IFIAR 2026 Member Profile – FSA/CPAAOB

1. Jurisdiction	**1.1 Insert the name of the jurisdiction in English:** Japan
2. Member[1]	**2.1 Insert the name of the Member, both in the local language and in English:** 金融庁 Financial Services Agency (FSA) 公認会計士・監査審査会 Certified Public Accountants and Auditing Oversight Board (CPAAOB)
	2.2 Include relevant contact information, including postal address, telephone number(s), a general email address (if any) and a link to the Member's website: 3-2-1 Kasumigaseki, Chiyoda-ku Tokyo 100-8967 Japan The Central Common Government Offices No. 7 Email: equestion@fsa.go.jp Website: http://www.fsa.go.jp/en/index.html http://www.fsa.go.jp/cpaaob/english/index.html
	2.3 Include the basis for establishment of the Member, as well as the legislation or regulations which provide the Member the authority/mandate with respect to audit regulation. Please describe with an appropriate level of detail the mission and responsibilities of the Member with respect to audit regulation: **CPAAOB** The Certified Public Accountants and Auditing Oversight Board (CPAAOB), an independent regulatory body (Council) established within the Financial Services Agency (FSA) in April 2004. The mission of the CPAAOB is to further enhance the quality and effectiveness of the auditing process, and to ensure the fairness and transparency of the Japanese capital market by fulfilling the following statutory responsibilities, thereby contributing to the enhancement of investor confidence.

[1] In the case where there are two or more regulators from the same jurisdiction that have been approved according to Section 2.3 of the IFIAR Charter, they together are considered as one Member. In that case, regulators are requested to include information for both organizations in the Member Profile.

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- <u>Responsibilities of the CPAAOB</u>

1. Reviews of “Quality Control Review” by the JICPA (the Japanese Institute of Certified Public Accountants), inspections of audit firms, CPAs, and the JICPA, and recommendation of administrative actions and other measures to the FSA.
2. Deliberation of disciplinary actions against CPAs and audit firms.
3. Implementation of CPA examinations.

<u>FSA</u>

The Financial Services Agency (FSA) is a government agency and responsible for (i) ensuring the stability of the financial system; (ii) protecting the users of financial instruments and services, such as depositors, insurance policy holders, investors and the like; and (iii) facilitating the smooth function of financial services. In order to meet these responsibilities, the FSA has function of planning and policy making, inspection and supervision for financial system including banking, securities and insurance market.

- <u>Responsibilities of the FSA with respect to audit regulation</u>

1. Planning and policy making for CPA systems.
2. Supervision of audit firms and taking administrative actions.

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2.4 Please indicate whether the Member has responsibility for the following tasks within the area of Audit Oversight:

☑ **Licensing***(FSA)*
☑ **Registration** *(FSA)*
☑ **Audit and/or Ethics Standard Setting** *(FSA)*
☑ **Permanent Education / Continous Training of Auditors** *(FSA)*
☑ **Inspection** *(CPAAOB)*
☑ **Enforcement** *(FSA)*
☑ **Other: _** *CPA examination_(CPAAOB)***_**

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<tr><td>3. Governing Body Composition and members</td><td>

3.1 Describe with an appropriate level of detail the current composition of the Member’s governing body, including, where possible, the names, the organization they represent (if any) and brief backgrounds of the governing body members, or provide a link to a page on your website where this information is provided.

