



**The Japanese Institute of
Certified Public Accountants**

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IFRS Foundation
30 Cannon Street
London EC4M 6XH
United Kingdom

**Comments on the Proposal to Establish an Accounting Standards
Advisory Forum**

Dear Sir or Madam:

The Japanese Institute of Certified Public Accountants welcomes the opportunity to comment on the *Proposal to Establish an Accounting Standards Advisory Forum* issued in November 2012 (the “proposal”).

We support a strong strategy for using a single set of high-quality, understandable, and enforceable globally-accepted accounting standards throughout the world, and strongly support the objective of the IFRS Foundation set out in the Constitution. We also understand that the ultimate objective of the IFRS Foundation is to realize the adoption of IFRSs worldwide, as described in the *Report of the Trustee’s Strategy Review*.

We agree that, due to the rapid expansion of the use of IFRSs all over the world, it becomes necessary to form a new network of National Standard-Setters (NSS) and other regional bodies involved with accounting standards-setting. However, experiences and achievements that have been realized so far, in developing IFRSs through bilateral relationship with certain NSS, should also be acknowledged, and as such, we expect that some measures would be adopted to avoid adding another layer of complexity, as described in paragraph 4.6, in establishing and operating the proposed Accounting Standards Advisory Forum (the “ASAF”).

Specific comments

Question 1-Do you agree with the proposed commitments to be made by ASAF members (paragraph6.4) and that they should be formalised in a Memorandum of Understanding (paragraph6.5)? Why or why not?

Since the ASAF will be established, in serving the objective of the IFRS foundation, to contribute to the technical work of the IASB based on the profound and productive discussions of the technical issues, we generally agree with the idea of documenting such commitments.

Question 2 – The Foundation believes that, in order to be effective, the ASAF needs to be compact in size, but large enough to allow for an appropriate global representation. Do you agree with the proposed size and composition as set out in paragraphs 6.7-6.13? Why or why not?

We agree with the proposal, however, there is room for improvements, as follows:

- As described in paragraph 6.11, factors for reviewing the membership of the ASAF include technical competence, the scale of the jurisdiction's capital market, the organization's contribution to the IASB's standard-setting process and the scale and degree of the human capital resources available to the organization. In addition to these factors, we recommend that the maturity and the degree of transparency of the capital markets in their respective jurisdictions should also be taken into consideration.
- From the viewpoint of ensuring continued and consistent involvement, we believe that review of the membership of the ASAF every two years (see paragraph 6.11) may be too frequent, and that a longer period should be considered.

In Japan, the voluntary application of IFRSs is allowed, and together with the continuous efforts to increase the number of companies that apply IFRSs, the convergence between Japanese GAAP and IFRSs is in progress. We strongly believe that Japan's accounting standards-setter, the Accounting Standards Board of Japan (the "ASBJ"), has contributed the most in the Asia-Oceania region to the IASB and the development of IFRSs, and will continue to have sufficient ability in the work of setting the global accounting standards.

Yours faithfully,

Keiko Kishigami

Executive Board Member—Accounting Practice (IFRS)

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