have you found most challenging to apply when responding to a NOCLAR or suspected NOCLAR? (Please provide details)

Have you used your employing organization's whistleblowing policy in responding to a NOCLAR or suspected NOCLAR? If so, why did you use this whistleblowing policy instead of escalating the matter to a supervisor or above? (Please provide details (information provided may be anonymized))

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? Please provide details.

If yes, is the protection under the relevant law and regulation perceived to be effective? Please explain your response.

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions (including on any benefits arising from using the local NOCLAR provisions)?

10. (untitled)

This section refers to the "local NOCLAR provisions" issued by the local professional accountancy organization, a regulator or the local standard setter responsible for promulgating ethics standards for PAPPs and/or PAIBs, where those local provisions are

based on the NOCLAR provisions in the IESBA Code. Has implementation of the local NOCLAR provisions enhanced your confidence in professional accountants and accounting firms responding to NOCLAR or suspected NOCLAR? (Please explain your response)

From your perspective, what further efforts should IESBA pursue to enhance the effectiveness of implementation of the IESBA NOCLAR provisions globally? (Please explain your response)

In your jurisdiction, does legislation or regulation exist (e.g., under whistleblowing laws or regulations) that provides protection from civil, criminal, or professional liability, or from retaliation, when NOCLAR or suspected NOCLAR is disclosed to an appropriate authority? (Please provide details)

If yes, is the protection under the relevant law or regulation perceived to be effective? (Please explain your response)

Do you have any other comments or specific matters the IESBA should consider as part of this PIR on the IESBA NOCLAR provisions?