

# Ordinance on Professional Accountancy Education Program

(Cabinet Office Ordinance No. 106 of December 22, 2005)

Pursuant to the provisions of Article 16 of the Certified Public Accountants Act (Act No. 103 of 1948), a Cabinet Office Ordinance revising the entire Rules on Professional Accountancy Education Program for Accountant Assistants, etc. (Certified Public Accountants Management Committee Rule No. 5 of 1950) is established as follows.

(Application for Certification of a Professional Accountancy Education Program Body, etc.)

- Article 1 (1) A person who intends to obtain certification of a Professional Accountancy Education Program Body, etc. (hereinafter referred to as a "Professional Accountancy Education Program Body, etc.") prescribed in Article 16, paragraph (1) of the Certified Public Accountants Act (hereinafter referred to as the "Act") must submit a certification application form using Form 1 to the Commissioner of the Financial Services Agency through the director general of the local finance bureau having jurisdiction over the location of the principal office of such body or institution (hereinafter referred to as a "Body, etc.") (or, if such location is within the jurisdictional district of Fukuoka Local Finance Branch Bureau, the director general of Fukuoka Local Finance Branch Bureau; the same applies hereinafter), and a copy thereof to the director general of such local finance bureau.
- (2) Matters to be specified by a Cabinet Office Ordinance prescribed in Article 16, paragraph (2) of the Act are the following:
- (i) location of the principal office of the applicant;
  - (ii) name of the applicant;
  - (iii) the director general of the local finance bureau having jurisdiction over the location of the principal office of the applicant.
- (3) Documents to be specified by a Cabinet Office Ordinance as prescribed in Article 16, paragraph (2) of the Act are the following:
- (i) regulations concerning the professional accountancy education program (which means the professional accountancy education program prescribed in Article 16, paragraph (1) of the Act; the same applies hereinafter) (hereinafter referred to as the "Professional Accountancy Education Program Regulations");
  - (ii) register containing the representative, the person responsible for the professional accountancy education program, and the persons engaged in the

- professional accountancy education program (which is to state their addresses, names and brief backgrounds);
- (iii) constitution (which means a constitution as prescribed in Article 44 (1) of the Act), articles of incorporation or an act of endowment;
  - (iv) certificate of registered matters;
  - (v) inventories of property or balance sheets pertaining to the business year prior to the business year in which the date of application falls (or, for a Body, etc. established during the business year in which the date of application falls, inventories of property at the time of establishment);
  - (vi) document describing the status of the main audit client company, etc. (which means the audit client company, etc. prescribed in Article 7, paragraph (1), item (i) of the Order for Enforcement of the Certified Public Accountants Act (Cabinet Order No. 343 of 1952));
  - (vii) document pledging that the applicant does not fall under either item (vii) or (viii) of Article 4;
  - (viii) if there are already persons who wish to be enrolled in the professional accountancy education program, the register of such persons.

(Contents of Professional Accountancy Education Program)

Article 2 (1) The professional accountancy education program must be conducted in relation to the following matters:

- (i) theory and practice of accounting;
  - (ii) theory and practice of auditing;
  - (iii) theory and practice of management;
  - (iv) theory and practice of taxes;
  - (v) theory and practice of computers;
  - (vi) legislation and professional ethics concerning services of certified public accountants.
- (2) The professional accountancy education program concerning the matters listed in the preceding paragraph is to be conducted with due consideration to international trends.

(Method, etc. of Professional Accountancy Education Program)

Article 3 (1) The professional accountancy education program must be conducted by the methods listed in the following items:

- (i) lectures on practice and practical seminars;
- (ii) tests;
- (iii) project research;
- (iv) the final test conducted by a body (which is referred to as the "certified public accountant body" in Article 7) organized by certified public accountants specified by the Commissioner of the Financial Services Agency

- (which is referred to as the "final test" in Articles 7 and 8).
- (2) A Professional Accountancy Education Program Body, etc. must, when it conducts the professional accountancy education program by a method listed in each of the following items, use such method for the number of credits specified in the respective item. In this case, with regard to the method of calculation of credits for the professional accountancy education program by the method listed in item (i), as a rule, one hour is regarded as one credit:
- (i) lectures on practice and practical seminars: 360 credits;
  - (ii) tests: 100 credits;
  - (iii) project research: 60 credits.
- (3) A Professional Accountancy Education Program Body, etc. must conduct at least ten tests set forth in item (ii) of paragraph (1) and six cases of project research set forth in item (iii) of the same paragraph.
- (4) A Professional Accountancy Education Program Body, etc. must, when it provides the professional accountancy education program by the method listed in each of the following items, require, as a requirement for the completion of the professional accountancy education program, a trainee (which means a trainee prescribed in Article 16, paragraph (6) of the Act; the same applies hereinafter) to acquire the number of credits prescribed in each such item or more:
- (i) lectures on practice and practical seminars: 270 credits;
  - (ii) tests: 60 credits;
  - (iii) project research: 36 credits.
- (5) A Professional Accountancy Education Program Body, etc. must require, as a requirement for the completion of the professional accountancy education program, a trainee to take at least ten tests set forth in item (ii) of paragraph (1) and at least six cases of project research set forth in item (iii) of the same paragraph.
- (6) A Professional Accountancy Education Program Body, etc. may, upon prescribing in its Professional Accountancy Education Program Regulations, reduce, from the number of credits prescribed in paragraphs (2) and (4), the number of credits for the subjects corresponding to the subjects listed in each item of Article 2, paragraph (1) taken by a trainee at a professional graduate school (limited to such university that purports to cultivate academic knowledge and ability necessary for accounting professionals) offering lectures, etc. (which means the methods set forth in items (i) to (iii) of paragraph (1)) of a content found to be equivalent to or higher than those offered by said Professional Accountancy Education Program Body, etc. (limited to those offered by the method listed in paragraph (1), item (i) or (iii) and those related thereto offered by the method listed in item (ii) and for which credits have been acquired). In this case, the Professional Accountancy Education Program Body,

