

Comparison table for the amendment to the Basic Guidelines on Information Requirements and Inspection on Foreign Audit Firms etc. by the  
Certified Public Accountants and Auditing Oversight Board

(the revised parts are underlined.)

Before revision	After revision
<p>I - II ...</p> <p>III Information Requirements</p> <p>1. Overview of Information Requirements</p> <p>(1) Regular Requirement ...</p> <p>(ii) in relation to the Firms which provide Audit and Attestation Services to the issuers of securities which are listed on a financial instruments exchange in Japan, in addition to the information mentioned in (i) above, (a) information concerning Audit and Attestation Services for companies, etc. listed on a financial instruments exchange in Japan and (b) information concerning operation control system (including manuals regarding quality <u>control</u> system), as specifically set forth in Section VIII B....</p> <p>IV Inspection</p> <p>1. Scope and Manner of Inspection...</p> <p>(2) Manner of Inspection...</p> <p>(ii) by verifying and confirming whether the Firm's Audit and Attestation Services are in compliance with the laws, regulations and standards, mainly, such as, ...</p> <p>(b) auditing standards followed by the Firm in providing the Audit and Attestation Services, such as ISA and <u>ISQC1</u>, and ...</p> <p>(3) Points to be Considered</p> <p>In conducting inspection, the CPAAOB will endeavor to implement an efficient and effective inspection by collecting information on the Firms to be inspected as well as having good communication with them....</p>	<p>I - II ...</p> <p>III Information Requirements</p> <p>1. Overview of Information Requirements</p> <p>(1) Regular Requirement ...</p> <p>(ii) in relation to the Firms which provide Audit and Attestation Services to the issuers of securities which are listed on a financial instruments exchange in Japan, in addition to the information mentioned in (i) above, (a) information concerning Audit and Attestation Services for companies, etc. listed on a financial instruments exchange in Japan and (b) information concerning operation control system (including manuals regarding quality <u>management</u> system), as specifically set forth in Section VIII B....</p> <p>IV Inspection</p> <p>1. Scope and Manner of Inspection...</p> <p>(2) Manner of Inspection...</p> <p>(ii) by verifying and confirming whether the Firm's Audit and Attestation Services are in compliance with the laws, regulations and standards, mainly, such as, ...</p> <p>(b) auditing standards followed by the Firm in providing the Audit and Attestation Services, such as ISA and <u>ISQM1</u>, and ...</p> <p>(3) Points to be Considered</p> <p>In conducting inspection, the CPAAOB will endeavor to implement an efficient and effective inspection by collecting information on the Firms to be inspected as well as having good communication with them, <u>and utilize both online methods (inspections through browsing audit working papers and</u></p>

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<p>3. Advance Notice of Inspection...</p> <p>The CPAAOB will also <u>make a telephone call to the Person Responsible</u> and coordinate with him/her the date for “Explanation of Notable Matters of Inspection” described in paragraph 4.(2) below....</p> <p>4. Points to be Considered regarding Inspection...</p> <p>(3) Language</p> <p>In inspection, Japanese shall be used, while English may also be used for reviewing the status of the Audit and Attestation Service, and the design and operation of the <u>quality control</u> systems, when the Chief Inspector so permits....</p> <p>(6) Interview with Officers and Employees of the Firm</p> <p>The inspector shall verify whether the Firm is in compliance with laws, regulations, standards as well as the Firm’s policies and procedures concerning <u>quality control</u> by examining books, records and other materials and interviewing officers and employees of the Firm, including partners and staff members engaged in the audit....</p> <p>(7) Interview with Top Management of the Firm</p> <p>The Chief Inspector shall conduct an interview with the top management of the Firm regarding the overall business status and high-level policy concerning <u>quality control</u> of the Firm....</p> <p>VII Effective Date</p>	<p><u>holding interviews with partners and employees online) and face-to-face methods when it deems necessary and appropriate...</u></p> <p>3. Advance Notice of Inspection...</p> <p>The CPAAOB will also <u>contact the Person Responsible by phone, etc.</u> and coordinate with him/her the date for “Explanation of Notable Matters of Inspection” described in paragraph 4.(2) below....</p> <p>4. Points to be Considered regarding Inspection...</p> <p>(3) Language</p> <p>In inspection, Japanese shall be used, while English may also be used for reviewing the status of the Audit and Attestation Service, and the design and operation of the <u>quality management</u> systems, when the Chief Inspector so permits....</p> <p>(6) Interview with Officers and Employees of the Firm</p> <p>The inspector shall verify whether the Firm is in compliance with laws, regulations, standards as well as the Firm’s policies and procedures concerning <u>quality management</u> by examining books, records and other materials and interviewing officers and employees of the Firm, including partners and staff members engaged in the audit....</p> <p>(7) Interview with Top Management of the Firm</p> <p>The Chief Inspector shall conduct an interview with the top management of the Firm regarding the overall business status and high-level policy concerning <u>quality management</u> of the Firm....</p> <p>VII Effective Date</p> <p><u>(Revised)</u></p> <p><u>This Guideline will come into effect as of July 1st, 2024 and apply to the inspection with an advance notice (applies to the on-site inspection in the case of no advance notice) since then....</u></p>

