

Installment Sales Act

(Act No. 159 of July 1, 1961)

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Chapter I General Provisions

(Purpose and Operational Considerations)

- Article 1 (1) The purpose of this Act is to promote the sound development of transactions related to installment sales, etc., by taking the necessary measures to ensure the fairness of transactions related to installment sales, etc., to prevent damages that purchasers suffer, and to ensure the proper management of credit card numbers, as well as protect the interests of purchasers and achieve smooth distribution of goods and the smooth provision of services, so as to contribute to the development of the national economy.
- (2) In implementing this Act, due consideration must be given to the stability and development of small and medium-sized commercial enterprises that engage in installment sales.

(Definitions)

- Article 2 (1) The term "installment sales" as used in this Act means the following acts:
- (i) the sale of a designated good or designated right, or the provision of a designated service, on the condition that the cost of the good or right will be received from the purchaser, or consideration for the service will be received from the service recipient, in three or more installments over a period of two or more months (including the case where after the purchaser or service recipient makes deposits of money in three or more installments over a period of two or more months with the bank or other person in the business of accepting deposits that is designated by the seller or person in the business of providing services (hereinafter referred to as a "service provider"), the seller or service provider receives payment for the good or right, or consideration for the service out of that deposit); and
 - (ii) the sale of a designated good or designated right, or the provision of a designated service, after issuing or granting a card or other objects, or a number, symbol, or other code that a person can present, notify, or exchange for, in order to purchase goods or rights, or receive paid services (hereinafter referred to as a "card, etc." in this paragraph, the following paragraph, the following Article and Article 29-2), to a person seeking to purchase goods or rights or receive services using such a card, etc. (hereinafter referred to as a "user" in this paragraph, the following paragraph, the following Article, Article 4-2 (including as applied mutatis mutandis pursuant to Article 29-4, paragraph (1)), Article 29-2, and Article 38), on the condition that an amount of money arrived at by a predetermined method of calculation based on the total cost of the goods or rights the user is sold or consideration for services provided to the user when presenting or notifying the card, etc., or in exchange for the card, etc., will be received from the user at regular,

predetermined intervals.

(2) The term "loan-backed sale" as used in this Act means the following acts:

(i) the sale of a designated good or designated right, or the provision of a designated service, after issuing or granting a card, etc. to a user and guaranteeing the obligations of the purchaser or service recipient (including entrusting a person that provides guarantees in the course of trade to guarantee such obligations) in respect of a monetary loan that is made in order to cover the cost of goods or rights the user purchases or the consideration for services the user receives when presenting or notifying the card, etc., or in exchange for the card, etc., on the condition that the loan be repaid in three or more installments over a period of two or more months; and

(ii) the sale of a designated good or designated right or the provision of a designated service upon having the card, etc. presented or notified, or in exchange for the card, etc., after having issued or granted that card, etc. to the user and guaranteed the obligations of the user (including entrusting a person that provides guarantees in the course of trade to guarantee such obligations) in respect of a monetary loan that is made in order to cover the cost of goods or rights the user purchases or the consideration for the services the user receives when presenting or notifying the card, etc., or in exchange for the card, etc., on the condition that the user pay back an amount of money arrived at by a predetermined method of calculation based on the total amount of the borrowings, at regular, predetermined intervals.

(3) The term "intermediation of comprehensive credit purchases" as used in this Act means the following acts:

(i) issuing or granting a card or other object or a number, symbol, or other code that a person can present, notify, or by exchanging it, in order to purchase goods or rights from a specific seller or receive paid services from a specific service provider (hereinafter referred to as "card, etc." in this paragraph, the following paragraph, Articles 30 through 30-2-3, Article 34, and Article 35-16), to a person seeking to purchase goods or rights, or receive services using such a card, etc. (hereinafter referred to as a "user" in this paragraph, Articles 30 through 30-2-3, Article 30-5-2, Article 35-5-3, Article 4-2 as applied mutatis mutandis pursuant to Article 30-6, Article 33-2 (including as applied mutatis mutandis pursuant to Article 33-3, paragraph (2)), Article 34-2, Article 35-3-43, Article 35-3-46, Article 35-3-57, Article 35-3-59, Article 35-16, Article 41, and Article 41-2), and then delivering an amount that corresponds to the cost of goods or rights, or the consideration for services to the seller or service provider (including delivering such an amount to the seller or service provider through a person other than that seller or service provider) and receiving an amount that corresponds to that cost or

consideration from the user by a predetermined date (excluding the receipt of such an amount by a predetermined date that is shorter than two months from when the user signs a contract to purchase the goods or rights from the seller or to receive the services from the service provider) when the user presents, notifies, or exchanges that card, etc. to purchase goods or rights from a specific seller or to receive services from a specific service provider; and

- (ii) issuing or granting a card, etc. to a user, and then delivering an amount that corresponds to the cost of goods or rights or the consideration for services to the seller or service provider (including delivering such an amount to the seller or service provider through a person other than that seller or service provider) and receiving an amount of money arrived at by a predetermined method of calculation based on the total cost of the goods or rights, or consideration for the services from the user, at regular, predetermined intervals, when the user presents, notifies, or exchanges that card, etc. to purchase goods or rights from a specific seller or to receive services from a specific service provider.
- (4) The term "intermediation of individual credit purchases" as used in this Act means delivering all or part of the amount of money corresponding to the cost of goods or designated rights, or consideration for services to a specific seller or specific service provider (including delivering such an amount to the seller or service provider through a person other than that seller or service provider) on the condition that the specific seller sells goods or designated rights to the purchaser or that the specific service provider provides services to the service recipient without a card, etc. being used, and receiving that amount of money from the purchaser or service recipient by a predetermined date (excluding the receipt of such an amount by a predetermined date that is shorter than two months from when the purchaser or service recipient makes a contract to purchase the goods or rights from the seller or receive the services from the service provider).
- (5) The term "designated goods" as used in this Act means goods specified by Cabinet Order that it is suitable for selling under standardized terms and conditions; the term "designated rights" means rights specified by Cabinet Order, constituting the rights to use a facility or receive services, which is sold in a transaction that arises in the everyday lives of the people; and, except for the following paragraph, Article 35-3-61, Article 35-3-62, Article 41, and Article 41-2, the term "designated services" means services specified by Cabinet Order, which is provided for consideration in a transaction that arises in the everyday lives of the people.
- (6) The term "specified prepaid transaction" as used in this Act means one of the transactions set forth in the following items, for which, prior to the delivery of

the goods or the provision of the services that are prescribed by Cabinet Order (hereinafter referred to as "designated services" in this paragraph, Article 35-3-61, Article 35-3-62, Article 41, and Article 41-2) to the person prescribed in the relevant item, all or part of the cost of the goods or consideration for the designated services is received from the person in three or more installments over a period of two or more months:

- (i) brokerage for a purchase and sale of goods; the purchaser; or
- (ii) the provision of designated services, brokerage for a person to provide designated services, or brokerage for a person to receive designated services; the recipient of the designated services.

Chapter II Installment Sales

Section 1 General Provisions

(Indication of the Terms and Conditions of Installment Sales)

Article 3 (1) If a person in the business of installment sales (hereinafter referred to as an "installment seller") seeks to sell designated goods or designated rights or to provide designated services in a way that involves an installment sale as prescribed in paragraph (1), item (i) of the preceding Article (excluding the sale of goods or rights or the provision of services to a user in which the user is issued or granted a card, etc. and that card, etc. is presented, notified, or exchanged), the installment seller must indicate the following particulars about the designated goods, designated rights, or designated services to the other party, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry, and Cabinet Office Order:

- (i) the cash sale price of the goods or rights (meaning the price that the seller would receive for the full cost of goods or rights upon delivery of the goods or transfer of the rights; the same applies hereinafter) or the cash provision price of the services (meaning the price that the service provider would receive for the full amount of consideration for the services upon the conclusion of the service contract; the same applies hereinafter);
- (ii) the installment price of the goods or rights (meaning the price of the goods or rights when the seller sells them by the method of installment sales; the same applies hereinafter) or the installment price of the services (meaning the price of the services when the service provider provides them by the method of installment sales; the same applies hereinafter);
- (iii) the period and number of payments for the cost of the goods or rights, or consideration for the services under installment sales (including deposit of money to be allocated to such a payment; hereinafter the same applies, except in the following paragraph);
- (iv) if it is an installment sale other than a prepaid installment sale as

prescribed in Article 11, the rate of the fee connected with the installment sale, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and
(v) if it is a prepaid installment sale as prescribed in Article 11, the timing of the delivery of goods.

(2) If an installment seller issues or grants a card, etc. to a user in order to sell designated goods or designated rights, or provide designated services by the method of installment sales as prescribed in paragraph (1), item (i) of the preceding Article (but only if the installment seller issues or grants the card, etc. to the user and sells goods or rights, or provides services to the user when the card, etc. is presented, notified, or exchanged), the installment seller must deliver a document to the user stating the following particulars in respect of the terms and conditions of the sale of goods or rights, or the terms and conditions for the provision of services when an installment sale is made, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

(i) the period and number of payments for the cost of the goods or rights, or the consideration for the services in connection with installment sales;

(ii) the rate of the fee connected with an installment sale, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and

(iii) beyond what is set forth in the preceding two items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(3) If an installment seller issues or grants a card, etc. to a user in order to sell designated goods or designated rights, or provide designated services by the method of installment sales prescribed in paragraph (1), item (ii) of the preceding Article, the installment seller must deliver a document to the user stating the following particulars, in respect of the terms and conditions of the sale of goods or rights, or the terms and conditions for the provision of services when an installment sale is made, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

(i) the time at which the user is required to make repayment and how the amount of the repayment is calculated each time;

(ii) the rate of the fee connected with an installment sale, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and

(iii) beyond what is set forth in the preceding two items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(4) When an installment seller sells designated goods or designated rights, or

provides designated services by the method of installment sales as referred to in paragraph (1), paragraph (2), or the preceding paragraph, and advertises the terms and conditions of the sale or the terms and conditions for the provision, the installment seller must indicate the particulars set forth in the items of paragraph (1), the items of paragraph (2), or the items of the preceding paragraph, respectively, in the advertisement, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Delivery of Documents)

Article 4 (1) If an installment seller concludes a contract for selling the designated goods or designated rights, or a contract for providing designated services by the method of installment sales as prescribed in Article 2, paragraph (1), item (i), the installment seller must deliver a document to the purchaser or service recipient clarifying the details of the contract with respect to the following particulars without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the installment price of the goods or rights, or the installment price of the services;
- (ii) the amount of an installment (meaning the amount to be paid each time for the installment sales; the same applies hereinafter);
- (iii) the timing and method of payment for the installments;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
- (v) information about cancellation of the contract;
- (vi) if there are provisions concerning the transfer of ownership, their details; and
- (vii) beyond what is set forth in the preceding items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(2) If an installment seller concludes a contract for selling designated goods or designated rights, or a contract for providing designated services by the method of installment sales prescribed in Article 2, paragraph (1), item (ii), the installment seller must deliver a document to the purchaser or service recipient which clarifies the details of the contract with respect to the following particulars without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the cash sale price of the goods or rights, or the cash provision price of the services;
- (ii) the method of payment for the repayment;
- (iii) the timing for the delivery of the goods, the timing for the transfer of the

- rights, or the timing for the provision of the services;
 - (iv) information about cancellation of the contract;
 - (v) if there are provisions concerning the transfer of ownership, their details;
and
 - (vi) beyond what is set forth in the preceding items, the particulars specified by
Order of the Ministry of Economy, Trade and Industry and Cabinet Office
Order.
- (3) Before requesting that repayment be made in connection with an installment sale as prescribed in Article 2, paragraph (1), item (ii) for designated goods, designated rights, or designated services, the installment seller must deliver a document to the purchaser or service recipient stating the following particulars, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:
- (i) the time at which the repayment should be made; and
 - (ii) the amount of the repayment that should be made at the time referred to in the preceding item, and the basis for calculation.

(Means That Employ Information and Communications Technology)

Article 4-2 With the consent of the user, purchaser, or service recipient and pursuant to the provisions of Cabinet Order, in lieu of delivering a document under the provisions of Article 3, paragraph (2) or paragraph (3) or the paragraphs of the preceding Article, an installment seller may provide the user, purchaser, or service recipient with the particulars that are required to be stated in the document by a means that makes use of an electronic data processing system, or by any other means specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order which employs information and communications technology (hereinafter referred to as an "electronic or magnetic means"). In this case, the installment seller is deemed to have delivered the relevant document.

(Restrictions on the Cancellation of Contracts)

Article 5 (1) In the event of an unperformed obligation to pay an installment pursuant to a contract for selling designated goods or designated rights or a contract for providing designated services by the method of installment sales (or to make a repayment, in respect of a contract for selling designated goods or designated rights or for providing designated services by the method of installment sales prescribed in Article 2, paragraph (1), item (ii); hereinafter the same applies in this paragraph), it is prohibited for the installment seller to cancel the contract or to demand the payment of installments that are not yet due on the grounds of a delay in the payment of an installment, unless the installment seller makes a demand in writing for this to be paid within a

reasonable period of not less than twenty days, and the obligation is not performed within that period.

(2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Restriction on the Amount of Compensation for Damages Accompanying the Cancellation of a Contract)

Article 6 (1) In the event that a contract for selling designated goods or designated rights or providing designated services by the method of installment sales prescribed in Article 2, paragraph (1), item (i) is cancelled (excluding the case as prescribed in paragraph (3) or (4)), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the installment seller to demand that the purchaser or service recipient pay an amount of money that exceeds the total of the amount specified in each of the following items for the case set forth in that item with the amount of damages for delay based on the applicable statutory interest rate added:

- (i) the goods or rights are returned: the ordinary royalty for those goods or an amount that corresponds to the profit that can normally be earned through the exercise of those rights (if the amount that corresponds to the installment price of the goods or rights that has deducted the market value of the goods or rights at the time of their return exceeds the ordinary royalty or the amount that corresponds to the profit that can normally be earned through the exercise of those rights, that amount);
- (ii) the goods or rights are not returned: the amount that corresponds to the installment price of the goods or rights;
- (iii) the contract for selling the goods or rights or the contract for selling the services is cancelled before the goods start to be delivered, before the rights start to be transferred, or before the services start to be provided (other than in the case set forth in the following item): the amount of costs normally required for concluding and performing the contract;
- (iv) the services fall under the category of specified continuous services as prescribed in Article 41, paragraph (2) of the Act on Specified Commercial Transactions (Act No. 57 of 1976), and the contract for providing the services is cancelled pursuant to the provisions of Article 49, paragraph (1) of that Act before they start to be provided: the amounts specified by Cabinet Order which are referred to in paragraph (2), item (ii) of that Article, in accordance with each of the services specified therein, as the costs normally required for concluding and performing the contract;
- (v) the contract for providing the services is cancelled after the services start to be provided (other than in the case set forth in the following item): the