etc. must have the trainee submit a transcript issued by such professional graduate school or any other document certifying the acquisition of credits to confirm such number of credits.

(7) A Professional Accountancy Education Program Body, etc. may permit a person who has the necessary knowledge and experience of the matters listed in each item of Article 2, paragraph (1) to take the professional accountancy education program by the methods listed in paragraph (1), items (i) and (iii).

(8) A Professional Accountancy Education Program Body, etc. must, to ensure proper and reliable implementation of the professional accountancy education program, prepare books, state in such books the dates of lectures, etc. (which means those by the methods set forth in each item of paragraph (1)), trainees and other matters related to the professional accountancy education program, and store such books for a period until the trainees are registered in the certified public accountants' register prescribed in Article 17 of the Act after the completion of the professional accountancy education program, or for ten years after the completion of the professional accountancy education program, whichever is longer.

(9) The books set forth in the preceding paragraph may be prepared as electromagnetic records (which means records that are made in an electronic form, magnetic form, or any other form that cannot be perceived by human beings to be provided for use in information processing by computers).

(10) A Professional Accountancy Education Program Body, etc. must, in recognizing credits, endeavor to make a proper judgment.

(Standards for Certification of a Professional Accountancy Education Program Body, etc.)

Article 4 The Commissioner of the Financial Services Agency must not grant certification for a Professional Accountancy Education Program Body, etc. unless an application pursuant to the provisions of Article 1, paragraph (1) conforms to the following standards:

(i) the applicant has facilities in which services of a Professional Accountancy Education Program Body, etc. may be fairly and appropriately executed and has sufficient social credibility;

(ii) the person responsible for the professional accountancy education program and the persons engaged in the professional accountancy education program are certified public accountants for whom a total of three years has elapsed since their registration of commencement of business prescribed in Article 1, item (i) of the Ordinance on Registration of Certified Public Accountants, etc. (Ordinance of the Ministry of Finance No. 8 of 1967) was effected, and who have actually engaged in auditing and attesting services in relation to the financial documents of two or more corporations;

- (iii) the Professional Accountancy Education Program Regulations established by the applicant satisfy the requirements prescribed in Articles 2 and 3 and are proper for the fair and appropriate implementation of the professional accountancy education program;
- (iv) the amount of the fee for the professional accountancy education program is an amount that is found to be appropriate;
- (v) the services offered by the applicant other than the professional accountancy education program are not likely to interfere with the fair and appropriate implementation of the professional accountancy education program;
- (vi) the applicant has the necessary financial means to appropriately provide the professional accountancy education program;
- (vii) none of the representative, the person responsible for the professional accountancy education program, or the person engaged in the professional accountancy education program of the applicant has been sentenced to a fine or heavier punishment for violation of a provision of law, without two years having elapsed since the execution of the sentence was completed or since the person was no longer subject to the execution of the sentence;
- (viii) the certification of the applicant has not been revoked pursuant to the provisions of Article 16, paragraph (5) of the Act, without two years having elapsed since the day of such revocation.

(Notice, etc. of Certification of Professional Accountancy Education Program Body, etc.)

- Article 5 (1) The Commissioner of the Financial Services Agency, when an application is made pursuant to the provisions of Article 1, paragraph (1), reviews, without delay, as to whether or not the application conforms to the standards prescribed in the preceding Article.
- (2) The Commissioner of the Financial Services Agency, when granting certification of a Professional Accountancy Education Program Body, etc. as a result of the review set forth in the preceding paragraph, notifies the applicant and the director general of the local finance bureau through which the submission was made as set forth in Article 1, paragraph (1), and gives public notice through the Official Gazette, to that effect.
  - (3) The Commissioner of the Financial Services Agency, when not granting certification of a Professional Accountancy Education Program Body, etc. as a result of the review set forth in paragraph (1), notifies the applicant and the director general of the local finance bureau through which the submission was made as set forth in Article 1, paragraph (1) to that effect.
  - (4) The Commissioner of the Financial Services Agency, when revoking certification of a Professional Accountancy Education Program Body, etc.

pursuant to the provisions of Article 16, paragraph (5) of the Act, notifies said Professional Accountancy Education Program Body, etc. and the director general of the local finance bureau having jurisdiction over the location of the principal office of said Professional Accountancy Education Program Body, etc., and gives public notice through the Official Gazette, to that effect.