Before revision	After revision
<p>VIII Items Subject to Information Requirements (See attached)</p> <p style="text-align: center;">VIII Items Subject to Information Requirements</p> <p>A. Information to be obtained from all Firms</p> <p>I. General information concerning the Firm...</p> <p>3. Information concerning the office(s)</p> <p style="padding-left: 40px;">Only the information concerning the following offices shall be submitted:</p> <p style="padding-left: 80px;">(i) a national office in charge of operation management and quality <u>control</u>, and...</p> <p>II. General information concerning operation, etc. of the Firm</p> <p>1. Information concerning services and operation...</p> <p style="padding-left: 20px;">(2) Information concerning operation...</p> <p style="padding-left: 40px;">(ii) Policies concerning quality <u>control</u> and measures taken to enforce such policies (including <u>(a) Leadership responsibilities for quality within the firm, (b) Professional ethics and independence, (c) Acceptance and continuance of client relationships and specific engagements, (d) Employment, education, training, evaluation and assignment, (e) Engagement performance (including performance of engagement quality control review) and (f) Monitoring of quality control system</u>) ...</p> <p>B. Information to be obtained from the Firms that audit companies, etc. listed on a financial instruments exchange in Japan</p> <p>I. Information concerning Audit and Attestation Services for companies, etc. listed on a financial instruments exchange in Japan...</p>	<p>VIII Items Subject to Information Requirements (See attached)</p> <p style="text-align: center;">VIII Items Subject to Information Requirements</p> <p>A. Information to be obtained from all Firms</p> <p>I. General information concerning the Firm...</p> <p>3. Information concerning the office(s)</p> <p style="padding-left: 40px;">Only the information concerning the following offices shall be submitted:</p> <p style="padding-left: 80px;">(i) a national office in charge of operation management and quality <u>management</u>, and...</p> <p>II. General information concerning operation, etc. of the Firm</p> <p>1. Information concerning services and operation...</p> <p style="padding-left: 20px;">(2) Information concerning operation...</p> <p style="padding-left: 40px;">(ii) Policies concerning quality <u>management</u> and measures taken to enforce such policies (including <u>(a) The firm's risk assessment process, (b) Governance and leadership, (c) Relevant ethical requirements, (d) Acceptance and continuance of client relationships and specific engagements, (e) Engagement performance, (f) Engagement quality control review, (g) Resources, (h) Information and communication and (i) The monitoring and remediation process</u>) ...</p> <p>B. Information to be obtained from the Firms that audit companies, etc. listed on a financial instruments exchange in Japan</p> <p>I. Information concerning Audit and Attestation Services for companies, etc. listed on a financial instruments exchange in Japan...</p>

Before revision	After revision
<p>1. General information concerning engagement team members...</p> <p>(3) Information concerning quality <u>control</u></p> <p>(i) Name of the professional accountant and/or section of the Firm responsible for quality <u>control</u>...</p> <p>II. Information concerning operation control system (including manuals regarding quality <u>control</u> system)</p> <p>1. Names of manuals and guidelines relating to the quality <u>control</u> system (together with the date of the latest amendment) and copies of the manuals and guidelines...</p>	<p>1. General information concerning engagement team members...</p> <p>(3) Information concerning quality <u>management</u></p> <p>(i) Name of the professional accountant and/or section of the Firm responsible for quality <u>management</u>...</p> <p>II. Information concerning operation control system (including manuals regarding quality <u>management</u> system)</p> <p>1. Names of manuals and guidelines relating to the quality <u>management</u> system (together with the date of the latest amendment) and copies of the manuals and guidelines...</p>