- amount obtained by adding to the amount that corresponds to the consideration for services provided the amount that has deducted the amount that corresponds to the cash provision price of the services from the amount that corresponds to the installment price of the services; or
- (vi) the services fall under the category of specified continuous services as prescribed in Article 41, paragraph (2) of the Act on Specified Commercial Transactions, and the contract for providing the services is cancelled pursuant to the provisions of Article 49, paragraph (1) of that Act after the services have started to be provided: the total of the following amounts:
- (a) the amount obtained by adding to the amount that corresponds to the consideration for services provided the amount that has deducted the amount that corresponds to the cash provision price of the services from the amount that corresponds to the installment price of the services; or
- (b) the amounts specified by Cabinet Order which are referred to in paragraph (2), item (i), (b) of that Article, in accordance with each of the services specified therein, as the amount of damages that are normally incurred by the cancellation of a contract for providing the services.
- (2) In the event of an unperformed obligation to pay an installment pursuant to the contract referred to in the preceding paragraph (other than if that contract is cancelled), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the installment seller to demand that the purchaser or service recipient pay an amount of money that exceeds the amount that corresponds to the installment price of the goods or rights or the installment price of the services that has deducted the amount of installments already paid to which the amount of damages for delay based on the applicable statutory interest rate is added.
- (3) In the event that a contract for selling designated goods or designated rights or a contract for providing designated services by the method of installment sales as prescribed in Article 2, paragraph (1) item (i) falls under a multilevel marketing contract as prescribed in Article 37, paragraph (2) of the Act on Specified Commercial Transactions, and that contract is cancelled pursuant to the provisions of Article 40-2, paragraph (1) of that Act, even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the installment seller to demand that the purchaser or service recipient pay an amount of money that exceeds the total amount of costs normally required for concluding and performing such a contract (or, in a case that falls under one of the following items, the amount obtained by adding the amount specified in each of those items in accordance with each case to that amount) that has added the amount of damages for delay based on the applicable statutory interest rate:
- (i) the multilevel marketing contract is cancelled after the delivery of goods or

transfer of rights involving a specified burden as prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions in connection with the multilevel marketing transactions (referred to as a "specified obligation" in the following item, Article 35-3-11, and Article 35-3-14): the total of the following amounts:

- (a) the amount that corresponds to the installment price of the delivered goods or transferred rights (limited to goods or rights that have been sold based on that multilevel marketing contract, and excluding goods or rights under a sales contract for goods as prescribed in Article 40-2, paragraph (2) of the Act on Specified Commercial Transactions which is cancelled pursuant to that paragraph); or
 - (b) the amount that corresponds to the specified profit as prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions (referred to as "specified profit" in Article 35-3-14) or other money or goods that have been provided (limited to those that are connected with the goods or rights under a sales contract for goods as prescribed in Article 40-2, paragraph (2) of that Act which is cancelled pursuant to the provisions of that paragraph); or
 - (ii) the multilevel marketing contract is cancelled after services connected with a multilevel marketing transaction that involves a specified obligation start to be provided: the amount obtained by adding to the amount that corresponds to consideration for services provided (limited to those provided based on the multilevel marketing contract), the installment price of the services that has deducted the amount that corresponds to the cash provision price of the services.
- (4) In the event that a contract for selling designated goods or designated rights by the method of installment sales as prescribed in Article 2, paragraph (1), item (i) corresponds to a sales contract for goods as prescribed in Article 40-2, paragraph (2) of the Act on Specified Commercial Transactions, and that contract is cancelled pursuant to that paragraph, even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the installment seller to demand that the purchaser pay an amount of money that exceeds the amount specified in each of the following items in accordance with the case set forth in that item to which the amount of damages for delay based on the applicable statutory interest rate is added:
- (i) the goods or rights are returned or the sales contract for the goods is cancelled before the goods are delivered or before the rights are transferred: the amount obtained by adding to amount that corresponds to 10 percent of the cash price of the goods or rights the amount that has deducted the amount that corresponds to the cash sale price of the goods or rights from the amount that corresponds to the installment price of the goods or rights; or

- (ii) the goods or rights are not returned: the amount that corresponds to the installment price of the goods or rights.

(Presumption of Ownership)

Article 7 The ownership of designated goods sold by the method of installment sales prescribed in Article 2, paragraph (1) item (i) (limited to those specified by Cabinet Order as durable goods) is presumed to be retained by the installment seller until the obligation to pay the installments in full is performed.

(Exclusion from Application)

Article 8 The provisions of this Chapter do not apply to the following installment sales:

- (i) an installment sale based on a contract for selling designated goods or designated rights, or a contract for providing designated services (excluding the following contracts), which the person offering the contract concludes for business purposes or as a part of its business or which the purchaser or service recipient concludes for business purposes or as a part of its business:
 - (a) a contract for a multilevel marketing transaction (meaning a multilevel marketing transaction as prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions; the same applies hereinafter) concerning multilevel marketing (meaning multilevel marketing as prescribed in that paragraph; the same applies hereinafter) (including a contract other than one for such a transaction, which involves the sale of goods or rights or the provision of services related to multilevel marketing (hereinafter referred to as a "sales contract for specified goods, etc.")), that constitutes a contract with an individual who sells goods or rights or provides services concerning multilevel marketing other than through a store or other similar facilities (hereinafter referred to as a "personal multilevel marketing contract"); or
 - (b) a contract for a business opportunity related sales transaction (meaning a business opportunity related sales transaction as prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions; the same applies hereinafter) concerning business opportunity related sales (meaning business opportunity related sales as prescribed in that paragraph; the same applies hereinafter), with an individual who performs services that are provided or arranged in connection with business opportunity related sales, at a place other than a place of business or other similar facilities (hereinafter referred to as a "personal business opportunity related sales contract").
- (ii) an installment sale for a person residing outside Japan;

- (iii) an installment sale by the national or local government;
- (iv) an installment sale by one of the following organizations to its direct or indirect member (if the organization is able to make its business or facilities available to persons other than its members, this includes installment sales for a non-member):
 - (a) a partnership incorporated based on a special law, and a federation or central association of such a partnerships;
 - (b) an organization as referred to in Article 108-2 of the National Public Service Act (Act No. 120 of 1947) or Article 52 of the Local Public Service Act (Act No. 261 of 1950); or
 - (c) a labor union.
- (v) an installment sale by a business operator for its employee; or
- (vi) an installment sale that falls under the category of a mutual loan prescribed in Article 1 of the Act on the Mutual Loan Business (Act No. 42 of 1931).

Section 2 Standard Terms and Conditions for Installment Sales

(Public Notice of Standard Terms and Conditions)

Article 9 When it is necessary in order to promote the sound development of installment sales as prescribed in Article 2, paragraph (1), item (i) (other than prepaid installment sales as prescribed in Article 11; hereinafter the same applies in the following Article), the competent minister is to specify the percentage of the installment price to be used as the standard for the amount of the initial installment for each designated goods and the period to be used as the standard for the payment of the cost in an installment sale as prescribed in Article 2, paragraph (1), item (i), and to give public notice of the percentage and the period.

(Recommendations)

Article 10 (1) If the competent minister finds that a significant obstacle has arisen or could arise to the sound development of installment sales as prescribed in Article 2, paragraph (1), item (i) for designated goods because an installment seller is conducting installment sales of those designated goods as prescribed in that item with the initial installment at a percentage of the installment price which is significantly lower than the percentage for which public notice is issued pursuant to the provisions of the preceding Article, or with a period for the payment of the cost which is significantly longer than the period for which public notice is issued pursuant to that Article, the minister may recommend that the installment seller increase the percentage or shorten the term.

- (2) A recommendation under the provisions of the preceding paragraph may be given through a public notice.

Section 3 Prepaid Installment Sales

(Prepaid Installment Sales Licenses)

Article 11 A person must not engage in installment sales in the course of trade, through which the person receives all or part of the cost of the designated goods from the purchaser in two or more installments as prescribed in Article 2, paragraph (1), item (i), prior to the delivery of the designated goods (hereinafter referred to as "prepaid installment sales"), without being licensed by the Minister of Economy, Trade and Industry; provided, however, that this does not apply in the following cases:

- (i) the annual sales amount for prepaid installment sales of designated goods is less than the amount specified by Cabinet Order;
- (ii) the designated goods are newly specified, and a person currently engaged in the sale of those designated goods in the course of trade through prepaid installment sales, sells those goods for six months from the date of their specification (if the written application referred to in paragraph (1) of the following Article is submitted during that period, including the time up until a disposition to grant or refuse the license is rendered); or
- (iii) after the period set forth in the preceding item passes, when the person engages in the transactions within the scope of the purpose of completing the transactions based on the contracts for prepaid installment sales of the designated goods referred to in that item, which have been concluded by the last day of that period.

(Application for a License)

Article 12 (1) A person seeking the license referred to in the preceding Article must submit a written application to the Minister of Economy, Trade and Industry stating the following particulars:

- (i) the person's name;
 - (ii) the names and locations of its head office and other business offices, and agency offices;
 - (iii) the amount of stated capital or capital contributions, and the names of the officers; and
 - (iv) the types of designated goods the person seeks to sell through prepaid installment sales.
- (2) The articles of incorporation, a certificate of registered information, the general conditions of the contract for prepaid installment sales, and the documents specified by Order of the Ministry of Economy, Trade and Industry

must accompany the written application referred to in the preceding paragraph; provided, however, that a certificate of registered information may be omitted if so specified by Order of the Ministry of Economy, Trade and Industry.

- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record (meaning a record used for information processing by a computer, which is created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; the same applies hereinafter), the electronic or magnetic record (limited to one specified by Order of the Ministry of Economy, Trade and Industry) may accompany the written application in lieu of a document.

Article 13 Deleted

Article 14 Deleted

(Licensing Criteria)

Article 15 (1) If the Minister of the Economy, Trade and Industry finds an applicant for the license referred to in Article 11 to fall under one of the following items, the Minister must not grant the license referred to in that Article:

- (i) a person that is not a corporation;
- (ii) a corporation with a stated capital or capital contributions of less than the amount that is found to be necessary and appropriate for protecting the interests of purchasers, as specified by Cabinet Order;
- (iii) a corporation whose amount of total assets after deducting the total liabilities is less than 90 percent of its stated capital or capital contributions;
- (iv) beyond what is set forth in the preceding two items, a corporation that does not have a sufficient financial basis to soundly perform the business involved in prepaid installment sales it seeks to conduct;
- (v) a corporation with general conditions of the contract for prepaid installment sales that do not meet the criteria specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order;
- (vi) a corporation whose license has been rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2), and two years have not passed since the date of the rescission;
- (vii) a corporation that has been sentenced to a fine pursuant to the provisions of this Act, and two years have not passed since the day on which it finished serving the sentence or ceased to be subject to the sentence; or
- (viii) a corporation with an officer that falls under any of the following cases:

- (a) a bankrupt person that has not been released from bankruptcy restrictions;
 - (b) a person that has been sentenced to imprisonment without work or a heavier punishment, or a person that has been sentenced to a fine pursuant to the provisions of this Act and two years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence; or
 - (c) a person that was the officer of the person licensed as referred to in Article 11 (hereinafter referred to as a "licensed installment seller") whose license has been rescinded pursuant to Article 23, paragraph (1) or paragraph (2) during the thirty days prior to the relevant disposition, and two years have not passed since the date of that disposition.
- (2) The total assets and the total liabilities referred to in item (iii) of the preceding paragraph must be calculated pursuant to Cabinet Order.
- (3) If an application is filed for the license referred to in Article 11 and the Minister of Economy, Trade and Industry renders the disposition not to grant the license, the Minister must notify the applicant to that effect without delay, indicating the reasons for the refusal.

(Making Business Security Deposits)

- Article 16 (1) A licensed installment seller must make a business security deposit with the official depository located nearest to its principal business office.
- (2) When a licensed installment seller makes a business security deposit, the licensed installment seller must file a notification with the Minister of Economy, Trade and Industry to that effect, accompanied by a copy of the deposit statement stating the receipt of the deposit.
- (3) A licensed installment seller must not commence prepaid installment sale business until after filing the notification under the provisions of the preceding paragraph.

Article 17 (1) The amount of the business security deposit referred to in paragraph (1) of the preceding Article is to be the sum total of 100,000 yen for the principal business office and 50,000 yen for each business office or agency office.

- (2) National and local government bonds and other securities specified by Order of the Ministry of Economy, Trade and Industry (including book-entry transfer bonds prescribed in Article 278, paragraph (1) of the Act on Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001)) may serve as the business security deposit referred to in the preceding paragraph, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

Article 18 (1) If a licensed installment seller newly establishes a business office or agency office after commencing business, it must deposit the business security deposit for each of the business office or agency office in the amount calculated based on the rates prescribed in paragraph (1) of the preceding Article.

(2) The provisions of Article 16 and paragraph (2) of the preceding Article apply mutatis mutandis when a deposit is made pursuant to the provisions of the preceding paragraph.

Article 18-2 (1) If a licensed installment seller closes some of its business offices or agency offices and the amount of the business security deposit comes to exceed the amount prescribed in Article 17, paragraph (1), the licensed installment seller may recover the excess amount.

(2) The recovery of the excess business security deposit as referred to in the preceding paragraph is not permitted unless the licensed installment seller issues public notice to persons with a right to that business security deposit as referred to in Article 21, paragraph (1), indicating that those persons must make a filing within a fixed period of not less than six months, and no filing is made within that period; provided, however, that this does not apply when ten years have passed following the occurrence of grounds for the recovery of the business security deposit.

(3) The necessary particulars concerning the public notice referred to in the preceding paragraph and other particulars relevant to the recovery of the business security deposit pursuant to the provisions of paragraph (1) are specified by Order of the Ministry of Justice and Order of the Ministry of Economy, Trade and Industry.

(Preservative Measures for Advances Received)

Article 18-3 (1) If, as of March 31 and September 30 of each year (hereinafter each of these days is referred to as a "base date"), the amount that corresponds to one-half of the total amount of advances that a licensed installment seller has received from persons with which it has concluded contracts for prepaid installment sales by that base date, as all or part of the cost of the goods under the contracts, exceeds the amount of the business security deposit provided for in Article 17, paragraph (1) as of that base date, the licensed installment seller must not conclude a new contract for prepaid installment sales after fifty days have passed counting from the day after that base date, until it takes the preservative measures for advances received which are referred to in the following paragraph and notifies the Minister of Economy, Trade and Industry to that effect pursuant to the provisions of paragraph (1) of the following

Article.

- (2) Preservative measures for advances received are the making of business deposits for prepaid services or the conclusion of a contract on the entrustment of business deposits for prepaid services, which enables the licensed installment seller to allocate an amount that corresponds to one-half of the total amount of the advances that it receives by the base date from persons with which it has concluded contracts for prepaid installment sales as of the base date, as all or part of the cost of the goods under the contracts, after the business security deposit prescribed in Article 17, paragraph (1) as of the base date is deducted (hereinafter referred to as the "base amount"), to the repayment of obligations arising from those contracts.
- (3) A contract on the entrustment of business deposits for prepaid services that is concluded as a preservative measure for advances received is a contract under which the entrusted party agrees to make a business deposit for prepaid services on behalf of the entrusting party for an amount that corresponds to that with which it is entrusted, if the licensed installment seller that is the entrusting party comes to fall under one of the items of Article 27, paragraph (1) or if the entrusted party receives instructions under the provisions of Article 20-3, paragraph (3), during the period from the day after the notification under the provisions of paragraph (1) of the following Article until fifty days have elapsed counting from the day after the following base date (or, if a notification under that paragraph which concerns the base amount for the following base date is filed prior to that day, until the day of that notification).
- (4) A person other than a bank, financial institution specified by Cabinet Order, or a person designated by the Minister of Economy, Trade and Industry may not become the entrusted party under a contract on the entrustment of business deposits for prepaid services as referred to in the preceding paragraph (hereinafter simply referred to as a "contract on the entrustment of business deposits").
- (5) The provisions of Article 16, paragraph (1) and Article 17, paragraph (2) apply mutatis mutandis when a business deposit for prepaid services is made as a preservative measure for advances received.

Article 18-4 (1) A licensed installment seller that takes preservative measures for advances received must make a notification to the Minister of Economy, Trade and Industry on each base date in writing of the preservative measures for advances received in respect of that base amount for the base date.