(Change of Professional Accountancy Education Program Regulations, etc.)

- Article 6 (1) A Professional Accountancy Education Program Body, etc. must, when it intends to change its Professional Accountancy Education Program Regulations, submit a document stating to that effect in advance to the Commissioner of the Financial Services Agency through the director general of the local finance bureau having jurisdiction over the location of the principal office of said Professional Accountancy Education Program Body, etc., and a copy thereof to said director general of the local finance bureau.
- (2) A Professional Accountancy Education Program Body, etc. must, when it intends to change its location, name, representative, person responsible for the professional accountancy education program or persons engaged in the professional accountancy education program, submit a document stating to that effect in advance to the Commissioner of the Financial Services Agency through the director general of the local finance bureau having jurisdiction over the location of the principal office of said Professional Accountancy Education Program Body, etc., and a copy thereof to said director general of the local finance bureau.

(Final Test)

- Article 7 (1) The final test is to be conducted to confirm whether or not the entire content of the professional accountancy education program prescribed in Article 2 is properly understood.
- (2) The final test may be taken when a trainee has completed the entire course by the methods set forth in Articles 3, paragraph (1), items (i) to (iii) at the relevant Professional Accountancy Education Program Body, etc., and has acquired at least the required number of credits prescribed in paragraph (4) of the same Article.
- (3) A person who intends to take the final test must apply therefor to a certified public accountant body by submitting a document issued by the relevant Professional Accountancy Education Program Body, etc. certifying that the requirements set forth in the preceding paragraph are met.
- (4) The final test is conducted in relation to the following matters:
- (i) theory and practice of accounting;
  - (ii) theory and practice of auditing;
  - (iii) theory and practice of management (including theories concerning

- computers);
- (iv) theory and practice of taxes;
- (v) legislation and professional ethics concerning services of certified public accountants.
- (5) The final test is conducted at least once a year.
- (6) The amount of the fee for the final test must be an amount that is found to be appropriate.
- (7) A certified public accountant body issues to a person who has passed the final test a document certifying that the person has passed the final test, and a copy of the document certifying that the person has passed the final test to the Professional Accountancy Education Program Body, etc. from which the person is taking the professional accountancy education program.
- (8) In addition to what is provided for in this Article, the necessary matters concerning the final test are prescribed by a certified public accountant body.
- (9) The Commissioner of the Financial Services Agency may, when finding that the content, methods and other matters of the final test are not proper, to ensure appropriate implementation of the final test, provide necessary instructions.

(Reporting of Completion of Professional Accountancy Education Program)

- Article 8 (1) A Professional Accountancy Education Program Body, etc. must, when a trainee has passed the final test and completed all courses by the methods set forth in each item of Article 3, paragraph (1) at said Professional Accountancy Education Program Body, etc., prepare, without delay, a professional accountancy education program completion report using Form 2, and submit it to the Commissioner of the Financial Services Agency through the director general of the local finance bureau having jurisdiction over the location of the principal office of said Professional Accountancy Education Program Body, etc., and a copy thereof to said director general of the local finance bureau.
- (2) In the case of Article 10, a professional accountancy education program completion report pursuant to the provisions of the preceding paragraph is to have attached a document stating the reasons therefor.

(Confirmation of Completion of Professional Accountancy Education Program)

- Article 9 The Commissioner of the Financial Services Agency must, when confirming pursuant to the provisions of Article 16, paragraph (7) of the Act, notify the relevant trainee through the director general of the local finance bureau prescribed in the preceding Article of the confirmation number. In this case, the notice to the trainee may be given through the Professional Accountancy Education Program Body, etc. after going through the director

general of the local finance bureau.

(Combining of Credits of Professional Accountancy Education Programs)

Article 10 Only if a trainee is unable to take the professional accountancy education program continuously from the same Professional Accountancy Education Program Body, etc. due to revocation of certification of such Professional Accountancy Education Program Body, etc. pursuant to the provisions of Article 16, paragraph (5) of the Act or other unavoidable reasons, the trainee may, in calculating credits, combine credits acquired from such Professional Accountancy Education Program Body, etc. with credits acquired by taking the professional accountancy education program offered by another Professional Accountancy Education Program Body, etc.

(Standard Processing Time)

Article 11 (1) The Commissioner of the Financial Services Agency is to, within one month after arrival at the director general of the local finance bureau of an application pursuant to the provisions of Article 1, paragraph (1) or a report pursuant to the provisions of Article 8, paragraph (1), endeavor to render or give the disposition related to such application or a notice pursuant to the provisions of Article 9.

- (2) The period prescribed in the preceding paragraph is not to include the following periods:
- (i) the period necessary to correct the application or report;
  - (ii) the period necessary for the person who submitted the application or report to change the content of the application or report;
  - (iii) the period necessary for the person who submitted the application or report to add materials that are found to be necessary for a review related to the application or report.