<table>
<tr><th colspan="3">Composition of the CPAAOB (as of June 2026)</th></tr>
<tr><td>Chairperson (full-time)</td><td>Mr. AOKI Masaaki</td><td>Former Professor,
Graduate School of Economics and Management,
Tohoku University Accounting School
Professor Emeritus, Tohoku University</td></tr>
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Commissioner (full-time)	Mr. KANIE Akira	Former Professor, Graduate School of Professional Accountancy, Aoyama Gakuin University Professor Emeritus, Hokkaido University
Commissioner (part-time)	Mr. INO Takaaki	Partner, PricewaterhouseCoopers Japan LLC
	Ms. UEDA Ryoko	Visiting Professor, Graduate School of Management, Kyoto University
	Mr. KAWAMURA Yoshinori	Professor, Faculty of Commerce, Waseda University
	Ms. KOBU Kaoru	Head of ESG, Japanese Equity Investment, Invesco Asset Management JAPAN Ltd
	Mr. SHIOTANI Kimiro	Former Chairperson, Japan Audit & Supervisory Board Members Association
	Ms. TAMAI Yuko	Partner, Nagashima Ohno & Tsunematsu
	Ms. CHIBA Michiko	Certified Public Accountant
	Ms. MIYAMOTO Sachiko	Senior Fellow, Japan Securities Research Institute

The above members※ are from the 8th term of CPAAOB(April 2025 to March 2028).
※Ms. Miyamoto was appointed as a Commissioner on June 8, 2025.

The FSA is a government agency led by a Ministerial Team composed of the Minister of State for Financial Services, State Minister and Parliamentary Vice-Minister.

3.2 What are the eligibility criteria / requirements and composition requirements for the members of the governing body? E.g. Does national legislation require representatives on the governing body from certain organizations, or with specific experience, etc.

The CPAAOB is an independent regulatory body (Council) established within the FSA and consists of ten members, i.e. one chairperson, and one full-time and eight part-time commissioners.

The members are appointed by the Prime Minister with the consent of both Houses of the Diet based on the viewpoint that the CPAAOB should be

	comprised of members from a wide range of relevant expertise on a fair and equitable basis in light of eliminating the risk of biased management and ensuring public interest and independence from the professional audit society.
	3.3 Is there a restriction or recusal process that is applicable to members of the governing body of the Member who are current or former auditors/practitioners? **☑ Yes ☐ No** **Does this include a "cooling-off" period for former auditors?** **☐ Yes ☑ No** **If yes to either of the above, please describe:** The members are appointed by the Prime Minister with the consent of both Houses of the Diet based on the viewpoint that the CPAAOB should be comprised of members from a wide range of relevant expertise on a fair and equitable basis in light of eliminating the risk of biased management and ensuring public interest and independence from the professional audit society. Moreover, the members may not participate in a resolution process on a business related to himself/herself on the Board. (Article 40(3) of the CPA Act)
4. Independence safeguards	**4.1 Please describe the national independence requirements for the governing body and its members, and legal or regulatory requirements/provisions in place that safeguard their independence from the audit profession.** Under the CPA Act, members of the governing body of CPAAOB are to exercise their authority independently (Article 35-2). In order to ensure this independence and to prevent undue influence from outside including the audit profession, the members may not participate in a resolution on a business related to themselves (Article 40(3)), and there are also provisions on the method of appointment (Article 37-2), guarantee of status (Article 37-4), service principles (Article 37-6), and remuneration (Article 37-7). **Are employees of the Member covered by the same or separate set of independence requirements?** **☐ Same set of requirements ☑ Different set of requirements** **If there are separate independence requirements for employees, please describe:**

	All employees are subject to the independence requirements of the National Public Service (NPS) Act and the NPS Ethics Act. Specific examples of independence requirements include the requirement to perform the duties fairly (Article 96(1) of the NPS Act and Article 3 of the NPS Ethics Act) and the prohibition of affiliation with and concurrent employment in private enterprise (Article 103(1) of the NPS Act). In addition, the CPAAOB secures prevention of conflicts of interest relating to the inspection activities by composing an inspection team, made up of inspectors who have not had any private commitment (such as working experience) to inspected firms.
	4.2 Are there any additional safeguards in place that provide for the Member's overall independence from the audit profession? E.g. through the appointment process, specific Board actions, etc. **☐ Yes ☑ No** **If yes, please describe:**
5. Funding Arrangements	**5.1 Describe the main funding arrangements of the Member, including the setting and approval of the budget:** The FSA's budget including CPAAOB's expenses is funded by the national budget and is unaffected by any affiliates of the public accounting profession.
	5.2 Is the funding free from undue influence by the profession? **☑ Yes ☐ No** **Please describe with an appropriate level of detail the safeguards in place to prevent undue influence by the profession:** The FSA's budget including CPAAOB's expenses is funded by the national budget and is unaffected by any affiliates of the public accounting profession.
6. Audit Market	**6.1 Provide the number of audit firms subject to inspections. Include an indication of the number of public interest audits (PIEs) and other audits that fall under the Member's oversight or mandate.** A total of 223 domestic audit firms and auditors undertake audits of listed companies as well as other PIE entities such as financial institutions, which are subject to JICPA quality control review. Among them, 128 audit firms conduct audits of listed companies and are registered as Listed Company Auditors under the Listed Company Auditor Registration System.