- (2) When a licensed installment seller takes a new preservative measure for advances received and files a notification under the provisions of the preceding paragraph, the document referred to in that paragraph must be accompanied by a copy of the deposit statement stating the receipt of the deposit if the

preservative measure for advances received is making a business deposit for prepaid services, and by a copy of the contract if the preservative measure for advances received is the conclusion of a contract on the Entrustment of Business Deposits.

- Article 18-5 (1) If an amount that corresponds to one-half of the total amount of the advances that a licensed installment seller taking preservative measures for advances received receives by the base date from persons with which it has concluded contracts for prepaid installment sales as of that base date, as all or part of the cost of the goods under the contracts falls below the amount of the business security deposit provided for in Article 17, paragraph (1) as of that base date, the licensed installment seller may recover all of the business deposits for the prepaid services or cancel all of the contracts on the entrustment of business deposits by the following base date.
- (2) In a case other than what is prescribed in the preceding paragraph, if, as of the base date, the amount that can be allocated to the repayment of obligations under a contract for prepaid installment sales due to the preservative measures for advances received, exceeds the base amount for that base date, the licensed installment seller that is taking such preservative measures may recover the excess amount of the business deposits for prepaid services or cancel all or part of the contract on the entrustment of business deposits.
- (3) The recovery of business deposits for prepaid services under the provisions of the preceding two paragraphs may not be made without obtaining the approval from the Minister of the Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.
- (4) Beyond what is prescribed in the preceding paragraph, the necessary particulars relevant to the recovery of business deposits for prepaid services under the provisions of paragraph (1) or paragraph (2) are specified by Order of the Ministry of Justice and Order of the Ministry of Economy, Trade and Industry.
- (5) The cancellation of a contract on the entrustment of business deposits under the provisions of paragraph (1) or paragraph (2) does not become effective without obtaining the approval of the Minister of Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.
- (6) A contract on the entrustment of business deposits as a preservative measure for advances received may not be cancelled in whole or in part, except in the cases prescribed in paragraph (1) or paragraph (2); provided, however, that this does not apply if a part of the contract on the entrustment of business deposits is canceled and the contract on the entrustment of business deposits still satisfies the requirements prescribed in Article 18-3, paragraph (3).

(7) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Succession)

Article 18-6 (1) If a licensed installment seller transfers all of its business or if a licensed installment seller merges or undergoes a company split (limited to the case where all of its business is succeeded), the corporation that succeeds to all of its business, the corporation surviving the merger, the corporation incorporated in the merger, or the corporation that succeeds to all of the business in the company split, succeeds to the status of a licensed installment seller; provided, however, that this does not apply if the corporation that succeeds to all of the business, the corporation surviving the merger, the corporation incorporated in the merger, or the corporation that succeeds to all of the business in the company split falls under any of the provisions of Article 15, paragraph (1), item (ii), or items (vi) through (viii).

(2) A person that succeeds to the status of a licensed installment seller pursuant to the provisions of the preceding paragraph must file a notification with the Minister of Economy, Trade and Industry to that effect by attaching a document evidencing that fact, without delay.

(Notification of a Change)

Article 19 (1) If a particular set forth in the items of Article 12, paragraph (1) changes, a licensed installment seller must notify the Minister of Economy, Trade and Industry to that effect without delay.

(2) If a licensed installment seller seeks to change the general conditions of a contract for prepaid installment sales, the licensed installment seller must notify the Minister of Economy, Trade and Industry to that effect.

(3) If the Minister of Economy, Trade and Industry is notified of a change under the provisions of the preceding paragraph and the Minister finds that the content of the general conditions of the contract for prepaid installment sales after the change no longer conforms to the criteria specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order which are referred to in Article 15, paragraph (1), item (v), the Minister may order the licensed installment seller to change that content of the general conditions.

(4) The provisions of Article 12, paragraph (2) apply *mutatis mutandis* when filing a notification of a change under paragraph (1) or paragraph (2).

(Keeping of Books)

Article 19-2 A licensed installment seller must keep books, enter the particulars specified by Order of the Ministry of Economy, Trade and Industry concerning contracts for prepaid installment sales in them, and preserve them, pursuant

to the provisions of Order of the Ministry of Economy, Trade and Industry.

(Prohibition on the Conclusion of Contracts)

Article 20 (1) If a licensed installment seller comes to fall under the provisions of Article 15, paragraph (1), item (iii), the Minister of Economy, Trade and Industry must order the licensed installment seller not to conclude a contract for prepaid installment sales; provided, however, that this does not apply if the protection of purchasers would be compromised by such an order.

(2) If the Minister of Economy, Trade and Industry has issued an order pursuant to the provisions of the preceding paragraph and the licensed installment seller comes to no longer fall under the requirements referred to in that order within six months, the Minister must rescind that order.

(Order for Improvement)

Article 20-2 (1) If a licensed installment seller's state of assets or the business operations related to prepaid installment sales fall under one of the following items and the Minister of Economy, Trade and Industry finds it to be necessary and appropriate in order to protect the interests of purchasers, the Minister may, to the extent necessary, order the licensed installment seller to take the necessary measures to improve its state of assets or to improve business operations related to prepaid installment sales:

(i) when the ratio of revenue to expenses during a business year falls below the ratio specified by Order of the Ministry of Economy, Trade and Industry;

(ii) when the ratio of total current assets to total current liabilities falls below the ratio specified by Order of the Ministry of Economy, Trade and Industry;
or

(iii) beyond the cases set forth in the preceding two items, the case specified by Order of the Ministry of Economy, Trade and Industry as a case that is necessary to rectify the state of assets or to rectify the business operations related to prepaid installment sales in order to protect the interests of purchasers.

(2) The amount of revenues to expenses referred to in item (i) of the preceding paragraph and the total current assets and total current liabilities referred to in item (ii) of that paragraph, must be calculated pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(3) If the business operations related to prepaid installment sales of a licensed installment seller fall under paragraph (1), item (iii), when the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of that paragraph, the Minister must consult with the Prime Minister in advance.

(4) If the business operations related to prepaid installment sales of a licensed installment seller fall under paragraph (1), item (iii), and the Prime Minister

finds it to be necessary for protecting the interests of purchasers, the Prime Minister may state opinions concerning the order under the provisions of that paragraph, as necessary, to the Minister of Economy, Trade and Industry.

(Deposit by an Entrusted Party under a Contract on the Entrustment of Business Deposits)

- Article 20-3 (1) If a licensed installment seller that concludes a contract on the entrustment of business deposits as a preservative measure for advances received, falls under one of Article 27, paragraph (1), items (i) through (iv), or if a person with the right referred to in Article 21, paragraph (1) or such a licensed installment seller files a notification indicating that the licensed installment seller falls under Article 27, paragraph (1), item (v) or item (vi), the Minister of Economy, Trade and Industry must issue public notice to a person with the right referred to in Article 21, paragraph (1), without delay, indicating that the person must file a claim with the Minister of Economy, Trade and Industry within a fixed period of not less than sixty days, and that failure to file the claim within that period will exclude a person from the procedures for exercising the rights in connection with the preservative measures for advances received to which the public notice pertains.
- (2) If the Minister of Economy, Trade and Industry issues public notice pursuant to the provisions of the preceding paragraph, the Minister, without delay, must instruct the entrusted party under the contract on the entrustment of business deposits with the relevant licensed installment seller to make a business deposit for prepaid services based on that contract on the entrustment of business deposits by the last day of the period during which the filing of claims to which the public notice pertains must be made; provided, however, that this does not apply if the entrusted party has already made the business deposit for prepaid services upon receiving instructions under the provisions of the following paragraph.
- (3) Beyond what is prescribed in the main clause of the preceding paragraph, if the Minister of Economy, Trade and Industry finds it to be necessary for the preservation of a person's claims arising under a contract for prepaid installment sales that the person has concluded with a licensed installment seller, the Minister may instruct the entrusted party under a contract on the entrustment of business deposits with that licensed installment seller to make a business deposit for prepaid services based on the contract on the entrustment of business deposits within a designated deadline.
- (4) If the entrusted party under a contract on the entrustment of business deposits is given an instruction under the provisions of the main clause of paragraph (2), the entrusted party must make the business deposit for prepaid services based on the contract on the entrustment of business deposits by the

last day of the period during which the filing of claims to which the public notice under the provisions of paragraph (1) pertains must be made, and if the entrusted party is given an instruction under the preceding paragraph, the entrusted party must make that deposit within the deadline designated pursuant to that paragraph.

- (5) When the entrusted party under a contract on the entrustment of business deposits makes a business deposit for prepaid services pursuant to the provisions of the preceding paragraph, the entrusted party must submit a copy of the deposit statement stating the receipt of the deposit to the Minister of Economy, Trade and Industry.
- (6) The provisions of Article 16, paragraph (1) apply mutatis mutandis when a deposit is made pursuant to the provisions of paragraph (4). In this case, the term "the principal business office" in paragraph (1) of that Article is deemed to be replaced with "the principal business office of the licensed installment seller".

Article 20-4 (1) The entrusted party under a contract on the entrustment of business deposits which has made a business deposit for prepaid services upon receiving instructions under the provisions of the main clause of paragraph (2) of the preceding Article, may recover the business deposit for prepaid services the entrusted party has made, if a filing of the claims to which the public notice under the provisions of paragraph (1) of that Article pertains is not made within the period during which the claims should be filed.

- (2) The entrusted party under a contract on the entrustment of business deposits which has made a business deposit for prepaid services on receiving instructions under paragraph (3) of the preceding Article may recover the business deposit for prepaid services the entrusted party has made, if the public notice under the provisions of paragraph (1) of that Article is issued and when the claim to which that public notice pertains is not filed within the period that the claim should be filed; or if the public notice is not issued and when the entrusted party obtains the approval from the Minister of Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.
- (3) The necessary particulars relevant to the recovery of a business deposit for prepaid services under the provisions of the preceding two paragraphs are specified by Order of the Ministry of Justice and Order of the Ministry of Economy, Trade and Industry.

(Refunding of Business Security Deposits and Business Deposits for Prepaid Services)

Article 21 (1) A person that concludes a contract for prepaid installment sales

with a licensed installment seller has the right to be repaid for the claims arising from such a contract out of the business security deposit or business deposit for prepaid services made by the licensed installment seller or an entrusted party that has concluded a contract on the entrustment of business deposits with that licensed installment seller.

- (2) The necessary particulars relevant to the execution of the right referred to in the preceding paragraph are specified by Cabinet Order.

(Measures for When Rights Are Executed)

Article 22 (1) If a business security deposit comes to fall short of the amount specified in Article 17, paragraph (1) because a person that holds the right referred to in paragraph (1) of the preceding Article executes that right, the licensed installment seller must deposit the shortfall without delay on or after the date on which the licensed installment seller has become aware of that fact.

- (2) If the amount that may be allocated for the repayment of an obligation arising from a contract for prepaid installment sales based on preservative measures for advances received comes to fall short of the base amount as of the base date immediately before the day on which the right referred to in paragraph (1) of the preceding Article is exercised, because a person that holds that right has executed the right, the licensed installment seller that is taking those preservative measures for advances received must take a new preservative measure for advances received for the shortfall without delay on or after the day on which the licensed installment seller has become aware of that fact, and must notify the Minister of Economy, Trade and Industry to that effect in writing.

- (3) The provisions of Article 16, paragraph (2) and Article 17, paragraph (2) apply *mutatis mutandis* when a deposit is made pursuant to paragraph (1), and the provisions of Article 18-4, paragraph (2) apply *mutatis mutandis* to a notification under the provisions of the preceding paragraph.

(Change of Depository for Business Security Deposit or Business Deposit for Prepaid Services)

Article 22-2 (1) If the business security deposit or business deposit for prepaid services is made solely in cash and the nearest depository changes because the location of the principal business office of the licensed installment seller has changed, the licensed installment seller or the entrusted party under a contract on the entrustment of business deposits must pay the expenses in advance and request the depository with which the business security deposit or business deposit for prepaid services has been made to transfer the business security deposit or business deposit for prepaid services to the depository which is nearest to the principal business office of the licensed installment

seller after the change, without delay.

- (2) If a business security deposit or business deposit for prepaid services is made in the form of securities provided for in Article 17, paragraph (2) or by those securities and cash, and the nearest depository changes because the location of the principal business office of a licensed installment seller has changed, the licensed installment seller must make a business security deposit or business deposit for prepaid services in the same amount as that business security deposit or business deposit for prepaid services with the depository which is nearest to its principal business office after the change, without delay. Once that deposit has been made, the business security deposit or business deposit for prepaid services that was made with the depository that was nearest to the principal business office before it changed location may be recovered pursuant to the provisions of Order of the Ministry of Justice and Order of the Ministry of Economy, Trade and Industry.
- (3) The provisions of Article 17, paragraph (2) apply mutatis mutandis when making a deposit pursuant to the provisions of the preceding paragraph.

(Rescission of a License)

- Article 23 (1) If a licensed installment seller falls under one of the following items, the Minister of Economy, Trade and Industry must rescind their license:
- (i) the licensed installment seller has come to fall under the provisions of Article 15, paragraph (1), item (ii), item (vii), or item (viii);
 - (ii) an order under Article 20, paragraph (1) is issued and a rescission under the provisions of paragraph (2) of that Article is not made within six months from the date of that order;
 - (iii) the licensed installment seller has violated an order under the provisions of Article 20, paragraph (1); or
 - (iv) the licensed installment seller has obtained the license referred to in Article 11 by wrongful means.
- (2) If a licensed installment seller falls under one of the following items, the Minister of Economy, Trade and Industry may order that licensed installment seller not to conclude a contract for prepaid installment sales for a fixed period of no longer than three months, or may rescind their license:
- (i) the licensed installment seller has violated the provisions of Article 16, paragraph (3) (including as applied mutatis mutandis pursuant to Article 18, paragraph (2)) in commencing business;
 - (ii) the licensed installment seller has violated the provisions of Article 18-3, paragraph (1) in concluding a new contract for prepaid installment sales;
 - (iii) the licensed installment seller has violated an order under the provisions of Article 19, paragraph (3);
 - (iv) the licensed installment seller has violated an order under the provisions

- of Article 20-2, paragraph (1);
- (v) the licensed installment seller fails to make a deposit under the provisions of Article 22, paragraph (1); or
- (vi) the licensed installment seller fails to take preservative measures for advances received under the provisions of Article 22, paragraph (2).
- (3) If a licensed installment seller has violated the order referred to in item (iv) of the preceding paragraph (limited to an order issued when business operations that are connected with the prepaid installment sales of the licensed installment seller fall under Article 20-2, paragraph (1), item (iii); the same applies in the following paragraph and Article 40, paragraph (2)), before the Minister of Economy, Trade and Industry seeks to render a disposition under the preceding paragraph, the Minister must consult with the Prime Minister in advance.
- (4) If a licensed installment seller has violated the order referred to in paragraph (2), item (iv) and the Prime Minister finds it to be necessary for protecting the interests of purchasers, the Prime Minister may state an opinion concerning a disposition under the provisions of that paragraph, as necessary, to the Minister of Economy, Trade and Industry.
- (5) If the Minister of Economy, Trade and Industry rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2), the Minister must notify the person that was formerly the relevant licensed installment seller to that effect, indicating the reasons for the rescission, without delay.

(Public Notice of a Disposition)

Article 24 If the Minister of Economy, Trade and Industry issues an order under the provisions of Article 20, paragraph (1) or rescinds the order pursuant to the provisions of paragraph (2) of the same Article, or if the Minister rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article, the Minister must issue a public notice to that effect pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(Expiration of a License)

Article 25 If a licensed installment seller discontinues the operations of prepaid installment sales business, the seller's license expires.

(Notification of Discontinuation)

Article 26 (1) If a licensed installment seller discontinues operations of prepaid installment sales business, the licensed installment seller must notify the Minister of Economy, Trade and Industry of the discontinuation without delay.

