

The main types of audit performed by CPAs are as follows.

### **Statutory Audits (Audits Required by Laws and Regulations)**

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- **Audits based on the Financial Instruments and Exchange Act**

Documents related to the financial calculations contained in the securities reports (balance sheets, profit and loss statements, and other statements) submitted by specified securities issuers must receive an audit certification by a CPA or audit corporation (Article 193-2, paragraphs 1 and 2).

- **Audits based on the Companies Act**

Large companies, companies with a board of corporate auditors, and companies with nominating and other committees must retain an accounting auditor (Companies Act articles 327 and 328). Furthermore, any stock company that so designates in its articles of incorporation may retain an accounting auditor.

### **Statutory audits include audits of the following:**

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| • Mutual life insurance companies  | • Public interest incorporated associations and foundations  |
| • Special purpose companies  | • General incorporated associations and foundations  |
| • Investment corporations  | • Consumer cooperative associations  |
| • Limited partnerships for investment  | • The University of the Air Foundation   |
| • Limited liability beneficiary certificate issuing trusts                                 | • Agricultural credit fund associations  |
| • Incorporated schools that receive national or regional public subsidies                  | • The Norinchukin Bank   |
| • Incorporated schools applying for an act of endowment                                    | • Reports on expenses, etc., made using party subsidies based on the Political Party Subsidies Act |
| • Shinkin banks  | • Social welfare corporations  |
| • Credit unions  | • Medical corporations   |
| • Labor banks  | • Virtual currency exchange service providers as specified in the Payment Services Act             |
| • Independent administrative entities  | • Agricultural cooperatives  |
| • Regional independent administrative entities   |  |
| • National university corporations and the Inter-University Research Institute Corporation |  |

### **Non-statutory audits include audits of the following:**

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| • Audits of financial statements of companies not subject to statutory audits | • Special-purpose financial statements |
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### **International audits include audits of the following:**

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| • Companies with shares listed on overseas exchanges or that are applying for such listing | • Overseas branches, subsidiaries, and joint ventures of Japanese companies |
| • Companies that have procured or seek to procure funding overseas                         | • Japanese branches and subsidiaries of overseas companies                  |