	In addition, 7 out of 103 notified foreign audit firms provide audit services to the companies listed on financial instruments exchange markets in Japan.
	6.2 Please describe the sizes (in terms of revenue / number of listed entity clients / number of partners and audit staff / etc. – whichever measure is commonly used and available in your jurisdiction) and market shares of each of the largest audit firms in the Member's jurisdiction. The Big Four firms (Deloitte Touche Tohmatsu, KPMG AZSA, EY ShinNihon and PwC Japan) audit about 58.1% of domestically listed companies on a company-count basis.
7. Inspection System	**7.1 Does the Member have the responsibility for recurring inspections of audit firms undertaking audits of public interest entities (PIEs)?** **☑ Yes ☐ No**
	7.2 Is this responsibility undertaken directly or through oversight of inspection conducted by another organization? **☑ Directly ☑ Through Oversight** **If directly, please describe the responsibility, including the follow-up and reporting process, and the regulatory measures available to be taken as a result of inspections (if described in Question 12 Enforcement, please reference that section for details on such measures).** **If through oversight of another organization, please describe with an appropriate level of detail the other organization, its relation to the Member, its role, and the arrangements for oversight by the Member:** The CPAAOB conducts inspections on audit firms, CPAs and the JICPA. As to inspections on audit firms, the CPAAOB takes into account the results of JICPA's quality control review as explained below. If the results of inspections show that the quality control review was not conducted properly, or CPAs/audit firms did not conform to laws, regulations and standards related to quality control of audits, etc., the CPAAOB Board will recommend that the Commissioner of the FSA take administrative actions and other measures necessary to ensure the proper operation of audit firms, CPAs and the JICPA.
	7.3 Please describe with an appropriate level of detail the requirements and practices regarding the frequency of inspections: The CPAAOB has conducted inspections on the large-sized audit firms annually, which is comprised of biennial full-scope inspection and follow-up inspection in the subsequent year. As to follow-up inspections, remedial measures are primarily examined through collection of reports, and on-site follow-up inspections may be conducted when necessary.

	On the mid-tier audit firms, the CPAAOB conducts regulatory inspection once every two years from mid-2025 in principle. Since the CPA Act requires the JICPA to review the status of the operation of audit and attestation services provided by its members, the JICPA established its bylaws to conduct its quality control review once every three years in principle. The JICPA is also required under the CPA Act to report the results of the quality control review to the CPAAOB periodically or as necessary. In practice, the CPAAOB obtains monthly reports from the JICPA.
	7.4 Does the Member have its own inspection staff, use reviewers from the professional body or sub-contract to third parties, independent contractors, etc. for the conduct of inspections? Please tick the boxes that apply: *(multiple responses allowed) Note that there is no need to tick a box if non-employee reviewers are used very occasionally and are not a core staffing approach.* **☑ Employees of the Member** **☐ Professional body** **☐ Third Parties** **☐ Other** **Please explain below:** Inspections of CPAAOB are exclusively conducted by its own staff.
8. Licensing	**8.1 If the Member has the responsibility for Licensing, please indicate whether this responsibility is undertaken directly or through oversight of Licensing conducted by another organization?** **☑ Directly** **☐ Through Oversight** **If directly, please describe the responsibility, including any changes, with an appropriate level of detail.** **If through oversight, please indicate the name of the other organization and its composition. Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures.** The FSA has the responsibility for licensing of CPAs.
9. Registration	**9.1 If the Member has the responsibility for Registration, please indicate whether this responsibility is undertaken directly or through oversight of Registration conducted by another organization?** **☑ Directly** **☑ Through Oversight** **If directly, please describe the responsibility, including any changes, with an appropriate level of detail.**