(2) The provisions of Article 24 apply mutatis mutandis when a notification

under the preceding paragraph is filed.

(Cancellation of a Contract)

Article 27 (1) If a licensed installment seller falls under any of the following items, a person that has concluded a contract for prepaid installment sales with that licensed installment seller but has not been delivered the goods under that contract may cancel the contract:

- (i) the licensed installment seller has failed to take preservative measures for advances received for the base amount as of the base date, on or before the day on which fifty days have passed since the day following the relevant base date;
- (ii) the licensed installment seller has received an order under Article 20, paragraph (1);
- (iii) their license is rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2);
- (iv) their license loses validity pursuant to the provisions of Article 25;
- (v) a petition to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings is filed; or
- (vi) the licensed installment seller has suspended payments.

(2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Completion of Transactions upon Rescission of a License)

Article 28 If the license of a licensed installment seller is rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2), or loses validity pursuant to the provisions of Article 25, the person that was formerly that licensed installment seller or their general successor is deemed to continue to be a licensed installment seller, to the scope of the purpose of enabling the completion of transactions based on the contracts for prepaid installment sales that the licensed installment seller has concluded.

Article 29 (1) If the license of a licensed installment seller is rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2), or loses validity pursuant to the provisions of Article 25, the person that was formerly that licensed installment seller or its successor (other than a person that is deemed to be a licensed installment seller pursuant to the provisions of the preceding Article) may recover the business security deposit or business deposit for prepaid services that the person that was formerly that licensed installment seller has made.

(2) The recovery of a business security deposit or business deposit for prepaid services referred to in the preceding paragraph is not permitted unless public

notice is issued to the person with the right to the business security deposit or business deposit for prepaid services as referred to in Article 21, paragraph (1), indicating that the persons should make a filing within a fixed period of not less than six months, and no filing is made within that period; provided, however, that this does not apply when ten years have passed following the occurrence of grounds for the recovery of a business security deposit or business deposit for prepaid services.

- (3) The necessary particulars of the public notice referred to in the preceding paragraph and those relevant to the recovery of the business security deposit or business deposit for prepaid services under the provisions of paragraph (1) are specified by Order of the Ministry of Justice and Order of the Ministry of Economy, Trade and Industry.

Chapter II-2 Loan-Backed Sales

(Indication of the Terms and Conditions of Loan-Backed Sales)

Article 29-2 (1) If a person in the business of loan-backed sales (hereinafter referred to as a "loan-based installment seller") issues or grants a card, etc., to a user in order to sell designated goods or designated rights or provide designated services by the method of loan-backed sales as prescribed in Article 2, paragraph (2), item (i), the loan-based installment seller must deliver a document to the user stating the following particulars with respect to the terms and conditions of the sale of goods or rights or the terms and conditions for the provision of services when a loan-backed sale is made, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the period and number of repayments of borrowings (including payment of interest) in connection with a loan-backed Sale;
 - (ii) the interest rate and other fees connected with the borrowings involved in a loan-backed sale, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and
 - (iii) beyond what is set forth in the preceding two items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (2) If a loan-based installment seller issues or grants a card, etc. to a user in order to sell designated goods or designated rights or provide designated services by the method of loan-backed sales prescribed in Article 2, paragraph (2), item (ii), the loan-based installment seller must deliver a document to the user stating the following particulars in respect of the terms and conditions of the sale of goods or rights or the terms and conditions for the provision of

services when a loan-backed sale is made, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the timing at which a user is required to make a repayment and how the amount of the repayment is calculated for each time;
 - (ii) the interest rate and the rate of other fees connected with the borrowings under a loan-backed sale, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and
 - (iii) beyond what is set forth in the preceding two items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (3) When a loan-based installment seller sells designated goods or designated rights or provides designated services by the method of loan-backed sales referred to in paragraph (1) or the preceding paragraph, and advertises the terms and conditions of the sale or the terms and conditions for the provision, the loan-based installment seller must indicate the particulars set forth in the items of paragraph (1) or in the preceding paragraph, respectively, in their advertising, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Delivery of Documents)

Article 29-3 (1) If a loan-based installment seller concludes a contract under for selling designated goods or designated rights or providing designated services by the method of loan-backed sales prescribed in Article 2, paragraph (2), item (i), the loan-based installment seller must deliver a document to the purchaser or service recipient clarifying the details of the contract with respect to the following particulars, without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the total amount payable by the purchaser or service recipient (meaning the total price of goods or rights sold or services provided by the method of loan-backed sales (including guarantee fees and other fees), and the interest on the borrowings connected with that loan-backed sale);
- (ii) the amount of the installment repayments (meaning the amount of the borrowings to be repaid each time in respect of the loan-backed sales (including the amount of interest to be paid); the same applies hereinafter);
- (iii) the timing and method of repayment in respect of the installment repayments;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
- (v) information about cancellation of the contract;
- (vi) if there are provisions concerning the transfer of ownership, their details;

and

(vii) beyond what is set forth in the preceding items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

- (2) If a loan-based installment seller concludes a contract for selling designated goods or designated rights or providing designated services by the method of loan-backed sales as prescribed in Article 2, paragraph (2), item (ii), the loan-based installment seller must deliver a document to the purchaser or service recipient clarifying the details of the contract with respect to the following particulars, without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:
- (i) the amount of the borrowings of the purchaser or service recipient under the contract for the loan-backed sale;
 - (ii) the method of repayment in respect of repayment;
 - (iii) the timing of the delivery of the goods, the timing of the transfer of the rights, or the timing of the provision of the services;
 - (iv) information about cancellation of the contract;
 - (v) if there are provisions concerning the transfer of ownership, their details;
- and
- (vi) beyond what is set forth in the preceding items, particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Provisions Applied Mutatis Mutandis)

- Article 29-4 (1) The provisions of Article 4-2 apply mutatis mutandis to a loan-based installment seller and the provisions of Article 8 (excluding item (vi)) apply mutatis mutandis to loan-backed sales. In this case, the phrase "Article 3, paragraph (2) or paragraph (3) or the paragraphs of the preceding Article" in Article 4-2 is deemed to be replaced with "Article 29-2, paragraph (1) or paragraph (2), or the paragraphs of Article 29-3".
- (2) The provisions of Article 30-4 apply mutatis mutandis when grounds related to the payment of installment repayments in connection with a loan-backed sale provided for in Article 2, paragraph (2), item (i), which arise against a loan-based installment seller, are duly asserted against the loan provider (meaning the person that has lent money as prescribed in that item to the purchaser or service recipient connected with a loan-backed sale in the course of trade, based on the guarantee of obligations prescribed in that item). In this case, the term "goods" in Article 30-4, paragraph (1) is deemed to be replaced with "designated goods"; the term "services" in that paragraph is deemed to be replaced with "designated services"; the phrase "amount to be paid as referred to in Article 30-2-3, paragraph (1), item (ii)" in that paragraph is deemed to be

replaced with "installment repayment set forth in Article 29-3, paragraph (1), item (ii)"; the term "services" in that paragraph is deemed to be replaced with "the designated services"; and the term "amount to be paid" in paragraph (4) of that Article is deemed to be replaced with "installment repayment".

- (3) The provisions of Article 30-5 apply mutatis mutandis to repayment for loan-backed sales prescribed in Article 2, paragraph (2), item (ii). In this case, the term "the preceding Article" in Article 30-5, paragraph (1) is deemed to be replaced with "the preceding Article as applied mutatis mutandis pursuant to Article 29-4, paragraph (2)", and other necessary technical replacements of terms are specified by Cabinet Order.

Chapter III Intermediation of Credit Purchases

Section 1 Intermediation of Comprehensive Credit Purchases

Subsection 1 Services

(Indication of the Terms and Conditions of Transactions for the Intermediation of Comprehensive Credit Purchases)

Article 30 (1) If a person in the business of the intermediation of comprehensive credit purchases (hereinafter referred to as a "comprehensive credit purchase intermediary") issues or grants a card, etc. to a user for providing intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (i), the person must deliver a document to the user stating the following particulars in respect of the terms and conditions of the intermediation of comprehensive credit purchases, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the period and number of payments for the cost of the goods or rights, or the consideration for the services that the intermediation of comprehensive credit purchases is for (including fees for the intermediation of comprehensive credit purchases);
 - (ii) the rate of the fees for the intermediation of comprehensive credit purchases, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and
 - (iii) beyond what is set forth in the preceding two items, particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (2) If a comprehensive credit purchase intermediary issues or grants a card, etc. to a user for providing intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (ii), the comprehensive credit purchase intermediary must deliver a document to the user stating the following particulars in respect of the terms and conditions for the

intermediation of comprehensive credit purchases, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the timing at which a user is required to make a repayment and how the amount of the repayment is calculated for each time;
 - (ii) the rate of the fees for the intermediation of comprehensive credit purchases, as arrived at by the method of calculation specified by Order of the Ministry of Economy; and Trade and Industry and Cabinet Office Order; and
 - (iii) beyond what is set forth in the preceding two items, particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (3) When a comprehensive credit purchase intermediary advertises the terms and conditions for the intermediation of comprehensive credit purchases, the comprehensive credit purchase intermediary must indicate the particulars set forth in the items of paragraph (1) or in the items of the preceding paragraph, respectively, in its advertising, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Investigation into the Comprehensive Amount Estimated to Be Payable)

Article 30-2 (1) When a comprehensive credit purchase intermediary seeks to issue or grant a card, etc. to a user (limited to a user that is an individual; hereinafter the same applies in this Article, the following Article, and Section 3) for providing intermediation of comprehensive credit purchases, or seeks to increase the maximum amount on a card, etc. that has been issued or granted to a user (a maximum amount means the maximum amount for purchasing goods or rights or receiving services by the method of purchasing goods or rights, or receiving services involving the intermediation of comprehensive credit purchases, which is specified in advance; the same applies hereinafter), the comprehensive credit purchase intermediary must investigate before the issuance or grant, or the increase and pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, the annual income, balance of deposits and savings, payment status of obligations related to the intermediation of credit purchases (meaning the intermediation of comprehensive credit purchases and the intermediation of individual credit purchases; the same applies hereinafter), the status of borrowings, and other necessary particulars relevant to the calculation of the comprehensive amount estimated to be payable for the user as specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; provided, however, that this does not apply in a case specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order as one that does not prejudice

the protection of that User.

- (2) The "comprehensive amount estimated to be payable" as used in this Section means the estimated amount that a user can allocate in a year for payment of the amount that corresponds to the cost of goods or designated rights that the user seeks to purchase or compensation for services that the user seeks to receive by the method of the intermediation of comprehensive credit purchases, without transferring or pledging as collateral the home that the user mainly uses as a residence or other assets specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, and without using money that should be allocated to the living expenses of the user (meaning the amount specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order as the annual cost that is necessary for maintaining the minimum standard of living; the same applies in Article 35-3-3).
- (3) When a comprehensive credit purchase intermediary performs an investigation pursuant to the provisions of the main clause of paragraph (1), the comprehensive credit purchase intermediary must use specified credit information (meaning information about the comprehensive amount estimated to be payable or the individual amount estimated to be payable as prescribed in Article 35-3-3, paragraph (2) for a user, or for a purchaser (limited to an individual purchaser; hereinafter the same applies in this paragraph, Article 35-3-3, Article 35-3-4, and Section 3) or service recipient (limited an individual service recipient; hereinafter the same applies in this paragraph, Article 35-3-3, Article 35-3-4, and Section 3) (including information that can be used to distinguish the user, purchaser, or service recipient) which concerns the payment status of obligations from the intermediation of credit purchases and other information specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; the same applies in Article 35-3-3, Section 3, and Article 50) that is held by a person that is designated under the provisions of Article 35-3-36, paragraph (1) (hereinafter referred to as the "designated credit bureau").
- (4) When a comprehensive credit purchase intermediary issues or grants a card, etc. to a user for providing intermediation of comprehensive credit purchases, or increases the maximum amount on a card, etc. that has been issued or granted to a user, the comprehensive credit purchase intermediary must prepare and preserve the record of the investigation under the provisions of the main clause of paragraph (1), pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Prohibition on the Issuance of a Card, etc. in Excess of the Comprehensive Amount Estimated to be Payable)

Article 30-2-2 If a comprehensive credit purchase intermediary seeks to issue or

grant a card, etc. to a user for providing intermediation of comprehensive credit purchases or to increase the maximum amount on a card, etc. that has been issued or granted to a user, but the maximum amount on the card, etc. that it seeks to issue or grant the user or the maximum amount after the increase would exceed the amount arrived at by multiplying the comprehensive amount estimated to be payable as calculated based on the information obtained in the investigation under the main clause of paragraph (1) of the preceding Article, by the rate specified by the Minister of Economy, Trade and Industry and the Prime Minister in consideration of the average period for receiving an amount that corresponds to the cost of goods or designated rights purchased or consideration for services received by the method of intermediation of comprehensive credit purchases, the comprehensive credit purchase intermediary must not issue or grant the card, etc. or increase the maximum amount ; provided, however, that this does not apply to a case specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order as one that does not hinder the protection of that user.

(Delivery of Documents)

Article 30-2-3 (1) When a comprehensive credit purchase intermediary concludes a contract under which an amount of money will be received that corresponds to the cost of goods or designated rights purchased or consideration for services received by the method that involves the intermediation of comprehensive credit purchases (hereinafter referred to as a "contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases") in connection with the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (i), the comprehensive credit purchase intermediary must deliver a document to the purchaser or service recipient stating the following information with regard to that contract without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the total amount payable by the purchaser or service recipient (meaning the total of the cash sale price of the goods or rights or the cash provision price of the services, and the amount of fees for the intermediation of comprehensive credit purchases; the same applies in Article 30-3 and Article 30-4);
- (ii) the amount to be paid each time for the cost of goods or rights or consideration for services that the intermediation of comprehensive credit purchases is for (including fees for the intermediation of comprehensive credit purchases), and the timing and method of its payment; and
- (iii) beyond what is set forth in the preceding two items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

- (2) When a comprehensive credit purchase intermediary concludes a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases in connection with the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (ii), the comprehensive credit purchase intermediary must deliver a document to the purchaser or service recipient stating the following information with regard to that contract without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:
- (i) the cash sale price of the goods or rights or the cash provision price of the services;
 - (ii) the method of payment for the repayment; and
 - (iii) beyond what is set forth in the preceding items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (3) When a comprehensive credit purchase intermediary demands that a repayment be made in connection with the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (ii), for goods, designated rights, or services, the comprehensive credit purchase intermediary must deliver in advance, a document to the purchaser or service recipient stating the following particulars, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:
- (i) the time at which the repayment is to be made; and
 - (ii) the amount of the repayment that is to be made at the time referred to in the preceding item, and the basis for calculation.
- (4) When a seller that has concluded a contract for the intermediation of comprehensive credit purchases with a comprehensive credit purchase intermediary (including a seller that has concluded a contract with a person that is in the business of delivering, in their own name and on behalf of a specific comprehensive credit purchase intermediary, an amount that corresponds to the cost of goods or rights purchased or the consideration for services received by the method that involves the intermediation of comprehensive credit purchases, to the seller or the service provider (this includes delivering the amount to the seller or service provider through a person other than that seller or service provider) when a user presents, notifies, or exchanges a card, etc. in order to purchase goods or rights from a seller or receive services from a service provider (hereinafter the delivery of the amount is referred to as "brokerage of third-party payments in the intermediation of comprehensive credit purchases") (hereinafter a person that delivers the amount is referred to as a "broker for third-party payments in the intermediation of comprehensive credit purchases"), the contract being for the brokerage of third-party payments in the intermediation of comprehensive

credit purchases; hereinafter a seller that concludes such a contract is referred to as the "seller affiliated with the intermediation of comprehensive credit purchases") or a service provider that has concluded such a contract (this includes a service provider that has concluded a contract for the brokerage of third-party payments in the intermediation of comprehensive credit purchases with a broker for third-party payments in the intermediation of comprehensive credit purchases; a service provider that concludes such a contract is hereinafter referred to as the "service provider affiliated with the intermediation of comprehensive credit purchases") concludes a contract for selling goods or designated rights by the method that involves the intermediation of comprehensive credit purchases or a contract for providing services by the method that involves the intermediation of comprehensive credit purchases, the seller must deliver a document to the purchaser or the service recipient stating the following information with regard to that contract without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the cash sale price of the goods or rights or the cash provision price of the services;
- (ii) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
- (iii) information about cancellation of the contract; and
- (iv) beyond what is set forth in the preceding three items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Restriction on the Cancellation of a Contract)

Article 30-2-4 (1) In the event of an unperformed obligation to pay an amount to be paid or for repayment prescribed in each of following items pursuant to a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases in connection with the intermediation of comprehensive credit purchases as set forth in that item, it is prohibited for the comprehensive credit purchase intermediary to cancel the contract or to demand the payment of amounts to be paid or demand repayment that are not yet due on the grounds of a delay in the payment of an amount to be paid or in the repayment, unless it makes a demand in writing for the payment within a reasonable period of not less than twenty days, and the obligation is not performed within that period:

- (i) the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (i): the amount to be paid that is referred to in paragraph (1), item (ii) of the preceding Article; and
- (ii) the intermediation of comprehensive credit purchases as prescribed in

Article 2, paragraph (3), item (ii): the repayment referred to in paragraph (3), item (ii) of the preceding Article.

