

Cabinet Office Ordinance on Foreign Audit Firms

(Cabinet Office Ordinance No. 9 of March 14, 2008)

Pursuant to the provisions of Articles 34-35, paragraph (1), 34-36, 34-37, paragraph (1), and 34-38, paragraph (3) of the Certified Public Accountants Act (Act No. 103 of 1948) and to implement the Act, the Cabinet Office Ordinance on Foreign Audit Firms is established as follows.

(Attaching of Translation)

Article 1 When any of the documents to be submitted to the Commissioner of the Financial Services Agency pursuant to the provisions of Chapter 5-4 of the Certified Public Accountants Act (hereinafter referred to as the "Act") cannot be stated in the Japanese language owing to special circumstances, a translation thereof must be attached thereto; provided, however, that this does not apply to documents that are attached pursuant to the provisions of Article 34-36, paragraph (2) of the Act (limited to those written in the English language).

(Notification)

Article 2 A person who intends to give a notification (hereinafter referred to as a "Notifier") pursuant to the provisions of Article 34-35, paragraph (1) of the Act must prepare two copies of the written notification prescribed in Article 34-36, paragraph (1) of the Act using appended Form 1 and submit them with two copies of the documents prescribed in paragraph (2) of the same Article to the Commissioner of the Financial Services Agency.

(Agent)

Article 3 A Notifier must appoint a person (hereinafter referred to as an "Agent") who has a domicile in Japan and the power to represent the Notifier in relation to all acts related to the notification pursuant to the provisions of Article 34-35, paragraph (1) of the Act.

(Matters to Be Stated in a Written Notification)

Article 4 (1) Matters to be specified by a Cabinet Office Ordinance prescribed in Article 34-36, paragraph (1), item (v) of the Act are the following matters:

- (i) if the Notifier is a corporation, the date of establishment of such corporation and the name of the country that enacted laws and regulations which governed the establishment of the juridical person;
- (ii) if the Notifier is an individual belonging to a corporation, the name and

- location of the principal office of the corporation;
- (iii) name and location of the principal office of a foreign company, etc. (which means a person who submits the financial documents of a foreign company, etc. (which means the financial documents of a foreign company, etc. prescribed in Article 34-35, paragraph (1) of the Act; the same applies hereinafter)) for which the Notifier will provide services that are found to correspond to auditing and attesting services (which means services set forth in Article 2, paragraph (1) of the Act; the same applies hereinafter) in relation to the financial documents of such foreign company, etc.
- (2) If the Notifier is a partnership or any other similar business entity, the matters listed in Article 34-36, paragraph (1) of the Act, the preceding Article and the following Article are to be stated in accordance with the case of a corporation.

(Matters to Be Stated in Attached Documents)

Article 5 (1) Matters to be specified by a Cabinet Office Ordinance prescribed in Article 34-36, paragraph (2) of the Act are the following matters; provided, however, that with regard to the matters listed in item (iii), sub-item (a) or (c), when it is stated to the effect that information which has been made available to be viewed by the public using the internet by an administrative organ or other organization equivalent thereto having jurisdiction (hereinafter referred to as an "administrative organ, etc." in this Article), in the country where the principal office of the Notifier is located, over the person engaged in the services that are found to correspond to auditing and attesting services, or other information that is found by the Commissioner of the Financial Services Agency to be appropriate, should be referred to, such matter is deemed to have been stated:

- (i) articles of incorporation and certificate of registered matters or any item equivalent thereto;
- (ii) name and background of any person executing services that are found to correspond to auditing and attesting services in relation to the financial documents of a foreign company, etc., who supervises the relevant affairs (including matters related to acquiring qualifications certifying that the person in question is a professional on auditing and accounting);
- (iii) an outline of the audit system in the country where the Notifier's principal office is located (including the following matters):
 - (a) contents of audit standards and other audit systems;
 - (b) name and location of the administrative organ, etc.;
 - (c) contents of the system related to supervision by the administrative organ, etc. over persons engaged in services that are found to correspond to auditing and attesting services.