	If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedure applied, as well as the role of the Member in these procedures. The FSA oversees CPA registration process conducted by the JICPA. The FSA manages registries of limited liability audit firms and notifications of foreign audit firms.
10. Audits and/or Ethics Standard Setting	**10.1 If the Member has the responsibility for <u>Audit and/or Ethics Standard Setting</u>, please indicate whether this responsibility is undertaken directly or through oversight of Audit and/or Ethics Standard Setting conducted by another organization?** **☑ Directly ☐ Through Oversight** **If directly, please describe the responsibility, including any changes, with an appropriate level of detail.** **If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.** The Business Accounting Council, which is established within the FSA, sets auditing standards.
11. Permanent Education / Continuous Training of Auditors	**11.1 If the Member has the responsibility for <u>Permanent Education / Continuous Training of Auditors</u>, please indicate whether this responsibility is undertaken directly or through oversight of Permanent Education / Continuous Training of Auditors conducted by another organization?** **☑ Directly ☑ Through Oversight** **If directly, please describe the responsibility, including any changes, with an appropriate level of detail.** **If through oversight, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the powers of the other organization and procedures applied, as well as the role of the Member in these procedures.** Based on the CPA Act, the CPAAOB implements the CPA Examinations every year for the purpose of determining whether a person has the necessary knowledge and applied skills to become a CPA.

	The CPA Act requires CPAs to take a continuing education and training (CPD: Continuing Professional Development) by the JICPA and to earn certain credits every business year. The JICPA summarizes the implementation status of the CPD and reports it to the FSA.
12. Enforcement	**12.1 If the Member has the responsibility for Enforcement, please indicate whether this responsibility is undertaken directly or through referral to other organization(s)?** **☑ Directly ☐ Through Referral** **If directly, please describe the responsibility and procedures applied (including investigations, disciplinary actions or sanctions), as well as the reporting process for disciplinary action.** **If through referral, please indicate the name of the other organization and its composition (i.e. whether practitioners from the audit profession are involved in decision-making). Also, give a description of the enforcement powers of the other organization and procedures applied, as well as the role of the Member in these procedures.** The FSA may carry out necessary investigations if the FSA considers that a fact exists that may lead to an enforcement action. The FSA is authorized to take enforcement actions based on the results of investigations and/or the recommendations by the CPAAOB after the inspections.
13. Other Responsibilities in Audit Oversight or Audit Regulation	**13.1 If the Member has the responsibility for other tasks within the area of Audit Oversight or Audit Regulation, please describe with an appropriate level of detail:** N/A
14. Main Other Responsibilities of the Member outside the area of Audit Oversight or Audit Regulation	**14.1 Please describe with an appropriate level of detail, the responsibility of the Member for tasks outside the area of audit oversight or audit regulation such as supervision of financial reporting or securities regulation:** The FSA is an integrated regulator and has responsibilities outside of audit oversight.
15. Member Update for public information (if any)	**15.1 Are there any major news, activities, events or updates (on audit matters, the Member's organization, the governing legislation or the authority/responsibilities) that you wish to keep the public informed of since completing last year's Member Profile?** **☑ Yes ☐ No** **If yes, please describe these changes with an appropriate level of detail:** November 7, 2025

	The CPAAOB published the English version of the 2025 Monitoring Report, which describes matters such as the results of the CPAAOB monitoring activities in Program Year 2024. https://www.fsa.go.jp/cpaaob/english/oversight/20251107/20251107.html


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