- (2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Restriction on the Amount of Compensation for Damages Accompanying the Cancellation of a Contract)

Article 30-3 (1) In the event that a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases in connection with the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (i) is cancelled, even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, the comprehensive credit purchase intermediary may not demand that the purchaser or service recipient pay an amount of money that exceeds the amount that corresponds to the total amount payable under the contract that has added the amount of damages for delay based on the applicable statutory interest rate.

- (2) In the event of an unperformed obligation to pay the amount to be paid that is referred to in Article 30-2-3, paragraph (1), item (ii) in respect of the contract referred to in the preceding paragraph (other than if that contract is cancelled), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, the comprehensive credit purchase intermediary may not demand that the purchaser or service recipient pay an amount of money that exceeds the amount obtained by deducting from the amount that corresponds to the total amount payable under the contract the amount to be paid as referred to in that item that has already been paid that has added the amount of damages for delay based on the applicable statutory interest rate.

(Defense against a Comprehensive Credit Purchase Intermediary)

Article 30-4 (1) If a purchaser or service recipient receives a demand to pay an amount to be paid as referred to in Article 30-2-3, paragraph (1), item (ii) for goods or designated rights purchased or services received by the method that involves the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (i), the purchaser or service recipient may duly assert against the comprehensive credit purchase intermediary demanding the payment, based on grounds that have arisen against the seller affiliated with the intermediation of comprehensive credit purchases which sold the goods or designated rights or against the service provider affiliated with the intermediation of comprehensive credit purchases which provided the services.

- (2) Any special provisions of a contract that run counter to the provisions of the preceding paragraph and that are disadvantageous to the purchaser or service

recipient are void.

- (3) If a purchaser or service recipient that duly asserts against a comprehensive credit purchase intermediary under the provisions of paragraph (1), is requested by the comprehensive credit purchase intermediary to submit a document stating the details of the grounds referred to in that paragraph in connection with that assertion, the purchaser or service recipient must endeavor to submit the document.
- (4) The provisions of the preceding three paragraphs do not apply to the payment of an amount to be paid as referred to in paragraph (1) when the total amount to be paid is less than the amount specified by Cabinet Order.

Article 30-5 (1) A repayment for the intermediation of comprehensive credit purchases as prescribed in Article 2, paragraph (3), item (ii) is deemed to have been made for the appropriation for obligation linked to the intermediation of comprehensive credit purchases which is set forth in each of the following items, pursuant to that item at the time of each payment, and the provisions of the preceding Article apply mutatis mutandis. In this case, the phrase "an amount to be paid as referred to in Article 30-2-3, paragraph (1), item (ii)" in paragraph (1) of the preceding Article is deemed to be replaced with "a repayment as referred to in Article 30-2-3, paragraph (3), item (ii)"; the term "amount to be paid" in paragraph (4) of that Article is deemed to be replaced with "repayment"; and the term "total amount payable" in that paragraph is deemed to be replaced with "cash sale price or cash provision price set forth in Article 30-2-3, paragraph (2), item (i)":

- (i) damages for delay, if any, take precedence over other obligations in terms of appropriation, followed by fees for the intermediation of comprehensive credit purchases, and finally other obligations;
 - (ii) a repayment is appropriated to cover the damages for delay referred to in the preceding item sequentially in chronological order;
 - (iii) a repayment is appropriated to cover the fees referred to in item (i) sequentially from the first payment that comes due; and
 - (iv) a repayment is appropriated to cover obligations other than damages for delay and fees for the intermediation of comprehensive credit purchases sequentially, starting with the one associated with the highest rate of fees for the intermediation of comprehensive credit purchases, and in chronological order, for obligations at the same place in the appropriation order.
- (2) Beyond what is prescribed in the preceding paragraph, the necessary particulars relevant to the appropriation of repayment in applying the preceding Article mutatis mutandis to the payment of repayment linked to the intermediation of comprehensive credit purchases as prescribed in Article 2,

paragraph (3), item (ii), are specified by Cabinet Order.

(Measures Concerning Business Operations)

Article 30-5-2 A comprehensive credit purchase intermediary, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, must take the necessary measures to properly handle information about users, purchasers, and service recipients that it acquires in their business operations in the intermediation of comprehensive credit purchases, to ensure the proper performance of their services in the intermediation of comprehensive credit purchases if they entrusts those services to a third party, and to appropriately and promptly process complaints from users, purchasers, and service recipients, in order to protect the interests of users, purchasers, and service recipients.

(Order for Improvement)

Article 30-5-3 (1) If the Minister of Economy, Trade and Industry finds a comprehensive credit purchase intermediary to be in violation of the provisions of the main clause of Article 30-2, paragraph (1), paragraph (3), or paragraph (4) of that Article; the main clause of Article 30-2-2; the preceding Article; Articles 35-3-56 through 35-3-58; or Article 35-3-59, paragraph (1), the Minister, within the scope that it is necessary, may order the comprehensive credit purchase intermediary to take the necessary measures to improve the business operations that are connected with the intermediation of comprehensive credit purchases.

(2) If a comprehensive credit purchase intermediary violates the provisions of the main clause Article 30-2, of paragraph (1), paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; or the preceding Article, and the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of the preceding paragraph, the Minister must consult with the Prime Minister in advance.

(3) If a comprehensive credit purchase intermediary violates the provisions of the main clause of Article 30-2, paragraph (1), paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; or the preceding Article, and the Prime Minister finds it to be necessary for protecting the interests of users, purchasers, or service recipients, the Prime Minister may state an opinion concerning the order under paragraph (1), as necessary, to the Minister of Economy, Trade and Industry.

(Provisions Applied Mutatis Mutandis)

Article 30-6 The provisions of Article 4-2 apply mutatis mutandis to a comprehensive credit purchase intermediary, seller affiliated with the

intermediation of comprehensive credit purchases, or service provider affiliated with the intermediation of comprehensive credit purchases. In this case, the phrase "Article 3, paragraph (2) or paragraph (3), or the paragraphs of the preceding Article" in that Article is deemed to be replaced with "Article 30, paragraph (1) or paragraph (2), or the paragraphs of Article 30-2-3".

Subsection 2 Registration of Comprehensive Credit Purchase Intermediaries

(Registration of Comprehensive Credit Purchase Intermediaries)

Article 31 A person other than a corporation that is registered in the comprehensive credit purchase intermediary register kept at the Ministry of Economy, Trade and Industry (hereinafter referred to as a "registered comprehensive credit purchase intermediary") must not engage in the intermediation of comprehensive credit purchases in the course of trade; provided, however, that this does not apply to an organization referred to in Article 35-3-60, paragraph (1), item (iv).

(Application for Registration)

Article 32 (1) A person seeking registration as set forth in the preceding Article must submit a written application to the Minister of Economy, Trade and Industry stating the following particulars:

- (i) the person's name;
 - (ii) the names and locations of the head office and other business offices;
 - (iii) the amount of stated capital or capital contributions; and
 - (iv) the names of the officers (meaning the members, directors, and executive officers that execute business, or any other person equivalent thereto, and includes any person, irrespective of title, that is specified by Order of the Ministry of Economy, Trade and Industry as a person found to have at least the same amount of control over the corporation as those persons; hereinafter the same applies in this Section and the following Section).
- (2) The articles of incorporation, a certificate of registered information, and other documents specified by Order of the Ministry of Economy, Trade and Industry must accompany the written application referred to in the preceding paragraph; provided, however, that a certificate of registered information may be omitted if so specified by Order of the Ministry of Economy, Trade and Industry.
- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one specified by Order of the Ministry of Economy, Trade and Industry) may accompany the written

application in lieu of a document.

(Registration and Notice)

- Article 33 (1) When an application for registration under the provisions of paragraph (1) of the preceding Article is filed, the Minister of Economy, Trade and Industry must register the particulars set forth in the items of paragraph (1) of the preceding Article and the date of registration in the comprehensive credit purchase intermediary register, except when the Minister refuses the registration pursuant to the provisions of paragraph (1) of the following Article.
- (2) When the Minister of Economy, Trade and Industry makes a registration set forth in Article 31, the Minister must notify the applicant to that effect without delay.

(Refusal of Registration)

Article 33-2 (1) If the person submitting a written application set forth in Article 32, paragraph (1) falls under any of the following items, or if the written application or a document accompanying it contains a false statement with regard to material information or omits a statement of material fact, the Minister of Economy, Trade and Industry must refuse the registration:

- (i) a person that is not a corporation;
- (ii) a corporation with a stated capital or capital contributions of less than the amount that is found to be necessary and appropriate for protecting sellers affiliated with the intermediation of comprehensive credit purchases or service providers affiliated with the intermediation of comprehensive credit purchases, as specified by Cabinet Order;
- (iii) a corporation whose amount of total assets after deducting the total liabilities is less than 90 percent of its stated capital or capital contributions;
- (iv) a corporation whose registration has been rescinded pursuant to the provisions of Article 34-2, paragraph (1) or paragraph (2), and five years have not passed since the date of the rescission;
- (v) a corporation that has been sentenced to a fine pursuant to the provisions of this Act or the Money Lending Business Act (Act No. 32 of 1983), and five years have not passed since the day on which it finished serving the sentence or ceased to be subject to the sentence;
- (vi) a corporation with an officer that falls under any of the following sub-items:
 - (a) a bankrupt person that has not been released from bankruptcy restrictions ;
 - (b) a person that has been sentenced to imprisonment without work or a heavier punishment, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the

- sentence;
- (c) a person that has been sentenced to a fine for violating the provisions of this Act, the Money Lending Business Act, or the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (excluding the provisions of Article 32-2, paragraph (7) of that Act) or for committing a crime set forth in the Penal Code (Act No. 45 of 1907) or in the Act on the Punishment of Violent Acts (Act No. 60 of 1926), and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
 - (d) a person that was the officer of a registered comprehensive credit purchase intermediary whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 34-2, during the period of thirty days prior to the disposition, and five years have not passed since the date of that disposition; or
 - (e) the member of an organized crime group as prescribed in Article 2, item (iv) of the Act on Prevention of Unjust Acts by Organized Crime Group Members (hereinafter referred to as the "member of an organized crime group" in this item) or a person for whom five years have not passed since the date on which the person ceased to be a member of an organized crime group (hereinafter referred to as the "member of an organized crime group, etc.");
 - (vii) a corporation whose business activities are controlled by the member of an organized crime group, etc.;
 - (viii) a corporation that is likely to have the member of an organized crime group, etc. engage in its business activities or to employ such a person as an assistant in its business operations;
 - (ix) a corporation specified by Order of the Ministry of Economy, Trade and Industry as one for whom there are reasonable grounds to find that the corporation is likely to engage in illegal or dishonest acts in respect of business connected with the intermediation of comprehensive credit purchases; or
 - (x) a corporation that is found not to have in place the necessary system for ensuring the smooth implementation of investigations provided for in the main clause of Article 30-2, paragraph (1), the smooth implementation of measures specified in the provisions of Article 35-16, paragraph (1) and paragraph (4), or the smooth implementation of other measures specified in this Act; the necessary system for appropriately and promptly processing complaints by users, purchasers, or service recipients; or any other system specified by Order of the Ministry of Economy, Trade and Industry as necessary for ensuring fair and proper implementation of the intermediation of comprehensive credit purchases.

(2) The provisions of Article 15, paragraph (2) and paragraph (3) apply mutatis mutandis when an application for registration under Article 32, paragraph (1) is filed.

(Application for the Registration of a Change)

Article 33-3 (1) If a particular set forth in one of the items of Article 32, paragraph (1) changes, the registered comprehensive credit purchase intermediary must submit an application for registration of change to the Minister of Economy, Trade and Industry without delay, stating the particulars of the change.

(2) The provisions of Article 15, paragraph (2) and paragraph (3); Article 32, paragraph (2); Article 33; and paragraph (1) of the preceding Article apply mutatis mutandis to an application for the registration of change under the preceding paragraph.

(Inspection of the Register)

Article 33-4 The Minister of Economy, Trade and Industry must make the comprehensive credit purchase intermediary register available for public inspection.

(Order for Improvement)

Article 33-5 If the Minister of Economy, Trade and Industry finds that a registered comprehensive credit purchase intermediary has come to fall under the provisions of Article 33-2, paragraph (1), item (x), the Minister may, within the scope that is necessary, order the registered comprehensive credit purchase intermediary to take the necessary measures to improve the business operations that are connected with the intermediation of comprehensive credit purchases.

(Prohibition on the Issuance of Cards, etc.)

Article 34 (1) If a registered comprehensive credit purchase intermediary comes to fall under the provisions of Article 33-2, paragraph (1), item (iii) and the Minister of Economy, Trade and Industry finds it to be necessary for protecting sellers (including a seller that has concluded a contract for the brokerage of third-party payments in the intermediation of comprehensive credit purchases with a broker for third-party payments in the intermediation of comprehensive credit purchases which engages in the brokerage of third-party payments in the intermediation of comprehensive credit purchases for the registered comprehensive credit purchase intermediary; the same applies in Article 21, paragraph (1) as applied mutatis mutandis pursuant to Article 35 and Article 35-3) or service providers (including a service provider that has concluded a

contract for the brokerage of third-party payments in the intermediation of comprehensive credit purchases with a broker for third-party payments in the intermediation of comprehensive credit purchases which engages in the brokerage of third-party payments in the intermediation of comprehensive credit purchases for the registered comprehensive credit purchase intermediary; the same applies in Article 21, paragraph (1) as applied mutatis mutandis pursuant to Article 35 and Article 35-3) that has concluded a contract for the intermediation of comprehensive credit purchases with that registered comprehensive credit purchase intermediary, the Minister may order the registered comprehensive credit purchase intermediary not to issue or grant cards, etc.

(2) The provisions of Article 20, paragraph (2) apply mutatis mutandis to an order under the provisions of the preceding paragraph.

