

Fourth IPO Liaison Meeting

Listing/New Listings Department, Tokyo Stock Exchange, Inc.
Listing Examination Department, Japan Exchange Regulation

October 8, 2025



Today's Discussion Points

- In light of recent cases of accounting fraud cases (such as those uncovered after initial listings), we would like to hear broad perspectives on relevant issues, future initiatives across different industries, and ideal forms of collaboration between stakeholders in the context of IPOs.

➤ Changing audit firms during listing preparation

- In recent years, the range of audit firms involved in IPOs has broadened, and cases of audit firm changes during preparation for listing have been increasing. However, the replacement (or resignation) of audit firms remains an issue that requires careful scrutiny.
- ⇒ Are there any challenges that need to be addressed to ensure appropriate information sharing and confirmation between the stock exchange, lead managing securities companies, and audit firms regarding the background and details of audit firm changes?

➤ Early detection and prevention of accounting fraud, including circular transactions

- Generally, fraud involving business partners, such as circular transactions, is difficult to detect and often comes to light through information provided by insiders with knowledge of the situation (whistleblowing).
- ⇒ Are there challenges that exchanges, underwriting securities firms, and audit firms should address when appropriately utilizing (collaborating on) information received from external sources?
- ⇒ Furthermore, companies where fraud was uncovered often show evidence of formalized management systems becoming hollow. Are there areas that can be improved through public guidance or examinations?
 - * Examples: Dysfunction in whistleblower systems (no reported cases, reporting channels not fully independent from management)
- The person in charge of preparing for listing also serves as the internal auditor, potentially leading to involvement in or concealment of fraud.

➤ Other

- We welcome your broad input on any issues or areas for improvement beyond those listed above.