- (iv) items by which the fact that the Notifier is a person who complies with relevant laws and regulations and executes services that are found to correspond to auditing and attesting services appropriately can be confirmed;
- (v) matters related to the status of services of the Notifier (including the following matters):
 - (a) contents of the services (including the status of the services that are found to correspond to auditing and attesting services and other services);
 - (b) status of operation of services (including the following matters):
 - 1. status of service quality control (which means service quality control prescribed in Article 34-13, paragraph (3) of the Act);
 - 2. if the Notifier has recently received a review of the status of service quality control by an administrative organ, etc. over a person engaged in services that are found to correspond to auditing and attesting services or any other review equivalent thereto (hereinafter referred to as a "review, etc." in this item) (excluding cases where the Commissioner of the Financial Services Agency approves otherwise in consideration of the fact that a close coordination with such administrative organ, etc. is being ensured or other circumstances), the date and results of such review, etc.
 - (c) status of business alliance (including the following matters):
 - 1. if there is a business alliance in relation to services that are found to correspond to auditing and attesting services with a certified public accountant or an audit corporation, such statement and the contents of such business alliance;
 - 2. if the Notifier belongs to an organization consisting of foreign audit offices, etc. (which means persons who make it their practice to audit or attest financial documents for fees at the request of others in a foreign country in compliance with the laws and regulations of the foreign country) that provides services in two or more countries by using a common business name or by any other means, an outline of such organization (including the names and locations of principal offices of companies and other bodies belonging to such organization (limited to those whose principal office is located in the country where the principal office of the Notifier is located)) and an outline of the arrangement of such organization.
 - (d) the following matters related to the outline of the office (if there are two or more offices, including the following matters for each office):
 - 1. name;
 - 2. location;
 - 3. the number of persons who work at the office (limited to those who have qualifications certifying that they are professionals on auditing and

accounting).

- (vi) if, in relation to services that are found to correspond to auditing and attesting services, the Notifier has received a punishment that corresponds to a fine or heavier punishment pursuant to the laws and regulations of a foreign country or administrative disposition by an administrative organ, etc., or any other disposition similar thereto, such statement and the contents of such punishment, such disposition, or any other disposition similar thereto;
 - (vii) a document certifying that the Notifier has granted the power to represent the Notifier to a person who has a domicile in Japan in relation to all acts related to the notification pursuant to the provisions of Article 34-35, paragraph (1) of the Act.
- (2) If any of the matters prescribed in the preceding paragraph cannot be stated pursuant to the laws and regulations of the country where the principal office of the Notifier is located, the following matter may be stated in lieu of such matter:
- (i) the fact that such matter cannot be stated pursuant to the laws and regulations of the country where the principal office of the Notifier is located and the contents of the laws and regulations supporting such fact;
 - (ii) legal opinions of legal professionals indicating that the matters stated pursuant to the provisions of the preceding item are true and accurate;
 - (iii) if a third party's permission, consent or approval (hereinafter referred to as a "permission, etc." in this item) is required for the statement of such matters, and if such matters cannot be stated as such permission, etc. could not be obtained, the measures taken by the Notifier to obtain such permission, etc. and the reason for not having been able to obtain such permission, etc. even after taking such measures.

(Notification of a Change)

Article 6 A foreign audit firm, etc. (which means a foreign audit firm, etc. prescribed in Article 1-3, paragraph (7) of the Act; the same applies hereinafter) intending to give a notification pursuant to the provisions of Article 34-37, paragraph (1) of the Act must prepare two copies of written notification of a change using appended Form 2 and submit them to the Commissioner of the Financial Services Agency.

(Matters to Be Publicized Where Efforts Have Been Made to Rectify the Matters)

Article 7 Matters to be specified by a Cabinet Office Ordinance prescribed in Article 34-38, paragraph (3) of the Act are the following matters:

- (i) date of publication pursuant to the provisions of Article 34-38, paragraph (2) of the Act and the name of the foreign audit firm, etc. that has received the

- instruction pursuant to the provisions of paragraph (1) of the same Article;
- (ii) contents of the instruction pursuant to the provisions of Article 34-38, paragraph (1) of the Act;
 - (iii) the fact that it is found that efforts have been made to rectify the matters related to the instruction pursuant to the provisions of Article 34-38, paragraph (1,) of the Act and the reasons therefor.

(Notification of Abolition of Services, Etc.)

Article 8 A foreign audit firm, etc. intending to give a notification pursuant to the provisions of Article 34-39, paragraph (1) of the Act must prepare two copies of written notification of abolition of services using appended Form 3 and submit them to the Commissioner of the Financial Services Agency.