(Rescission of Registration)

Article 34-2 (1) If a registered comprehensive credit purchase intermediary falls under any of the following items, the Minister of Economy, Trade and Industry must rescind the intermediary's registration:

(i) the registered comprehensive credit purchase intermediary has come to fall under one of the cases referred to in Article 33-2, paragraph (1), item (ii) or items (v) through (ix);

(ii) an order under paragraph (1) of the preceding Article is issued, and the rescission under the provisions of Article 20, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) of the preceding Article is not made within six months from the date of that order;

(iii) the registered comprehensive credit purchase intermediary has violated an order under the provisions of paragraph (1) of the preceding Article; or

(iv) the registered comprehensive credit purchase intermediary has obtained the registration referred to in Article 31 by wrongful means.

(2) If a registered comprehensive credit purchase intermediary falls under any of the following items, the Minister of Economy, Trade and Industry may rescind the intermediary's registration:

(i) the registered comprehensive credit purchase intermediary has violated an order under the provisions of Article 30-5-3, paragraph (1) or Article 33-5;

(ii) the registered comprehensive credit purchase intermediary has failed to submit an application under the provisions of Article 33-3, paragraph (1), or has submitted a false application;

(iii) the registered comprehensive credit purchase intermediary has violated the provisions of Article 16, paragraph (3) as applied mutatis mutandis pursuant to Article 35-3 (including as applied mutatis mutandis pursuant to Article 18, paragraph (2)) in commencing business operations; or

- (iv) the registered comprehensive credit purchase intermediary fails to make a deposit under the provisions of Article 22, paragraph (1) as applied *mutatis mutandis* pursuant to Article 35-3.
- (3) If a registered comprehensive credit purchase intermediary has violated an order under the provisions of the main clause of paragraph (1) of Article 30-2, paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; or item (i) of the preceding paragraph (limited to the order in a case in which the registered comprehensive credit purchase intermediary has violated the provisions Article 30-5-2; the same applies in the following paragraph and Article 40, paragraph (4)), and the Minister of Economy, Trade and Industry seeks to render a disposition under the provisions of the preceding paragraph, the Minister must consult with the Prime Minister in advance.
- (4) If a registered comprehensive credit purchase intermediary has violated an order under the provisions of paragraph (2), item (i) and the Prime Minister finds it to be necessary for protecting the interests of users, purchasers, or service recipients, the Prime Minister may state an opinion concerning the disposition under that paragraph, as necessary, to the Minister of Economy, Trade and Industry.
- (5) If the Minister of Economy, Trade and Industry rescinds a registration pursuant to the provisions of paragraph (1) or paragraph (2), the Minister must notify the person that was formerly the relevant registered comprehensive credit purchase intermediary to that effect, indicating the reasons therefor, without delay.

(Deletion of Registration)

- Article 34-3 (1) If a registered comprehensive credit purchase intermediary falls under any of the following items, the Minister of Economy, Trade and Industry must delete the registration of that registered comprehensive credit purchase intermediary from the comprehensive credit purchase intermediary register:
- (i) the Minister has rescinded the registration pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article; or
 - (ii) a notification under the provisions of Article 26, paragraph (1) as applied *mutatis mutandis* pursuant to Article 35-3 is filed, or it is discovered that the registered comprehensive credit purchase intermediary has discontinued business operations for the intermediation of comprehensive credit purchases.
- (2) The provisions of paragraph (3) of the preceding Article apply *mutatis mutandis* if a registration is deleted pursuant to the provisions of item (ii) of the preceding paragraph.

(Cancellation of a Contract by the Seller)

- Article 35 (1) If a registered comprehensive credit purchase intermediary is

given an order under the provisions of Article 34, paragraph (1), and has the registration rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 34-2, or has the registration deleted pursuant to the provisions of paragraph (1), item (ii) of the preceding Article, a seller or service provider that has concluded a contract for the intermediation of comprehensive credit purchases with that registered comprehensive credit purchase intermediary may effect a cancellation of that contract from that time on.

(2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Recovery of a Business Security Deposit)

Article 35-2 (1) If a registration under the provisions of Article 34-3, paragraph (1) is deleted, the person that was formerly the registered comprehensive credit purchase intermediary or the person's successor (excluding a person that is deemed to be a registered comprehensive credit purchase intermediary pursuant to the provisions of Article 28 as applied mutatis mutandis pursuant to the following Article) may recover the business security deposit made by the person that was formerly that registered comprehensive credit purchase intermediary. The same applies to any excess amount if a registered comprehensive credit purchase intermediary closes some of their business offices and the amount of the business security deposit exceeds the amount prescribed in Article 17, paragraph (1) as applied mutatis mutandis pursuant to the following Article.

(2) The provisions of Article 29, paragraph (2) and paragraph (3) apply mutatis mutandis to the recovery of a business security deposit pursuant to the provisions of the first sentence of the preceding paragraph, and the provisions of Article 18-2, paragraph (2) and paragraph (3) apply mutatis mutandis to the recovery of a business security deposit pursuant to the provisions of the second sentence of the preceding paragraph.

(Provisions Applied Mutatis Mutandis)

Article 35-3 The provisions of Articles 16 through 18; Article 21; Article 22, paragraph (1) and paragraph (3); Article 22-2; Article 24; Article 26, paragraph (1); and Article 28 apply mutatis mutandis when a person engages in the intermediation of comprehensive credit purchases in the course of trade. In this case, the phrase "business office or agency office" in Article 17, paragraph (1) and Article 18, paragraph (1) is deemed to be replaced with "business office"; the phrase "A person that concludes a contract for prepaid installment sales" in Article 21, paragraph (1) is deemed to be replaced with "A seller or service provider that concludes a contract for the intermediation of comprehensive credit purchases"; the phrase "Article 20, paragraph (1)" in

Article 24 is deemed to be replaced with "Article 34, paragraph (1)"; the phrase "paragraph (2) of the same Article" in that Article is deemed to be replaced with "Article 20, paragraph (2) as applied mutatis mutandis pursuant to paragraph (2) of that Article"; the phrase "rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article" in that Article is deemed to be replaced with "rescinds a registration pursuant to the provisions of Article 34-2, paragraph (1) or paragraph (2) or deletes a registration pursuant to the provisions of Article 34-3, paragraph (1), item (ii)"; the phrase "Article 23, paragraph (1) or paragraph (2)" in Article 28 is deemed to be replaced with "Article 34-2, paragraph (1) or paragraph (2)"; the phrase "loses validity pursuant to the provisions of Article 25" in that Article is deemed to be replaced with "the registration is deleted pursuant to the provisions of Article 34-3, paragraph (1), item (ii)"; and the phrase "transactions based on the contracts for prepaid installment sales that the licensed installment seller has concluded" in that Article is deemed to be replaced with "transactions for a card, etc. provided for in Article 2, paragraph (3), item (i) that the licensed installment seller has issued or granted".

Section 2 Intermediation of Individual Credit Purchases

Subsection 1 Services

(Indication of Terms and Conditions for the Intermediation of Individual Credit Purchases)

Article 35-3-2 (1) If a seller or a service provider that concludes a contract for the intermediation of individual credit purchases with a person that is in the business of the intermediation of individual credit purchases (hereinafter the person is referred to as an "individual credit purchase intermediary") (hereinafter the seller is referred to as the "seller affiliated with the intermediation of individual credit purchases" and the service provider is referred to as the "service provider affiliated with the intermediation of individual credit purchases"), seeks to sell goods or designated rights, or provide designated services by the method of the intermediation of individual credit purchases, the seller or the service provider must indicate the following particulars about the goods, designated rights, or designated services to the other party, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the cash sale price of the goods or rights, or the cash provision price of the services;
- (ii) the total amount payable by the purchaser or service recipient (meaning the total amount of the price of goods or rights that are sold or consideration for services that are provided by the method that involves intermediation of

- individual credit purchases, and the fees for the intermediation of individual credit purchases; hereinafter the same applies in this Section);
- (iii) the period and number of payments for the full or partial cost of goods or rights or consideration for services that the intermediation of individual credit purchases is for (including fees for the intermediation of individual credit purchases in respect of that full or partial cost or consideration);
 - (iv) the rate of the fees for the intermediation of individual credit purchases, as arrived at by the method of calculation specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; and
 - (v) beyond what is set forth in the preceding items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (2) When the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases sells goods or designated rights or provides services by the method that involves the intermediation of individual credit purchases and advertises the terms and conditions of the sale or the terms and conditions for their provision, the seller or the service provider must indicate the particulars set forth in the items of the preceding paragraph in its advertising, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Investigation of the Individual Amount Estimated to Be Payable)

- Article 35-3-3 (1) When an individual credit purchase intermediary seeks to conclude a contract under which an amount of money will be received that corresponds to the cost of goods or designated rights purchased or consideration for services received by the method that involves the intermediation of individual credit purchases (hereinafter such a contract is referred to as a "contract stipulating the receipt of monies subject to the intermediation of individual credit purchases"), before concluding the contract, they must investigate, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, the annual income, balance of deposits and savings, payment status of obligations connected with the intermediation of credit purchases, loan status, and other necessary particulars relevant to the calculation of the individual amount estimated to be payable for that purchaser or service recipient, as specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; provided, however, that this does not apply to a case specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order as one that does not hinder the protection of that purchaser or service recipient.
- (2) The "individual amount estimated to be payable" as used in this Section

means the estimated amount that a purchaser or service recipient can allocate in a year for payment of the amount that corresponds to the cost of goods or designated rights that a purchaser seeks to purchase, or consideration for services that a service recipient seeks to receive by the method that involves the intermediation of individual credit purchases, without transferring or pledging as collateral the home that the purchaser or service recipient mainly uses as a residence or other assets specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, and without using money that should be allocated to the living expenses of the purchaser or service recipient.

- (3) When an individual credit purchase intermediary performs an investigation pursuant to the provisions of the main clause of paragraph (1), the individual credit purchase intermediary must use the specified credit information held by a designated credit bureau.
- (4) When an individual credit purchase intermediary concludes a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the individual credit purchase intermediary must prepare and preserve a record of the investigation under the main clause of paragraph (1), pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Prohibition on the Conclusion of a Contract Stipulating the Receipt of Monies Subject to Intermediation of Individual Credit Purchases in Excess of the Individual Amount Estimated to Be Payable)

Article 35-3-4 If an individual credit purchase intermediary seeks to conclude a contract stipulating the receipt of monies subject to intermediation of individual credit purchases, but the part of the total amount payable that the purchaser or service recipient would pay during a year's time exceeds the individual amount estimated to be payable as calculated based on information obtained by the investigation under the provisions of the main clause of paragraph (1) of the preceding Article, the individual credit purchase intermediary must not conclude the contract stipulating the receipt of monies subject to intermediation of individual credit purchases; provided, however, that this does not apply to a case specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order as one that does not hinder the protection of that purchaser or service recipient.

(Investigation into the Solicitation of a Contract for a Sale Involving Intermediation of Individual Credit Purchases)

Article 35-3-5 (1) If an individual credit purchase intermediary seeks to conclude a contract falling under any of the following items (the contract is referred to

as a "specified contract" in Article 35-3-7) which corresponds to a contract stipulating the receipt of monies subject to intermediation of individual credit purchases which is connected with a contract for selling goods or designated rights by the method that involves intermediation of individual credit purchases (hereinafter referred to as "contract for a sale involving the intermediation of individual credit purchases") or a contract for providing services by the method that involves the intermediation of individual credit purchases (hereinafter referred to as a "contract for services involving the intermediation of individual credit purchases"), prior to concluding the contract and pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, the intermediary must investigate the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order with regard to whether the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has committed an act falling under any of the items of Article 35-3-7:

- (i) a contract related to door-to-door sales prescribed in Article 2, paragraph (1) of the Act on Specified Commercial Transactions (hereinafter referred to as "door-to-door sales");
 - (ii) a contract related to telemarketing sales prescribed in Article 2, paragraph (3) of the Act on Specified Commercial Transactions (hereinafter referred to as "telemarketing sales");
 - (iii) a personal multilevel marketing contract other than a sales contract for specified goods, etc. (hereinafter referred to as a "specified personal multilevel marketing contract");
 - (iv) a specified continuous service contract prescribed in Article 41, paragraph (1), item (i) of the Act on Specified Commercial Transactions or a sales contract for specified rights as prescribed in item (ii) of that paragraph (hereinafter referred to as a "specified continuous service contract"); or
 - (v) a personal business opportunity related sales contract.
- (2) An individual credit purchase intermediary must prepare and preserve a record of the investigation under the preceding paragraph, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Cooperation with Investigations)

Article 35-3-6 The seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases must endeavor to cooperate with the investigation under paragraph (1) of the preceding Article.

(Prohibition on the Acceptance of an Offer for a Contract Stipulating the Receipt of Monies Subject to Intermediation of Individual Credit Purchases)

Article 35-3-7 If an individual credit purchase intermediary finds, based on information learned from the investigation under the provisions of Article 35-3-5, paragraph (1) or by any other means, that the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has performed an act falling under any of the following items in soliciting an offer for a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases that corresponds to a specified contract, or in soliciting a person to conclude such a contract, the individual credit purchase intermediary must not offer the solicited party a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with the contract for the sale involving the intermediation of individual credit purchase or contract for services involving the intermediation of individual credit purchases, and must not accept the solicited party's offer of a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with the contract for the sale involving the intermediation of individual credit purchases or contract for services that involves the intermediation of individual credit purchase; provided, however, that this does not apply if it is confirmed that there are special circumstances that necessitate the solicited party to conclude the contract for the sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases, or if it is found that the interests of the solicited party are not compromised and are unlikely to become compromised:

- (i) an act that violates the provisions of Article 6, paragraphs (1) through (3); the paragraphs of Article 21; Article 34, paragraphs (1) through (3); the paragraphs of Article 44; or Article 52, paragraph (1) or paragraph (2), of the Act on Specified Commercial Transactions; or
- (ii) an act prescribed in Article 4, paragraphs (1) through (3) of the Consumer Contract Act (Act No. 61 of 2000) (for an act prescribed in paragraph (2) of that Article, excluding an act that falls under the proviso to that paragraph).

(Delivery of Documents by the Seller Affiliated with the Intermediation of Individual Credit Purchases)

Article 35-3-8 When the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases concludes the contract for a sale involving the intermediation of individual credit purchases or the contract for services

involving the intermediation of individual credit purchases, the seller or the service provider must deliver a document to the purchaser or service recipient stating the following information with regard to that contract without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) the type of goods or rights, or services;
- (ii) the total amount payable by the purchaser or service recipient;
- (iii) the amount to be paid each time against the full or partial cost of goods or rights, or consideration for services that the intermediation of individual credit purchases is for (including fees for the intermediation of individual credit purchase in respect of that full or partial cost or consideration; the same applies hereinafter), and the timing and method of its payment;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services (if the contract is a specified continuous service contract, the service period or the period during which services are provided that the person can receive by exercising those rights);
- (v) if the contract is a personal multilevel marketing contract, basic particulars of the conditions under which the goods or rights are resold or sold on consignment, or the basic particulars of the conditions under which the same kind of services are provided;
- (vi) if the contract is a specified continuous service contract and there are goods that the service recipient is required to purchase on being provided the service, the name of those goods;
- (vii) if the contract is a personal business opportunity related sales contract, basic particulars of the conditions under which business services that use the goods, rights, or services that are to be provided, are provided or arranged;
- (viii) information about cancellation of the contract (if the purchaser or service recipient is the other party to a contract specified in Article 35-3-10, paragraph (1), items (iv) through (vi), this includes information about the contract being deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (5) of that Article; and if the purchaser or service recipient is the other party to a contract prescribed in Article 35-3-11, paragraph (1), this includes information about the contract being deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7) of that Article); and
- (ix) beyond what is set forth in the preceding items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Delivery of Documents by an Individual Credit Purchase Intermediary)

Article 35-3-9 (1) If an individual credit purchase intermediary is offered a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases set forth in one of the following items, the individual credit purchase intermediary must deliver a document to the offeror stating the information about that contract which is set forth in the items of the following paragraph without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:

- (i) a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases under an offer that the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has accepted at a place other than a business office, etc. prescribed in Article 2, paragraph (1), item (i) of the Act on Specified Commercial Transactions (hereinafter the place is referred to as a "business office, etc.");
- (ii) a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases under an offer that the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has accepted at a business office, etc., from a person that the seller or service provider has stopped at a place other than a business office, etc. and caused to follow the seller or service provider to the business office, etc. or from a person that the seller or service provider has caused to go to the business office, etc. by a means specified by Cabinet Order which is referred to in Article 2, paragraph (1), item (ii) of the Act on Specified Commercial Transactions (hereinafter referred to as a "specified customer affiliated with the intermediation of individual credit purchases");
- (iii) a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases for which the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has telephoned the other party or caused the other party to telephone the seller or service provider by a means specified by Cabinet Order which is referred to in Article 2, paragraph (3) of the Act on Specified Commercial Transactions, during which the telephone call the seller or service provider has solicited the other party to conclude the contract for the sale involving

- the intermediation of individual credit purchase or the contract for services involving the intermediation of individual credit purchases, due to which the seller or service provider has received an offer from the other party (hereinafter referred to as a "customer subject to telemarketing in connection with the intermediation of individual credit purchases") through the mail, etc., prescribed in paragraph (2) of that Article (hereinafter referred to as "mail, etc."); or
- (iv) a specified personal multilevel marketing contract, a specified continuous service contract, or a personal business opportunity related sales contract (hereinafter referred to as a "specified personal multilevel marketing contract, etc.") that correspond to a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases.
- (2) The following information is to be stated in the document referred to in the preceding paragraph:
- (i) the information referred to in items (i) through (vii) of the preceding Article;
 - (ii) the information about withdrawal of the contract offer and about cancellation of the contract (if the purchaser or service recipient is a person offering a contract as provided in items (i) through (iii) of the following Article, this includes information concerning the provisions of paragraphs (1) through (3), paragraphs (5) through (7), and paragraphs (9) through (14) of that Article; and if the purchaser or service recipient is a person offering a contract provided in Article 35-3-11, paragraph (1), this includes information concerning the provisions of paragraphs (1) through (5), paragraphs (7) through (9), and paragraphs (11) through (14) of that Article);
 - (iii) the particulars that should be subject to the investigation pursuant to the provisions of Article 35-3-5, paragraph (1); and
 - (iv) beyond what is set forth in the preceding three items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.
- (3) If an individual credit purchase intermediary concludes a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases set forth in one of the following items, the individual credit purchase intermediary must deliver a document to the purchaser or service recipient stating the information about that contract which is set forth in the items of the following paragraph without delay, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order:
- (i) a contract for a sale involving the intermediation of individual credit

- purchases or a contract for services involving the intermediation of individual credit purchases that the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has concluded at a place other than a business office, etc. (excluding a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases that is offered by a customer other than the specified customer affiliated with the intermediation of individual credit purchases at a business office, etc.); or a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases which is offered to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases at a place other than a business office, etc. and which is concluded at a business office, etc.;
- (ii) a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases which the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases concludes with the specified customer affiliated with the intermediation of individual credit purchases at a business office, etc.;
- (iii) a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases which the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases concludes with a customer subject to telemarketing in connection with the intermediation of individual credit purchases through mail, etc.; or a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases which is offered to the seller affiliated with the intermediation of individual credit purchases or service provider affiliated with the intermediation of individual credit purchases through mail, etc. by a customer subject to telemarketing in connection with the intermediation of individual credit purchases, and which it concludes; or
- (iv) a specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases.

- (4) The following information is to be entered in the document referred to in the preceding paragraph:
- (i) the particulars referred to in items (i) through (vii) of the preceding Article;
 - (ii) the information about cancellation of the contract (if the purchaser or service recipient is the other party to a contract specified in paragraph (1), items (iv) through (vi) of the following Article, this includes information concerning the provisions of paragraphs (1) through (3), paragraphs (5) through (7), and paragraphs (9) through (14) of that Article, which constitutes information about cancellation of the contract; and if the purchaser or service recipient is the other party to a contract specified in Article 35-3-11, paragraph (1), this includes information concerning the provisions of paragraphs (1) through (5), paragraphs (7) through (9), and paragraphs (11) through (14) of that Article, which constitutes information about cancellation of the contract);
 - (iii) the particulars on the results of the investigation under the provisions of Article 35-3-5, paragraph (1); and
 - (iv) beyond what is set forth in the preceding three items, the particulars specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

(Withdrawal of the Offer for a Contract Stipulating the Receipt of Monies
Subject to the Intermediation of Individual Credit Purchases)

Article 35-3-10 (1) In a case set forth in one of the following items, the person specified in the relevant item (hereinafter referred to as the "offeror, etc." in this Article) may withdraw the offer, etc. (meaning withdrawing the offer for a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchase set forth in each of those items; or cancelling a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with a contract for a sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases as set forth in each of those items; hereinafter the same applies in this Article) using a document; provided, however, that this does not apply when eight days have passed counting from the day on which the offeror, etc. receives the document referred to in paragraph (3) of the preceding Article (if the offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the offeror, etc. receives the document referred to in paragraph (1)) (if the seller affiliated with the intermediation of individual

credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary conveys false information while the offeror, etc. is being solicited to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases, or conveys false information about the withdrawing of offers, etc. in order to prevent the offeror, etc. from withdrawing the offer, etc., thereby leading the offeror, etc. to mistakenly believe that the false information conveyed about withdrawing the offer, etc. is true, and the offeror, etc. does not withdraw the offer, etc. before that period; or if the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary uses intimidation in order to cause the offeror, etc. to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases, or uses intimidation to prevent the offeror, etc. from withdrawing the offer, etc., thereby overwhelming the offeror, etc., and the offeror, etc. does not withdraw the offer, etc. before that period; this means when eight days have passed counting from the day on which the offeror, etc. receives a document issued to the offeror, etc. by the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary, stating that the offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order):

- (i) the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases is offered the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases at a place other than a business office, etc.: the person making the offer;
- (ii) the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases is offered the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases by the specified customer affiliated with the intermediation of individual credit purchases, at a

- business office, etc.: the person making the offer;
- (iii) the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchase is offered the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases by a customer subject to telemarketing in connection with the intermediation of individual credit purchases, through mail, etc.: the person making the offer;
 - (iv) the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases concludes the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases at a place other than a business office, etc. (other than the case in which the seller affiliated with the intermediation of individual credit purchases or service provider affiliated with the intermediation of individual credit purchases is offered the contract at its business office, etc.): the other party to the contract;
 - (v) the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases concludes the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases with the specified customer affiliated with the intermediation of individual credit purchases, at a business office, etc.: the other party to the contract; or
 - (vi) the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchase s concludes the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases with a customer subject to telemarketing in connection with the intermediation of individual credit purchase, through mail, etc.: the other party to the contract.
- (2) The withdrawal of an offer, etc. becomes effective upon dispatch of the document referred to in the main clause of the preceding paragraph.
 - (3) If an offer, etc. is withdrawn, the individual credit purchase intermediary may not claim compensation for damages or demand the payment of a penalty for breach of contract in connection with that offer, etc. being withdrawn.
 - (4) Upon receipt of a document as referred to in the main clause of paragraph (1), the individual credit purchase intermediary must immediately notify the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases to that effect.

- (5) If an offeror, etc. withdraws an offer, etc., the offer for the contract for the sale involving the intermediation of individual credit purchases or contract for services involving the intermediation of individual credit purchases, or the contract for the sale involving the intermediation of individual credit purchases or contract for services involving intermediation of individual credit purchases, which is valid at the time of dispatching the document referred to in the main clause of paragraph (1) for withdrawing the offer, etc., is deemed to be withdrawn or cancelled at the time the offeror, etc. dispatches that document; provided, however, that this does not apply if the offeror, etc. manifests a contrary intention in that document.
- (6) If the offer for a contract for a sale involving the intermediation of individual credit purchases or for a contract for services involving the intermediation of individual credit purchases is deemed to be withdrawn pursuant to the provisions of the main clause of the preceding paragraph, or if the contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is deemed to be cancelled pursuant to those provisions, the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases may not claim damages for compensation or demand the payment of a penalty for breach of contract in connection with the withdrawal of the offer for that contract or the cancellation of that contract.
- (7) If an offer, etc. is withdrawn and the offer for the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5) or the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, even if the individual credit purchase intermediary has already delivered an amount of money that corresponds to the full or partial cost of goods or rights, or consideration for services to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases, the individual credit purchase intermediary may not demand that the offeror, etc. pay the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services which has been delivered to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases, or other money that corresponds to the profit that would have been earned through the intermediation of individual credit purchases.

- (8) If the offer for a contract for a sale involving the intermediation of individual credit purchases or for a contract for services involving the intermediation of individual credit purchases is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or if the contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, and the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has already been delivered an amount of money that corresponds to the full or partial cost of goods or rights, or consideration for services by the individual credit purchase intermediary, the seller or the service provider must return the amount of money that corresponds to the full or partial cost of the goods or rights, or consideration for the services that has been delivered, to the individual credit purchase intermediary.
- (9) In the event that an offer, etc. is withdrawn and the offer for the contract for the sale involving the intermediation of individual credit purchases or for the contract for services involving the intermediation of individual credit purchases is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, if the individual credit purchase intermediary has already received money in connection with the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases from the offeror, etc., the individual credit purchase intermediary must immediately return that money to the offeror, etc.
- (10) If the offer for a contract for a sale involving the intermediation of individual credit purchases is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5) or if a contract for a sale involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, and the goods or rights under the contract for the sale involving the intermediation of individual credit purchases have already been delivered or transferred, the seller affiliated with the intermediation of individual credit purchases bears the cost required for the retrieval or return of those goods or rights.
- (11) In the event that the offer for a contract for a sale involving the intermediation of individual credit purchases or for a contract for services involving the intermediation of individual credit purchases set forth in paragraph (1), item (i) or item (ii) is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or in the event that the

contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases set forth in item (iv) or item (v) of that paragraph is deemed to have been cancelled pursuant to those provisions, even if goods delivered based on the contract for the sale involving the intermediation of individual credit purchases have been used, even if facilities have been used or services have been provided based on the exercise of designated rights, and even if services have been provided based on the contract for services involving the intermediation of individual credit purchases, the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases may not demand that the person specified in item (i), item (ii), item (iv), or item (v) of that paragraph pay money that corresponds to the profit would have been earned due to the use of the goods or exercise of the rights, or to pay the consideration for the services or other money under the contract for services involving the intermediation of individual credit purchases.

- (12) In the event that the offer for a contract for a sale involving the intermediation of individual credit purchases or for a contract for services involving the intermediation of individual credit purchases set forth in paragraph (1), item (iii), which corresponds to a contract for selling designated rights is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or in the event that a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases set forth in item (vi) of that paragraph, which corresponds to a contract for selling designated rights is deemed to have been cancelled pursuant to those provisions, even if services have been provided based on the contract for services involving the intermediation of individual credit purchases or even if facilities have been used or services have been provided based on the exercise of those rights, the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases may not demand that the person specified in item (iii) or item (vi) of that paragraph pay consideration or other money for services under the contract for services involving the intermediation of individual credit purchase, or that the person pay money that corresponds to the profit the seller or service provider would have earned due to the exercise of those rights.
- (13) If the offer for a contract for services involving the intermediation of individual credit purchases is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or if a contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, and the service provider affiliated

with the intermediation of individual credit purchases has received money under the contract for services involving the intermediation of individual credit purchases (other than money delivered by the individual credit purchase intermediary), the service provider must immediately return that money to the offeror, etc.

- (14) If the offer for a contract for services involving the intermediation of individual credit purchases or for a contract for selling designated rights by the method that involves the intermediation of individual credit purchases is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or if such a contract is deemed to have been cancelled pursuant to those provisions, and the existing state of the land, building, or other structures of the offeror, etc. was changed in connection with services that were to be provided under the contract for services involving the intermediation of individual credit purchases or in connection with the contract for selling designated rights by the method that involves the intermediation of individual credit purchases, the offeror, etc. may demand that the service provider affiliated with the intermediation of individual credit purchases or the seller affiliated with the intermediation of individual credit purchases take the necessary measures for restoring the land, building, or other structures to their original state at no charge.
- (15) Any special provisions of a contract that run counter to the provisions of paragraphs (1) through (3), paragraphs (5) through (7), or paragraph (9) through the preceding paragraph, and that are disadvantageous to the offeror, etc., are void.

Article 35-3-11 (1) A person that offers a seller affiliated with the intermediation of individual credit purchases or a service provider affiliated with the intermediation of individual credit purchases, a specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or the other party to a contract that a seller affiliated with the intermediation of individual credit purchases or a service provider affiliated with the intermediation of individual credit purchases concludes as a specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases (hereinafter the other party is referred to as the "offeror, etc." in this Article) may withdraw the offer for a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified personal multilevel marketing contract, etc. that corresponds to a

contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchase, or may cancel the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchase, using a document, except in the following cases:

- (i) twenty days have passed counting from the day on which the offeror, etc. of a specified personal multilevel marketing contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases receives the document referred to in Article 35-3-9, paragraph (3) (or, if the offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the offeror, etc. receives the document referred to in paragraph (1)) (or twenty days have passed counting from the date of delivery, if the specified obligation under the specified personal multilevel marketing contract is the purchase of goods to be resold, and the offeror, etc. receives the document referred to in paragraph (3) of that Article on the day prior to the first delivery of goods purchased under the specified personal multilevel marketing contract); provided, however, that if the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary, the coordinator provided for in Article 33, paragraph (2) of the Act on Specified Commercial Transactions (hereinafter referred to as the "coordinator"), the solicitor provided for in Article 33-2 of that Act (hereinafter referred to as the "solicitor"), or the general multilevel marketing distributor provided for in that Article (hereinafter referred to as the "general multilevel marketing distributor") conveys false information while the offeror, etc. is being solicited to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified personal multilevel marketing contract that is linked to the multilevel marketing program coordinated by the coordinator and that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or if such a person conveys false information about the withdrawing of offers, etc. in order to prevent the offeror, etc. from withdrawing the offer, etc. (meaning withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual

credit purchases which is connected with the specified personal multilevel marketing contract that is linked to that multilevel marketing and that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases; or from canceling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified personal multilevel marketing contract that is linked to that multilevel marketing and that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchase; hereinafter the same applies in this item), thereby leading the offeror, etc. to mistakenly believe that the false information conveyed about withdrawing the offer, etc. is true, and the offeror, etc. does not withdraw the offer, etc. before that period; or if the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, individual credit purchase intermediary, coordinator, solicitor, or general multilevel marketing distributor uses intimidation in order to cause the offeror, etc. to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified personal multilevel marketing contract that is linked to the multilevel marketing program coordinated by the coordinator and that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or if such a person uses intimidation in order to prevent the offeror, etc. from withdrawing the offer, etc., thereby overwhelming the offeror, etc., and the offeror, etc. does not withdraw the offer, etc. before that period; this means once twenty days have passed counting from the day on which the offeror, etc. receives a document issued to the offeror, etc. by the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, individual credit purchase intermediary, coordinator, solicitor, or general multilevel marketing distributor, stating that the offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order;

(ii) eight days have passed counting from the day on which the offeror, etc. of a specified continuous service contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases receives the document referred to in Article 35-3-9, paragraph (3) (or, if the offeror, etc. receives the document referred to in paragraph (1) of that Article before

receiving the document referred to in paragraph (3), counting from the day on which the offeror, etc. receives the document referred to in paragraph (1)); provided, however, that if the service provider affiliated with the intermediation of individual credit purchases, seller affiliated with the intermediation of individual credit purchase, or individual credit purchase intermediary conveys false information while the offeror, etc. is being solicited to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchase which is connected with the specified continuous service contract that constitutes a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or conveys false information about the withdrawing of offers, etc. in order to prevent the offeror, etc. from withdrawing the offer, etc. (meaning withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified continuous service contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases; or canceling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified continuous service contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases; hereinafter the same applies in this item), thereby leading the offeror, etc. to mistakenly believe that the false information conveyed about withdrawing the offer, etc. is true, and the offeror, etc. does not withdraw the offer, etc. before that period; or if the service provider affiliated with the intermediation of individual credit purchases, seller affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary uses intimidation in order to cause the offeror, etc. to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the specified continuous service contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or uses intimidation to prevent the offeror, etc. from withdrawing the offer, etc., thereby overwhelming the offeror, etc., and the offeror, etc. does not withdraw the offer, etc. before that period; this means once eight days have passed counting from the day on which the offeror, etc. receives a document issued to the offeror, etc. by the service provider affiliated with the intermediation of individual credit purchases,

seller affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary, stating that the offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order; or

(iii) twenty days have passed counting from the day on which the offeror, etc. of a personal business opportunity related sales contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases receives the document referred to in Article 35-3-9, paragraph (3) (or, if the offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the offeror, etc. receives the document referred to in paragraph (1)); provided, however, that if the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary conveys false information while the offeror, etc. is being solicited to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the personal business opportunity related sales contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchase, or conveys false information about the withdrawing of offers, etc. in order to prevent the offeror, etc. from withdrawing the offer, etc. (meaning withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the personal business opportunity related sales contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases; or canceling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the personal business opportunity related sales contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases; hereinafter the same applies in this item); or if the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary uses intimidation in order to cause the offeror, etc. to conclude the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the personal business opportunity related sales contract that corresponds to a

contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or uses intimidation to prevent the offeror, etc. from withdrawing the offer, etc.; this means once twenty days have passed counting from the day on which the offeror, etc. receives a document issued to the offeror, etc. by the seller affiliated with the intermediation of individual credit purchases, service provider affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary, stating that the offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order.

- (2) In the event that an offer, etc. is withdrawn as prescribed in the proviso to item (i) of the preceding paragraph and the specified personal multilevel marketing contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchase is cancelled pursuant to the provisions of Article 40, paragraph (1) of the Act on Specified Commercial Transactions, or is deemed to be cancelled pursuant to the provisions of the main clause of paragraph (7), if the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has sold goods or rights, or provided services to the offeror, etc. which are linked to that multilevel marketing, and the individual credit purchase intermediary that concluded the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which was connected with the specified personal multilevel marketing contract that corresponds to the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases has also concluded, in respect of those goods, rights, or services, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a sales contract for specified goods, etc. which corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, the offeror, etc. may also withdraw the offer for or cancel the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the sales contract for specified goods, etc. that corresponds to that contract for the sale involving the intermediation of individual credit purchases or that contract for services involving the intermediation of individual credit purchases, using a document, except in the case set forth in item (i) of the preceding paragraph.
- (3) In the event that an offer, etc. is withdrawn as prescribed in the proviso to

paragraph (1), item (ii) and the specified continuous service contract that corresponds to a contract for services involving the intermediation of individual credit purchases or a contract for a sale involving the intermediation of individual credit purchases is cancelled pursuant to the provisions of Article 48, paragraph (1) of the Act on Specified Commercial Transactions, or is deemed to be cancelled pursuant to the provisions of the main clause of paragraph (7), if the service provider affiliated with the intermediation of individual credit purchases or the seller affiliated with the intermediation of individual credit purchases has sold related goods (meaning related goods as prescribed in paragraph (2) of that Article; the same applies hereinafter) or acted as agent or intermediary for their sale, and the individual credit purchase intermediary that concluded the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with the specified continuous service contract that corresponds to the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases, has also concluded a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a contract under which those related goods are sold (hereinafter referred to as a "sales contract for related goods") which corresponds to a contract for a sale involving the intermediation of individual credit purchases, the offeror, etc. may also withdraw the offer for or cancel the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with the sales contract for related goods that corresponds to that contract for the sale involving the intermediation of individual credit purchases, using a document, except in the case set forth in paragraph (1), item (ii); provided, however, that this does not apply if the offeror, etc. has received the document referred to in Article 35-3-9, paragraph (1) or the document referred to in paragraph (3) of that Article, and has used or has fully or partially consumed the related goods which are specified by Cabinet Order as referred to in Article 48, paragraph (2) of that Act as goods whose value is likely to decline significantly if used or partially consumed (unless the service provider affiliated with the intermediation of individual credit purchases, seller affiliated with the intermediation of individual credit purchases, or individual credit purchase intermediary has caused the offeror, etc. to use those goods or to fully or partially consume them).

- (4) The withdrawal of an offer for a contract or the cancellation of a contract pursuant to the provisions of paragraph (1), paragraph (2), or the main clause of the preceding paragraph becomes effective upon dispatch of a document indicating that the offer for the contract is withdrawn or that the contract is cancelled.

- (5) If an offer for a contract is withdrawn or a contract is cancelled pursuant to the provisions of paragraph (1), paragraph (2), or the main clause of paragraph (3), the individual credit purchase intermediary may not claim damages for compensation or demand the payment of a penalty for breach of contract in connection with the withdrawal of the offer for that contract or the cancellation of that contract.
- (6) If an individual credit purchase intermediary receives the document referred to in paragraph (1) or the document referred to in the main clause of paragraph (3), the individual credit purchase intermediary must immediately notify the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases to that effect.
- (7) If an offeror, etc. withdraws an offer, etc. as prescribed in the proviso to paragraph (1), item (i), as prescribed in the proviso to item (ii) of that paragraph, or as prescribed in the proviso to item (iii) of that paragraph (hereinafter such an offer, etc. is referred to as the "withdrawal of the offer, etc." in this paragraph), the specified personal multilevel marketing contract, etc. which is effective at the time of dispatch of a document as referred to in paragraph (1) that pertains to the withdrawal of the offer, etc., and which corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, is deemed to be cancelled at the time the offeror, etc. dispatches the document, and if the offeror, etc. withdraws the offer for a contract or cancels a contract pursuant to the provisions of the main clause of paragraph (3), the sales contract for related goods that is effective at the time of dispatch of a document as referred to in the main clause of that paragraph that pertains to the withdrawal of the contract offer or the cancellation of the contract, and which corresponds to a contract for a sale involving the intermediation of individual credit purchases, is deemed to be cancelled at the time the offeror, etc. dispatches the document; provided, however, that this does not apply if the offeror, etc. manifests a contrary intention in that document.
- (8) If a specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is deemed to be cancelled pursuant to the provisions of the main clause of the preceding paragraph, or if a sales contract for related goods which corresponds to a contract for a sale involving the intermediation of individual credit purchases is deemed to be cancelled pursuant to those provisions, the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit

purchases may not claim damages for compensation or demand the payment of a penalty for breach of contract in connection with the cancellation of that contract.

- (9) In the event that an offer is withdrawn or a contract cancelled pursuant to the provisions of the main clause of paragraph (1) or paragraph (3), and the specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7) or the sales contract for related goods that corresponds to a contract for a sale involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, even if the individual credit purchase intermediary has already delivered an amount of money that corresponds to the full or partial cost of the goods or rights or consideration for services to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases, the individual credit purchase intermediary may not demand that the offeror, etc. pay an amount of money that corresponds to the full or partial cost of the goods or the rights or consideration for services which has been delivered to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases, nor demand that the offeror, etc. pay an amount of money that corresponds to the profit that would have been earned through the intermediation of individual credit purchases.
- (10) If a specified personal multilevel marketing contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), or if a sales contract for related goods that corresponds to a contract for a sale involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, and the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has already been delivered an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services by the individual credit purchase intermediary, the seller or the service provider must return the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services that has been received to the individual credit purchase intermediary.
- (11) In the event that the offer for a contract is withdrawn or a contract is

cancelled pursuant to the provisions of paragraph (1) or the main clause of paragraph (3), and the specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7) or the sales contract for related goods that corresponds to a contract for a sale involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, if the individual credit purchase intermediary has already received money in connection with the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases from the offeror, etc., the individual credit purchase intermediary must immediately return that money to the offeror, etc.

(12) If a specified personal multilevel marketing contract, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), or if a sales contract for related goods that corresponds to a contract for a sale involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to those provisions, and the goods or rights under the specified personal multilevel marketing contract, etc. that corresponds to the contract for the sale involving the intermediation of individual credit purchases or the sales contract for related goods that corresponds to the contract for the sale involving the intermediation of individual credit purchases have been delivered or transferred, the seller affiliated with the intermediation of individual credit purchases bears the costs required for the retrieval or return of those goods or rights.

(13) In the event that a specified continuous service contract that corresponds to a contract for services involving the intermediation of individual credit purchases or that corresponds to a contract for selling designated rights by the method that involves the intermediation of individual credit purchases, is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), even if the services have been provided based on the specified continuous service contract that corresponds to the contract for services involving the intermediation of individual credit purchases or even if facilities have been used or services have been provided based on the exercise of those rights, the service provider affiliated with the intermediation of individual credit purchases or the seller affiliated with the intermediation of individual credit purchases may not demand that the offeror, etc. pay consideration for services or other money under the specified continuous service contract that corresponds to the contract for services involving the intermediation of individual credit purchases, nor demand that the offeror, etc. pay an amount of

money that corresponds to the profit that would have been earned due to the exercise of those rights.

- (14) If a specified continuous service contract that corresponds to a contract for services involving the intermediation of individual credit purchases is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), and the service provider affiliated with the intermediation of individual credit purchases has received money in connection with the specified continuous service contract that corresponds to the contract for services involving the intermediation of individual credit purchases (other than money delivered by the individual credit purchase intermediary), the service provider must immediately return that money to the offeror, etc.
- (15) Any special provisions of a contract that run counter to the provisions of paragraphs (1) through (5), paragraphs (7) through (9), or paragraph (11) through the preceding paragraph, and that are disadvantageous to the offeror, etc., are void.

(Withdrawing an Offer, etc. for a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Individual Credit Purchases in Connection with a Sales Contract for Goods in a Quantity That Significantly Exceeds What Is Normally Required)

- Article 35-3-12 (1) In a case set forth in Article 35-3-10, paragraph (1), item (i), item (ii), item (iv), or item (v), the person specified in each item (hereinafter referred to as the "offeror, etc." in this Article) may withdraw the offer for a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is connected with a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases as set forth in each item which corresponds to a contract as set forth in the items of Article 9-2, paragraph (1) of the Act on Specified Commercial Transactions (hereinafter referred to as a "specified contract" in this Article), or may cancel a contract stipulating the receipt of monies subject to the intermediation of individual credit purchase that is connected with a specified contract (hereinafter referred to as the "offer, etc. is withdrawn" in this Article, when the offeror, etc. withdraws such an offer or cancels such a contract); provided, however, that this does not apply if there are special circumstances that make it necessary for the offeror, etc. to conclude that specified contract.
- (2) The right under the provisions of the preceding paragraph must be exercised within one year from the conclusion of the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases.
- (3) If an offer, etc. is withdrawn, the individual credit purchase intermediary may not claim damages for compensation or demand the payment of a penalty

- for breach of contract in connection with the offer, etc. being withdrawn.
- (4) In the event that an offer, etc. is withdrawn, even if the individual credit purchase intermediary has already delivered an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases, the individual credit purchase intermediary may not demand that the offeror, etc. pay the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services which it has delivered to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases, nor demand that the offeror, etc. pay an amount of money that corresponds to the profit that would have been earned through the intermediation of individual credit purchases; provided, however, that this does not apply if the offer for the specified contract is withdrawn or the specified contract is cancelled pursuant to the provisions of Article 9, paragraph (1) or Article 9-2, paragraph (1) of the Act on Specified Commercial Transactions, before the offer, etc. is withdrawn.
- (5) If an offer, etc. is withdrawn, and the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases has already received an amount of money that corresponds to the full or partial cost of goods or rights, or consideration for services from the individual credit purchase intermediary, the seller or the service provider must return the amount of money that corresponds to the full or partial cost of goods or rights, or consideration for services which has been received to the individual credit purchase intermediary; provided, however, that this does not apply if the offer for the specified contract is withdrawn or the specified contract is cancelled pursuant to the provisions of Article 9, paragraph (1) or Article 9-2, paragraph (1) of the Act on Specified Commercial Transactions, before the offer, etc. is withdrawn.
- (6) If an offer, etc. is withdrawn, and the individual credit purchase intermediary has already received money in connection with the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases from the offeror, etc., the individual credit purchase intermediary must immediately return the money to the offeror, etc.
- (7) With regard to application of the provisions of Article 9, paragraph (6) of the Act on Specified Commercial Transactions (including as applied *mutatis mutandis* pursuant to Article 9-2, paragraph (3) of that Act), if the offer for a specified contract is withdrawn or a specified contract is cancelled pursuant to the provisions of Article 9, paragraph (1) or Article 9-2, paragraph (1) of that Act after an offer, etc. is withdrawn, the term "money" in Article 9, paragraph

(6) of that Act is deemed to be replaced with "money (excluding the money delivered by an individual credit purchase intermediary prescribed in Article 35-3-2, paragraph (1) of the Installment Sales Act)".

(8) Any special provisions of a contract that run counter to the provisions of paragraphs (1) through (4), or paragraph (6), and that are disadvantageous to the offeror, etc., are void.

(Rescission of the Manifested Intention to Offer a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Individual Credit Purchases or to Accept an Offer for Such a Contract)

Article 35-3-13 (1) If the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases conveys false information with regard to one of the following facts while the purchaser or service recipient is being solicited to conclude a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases related to door-to-door sales, or while the purchaser or service recipient is being solicited to conclude a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases related to telemarketing sales, thereby leading the purchaser or service recipient to mistakenly believe that the false information conveyed is true; or if the seller or service provider willfully fails to disclose a fact connected with a particular set forth items (i) through (v) while the purchaser or service recipient is being solicited to conclude such a contract, thereby leading the purchaser or service recipient to mistakenly believe that the fact does not exist; and if it is due to the mistaken belief that the purchaser or service recipient manifests the intention to offer such a contract or to accept an offer for such a contract, the purchaser or service recipient may rescind the intention so manifested:

- (i) the total amount payable by the purchaser or the service recipient;
- (ii) the amount to be paid each time against the full or partial cost of goods or rights, or consideration for services that the intermediation of individual credit purchases is for, and the timing and method of its payment;
- (iii) material information that may affect the judgment of the purchaser or the service recipient among the information about the type, performance, or quality of the goods, or the type or details of the rights or services, and the other similar information specified by order of the competent ministry which is referred to in Article 6, paragraph (1), item (i) or Article 21, paragraph (1),

- item (i) of the Act on Specified Commercial Transactions;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
 - (v) information about withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases, or about canceling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases (including information concerning the provisions of Article 35-3-10, paragraphs (1) through (3), paragraphs (5) through (7), and paragraphs (9) through (14)); and
 - (vi) beyond what is set forth in the preceding items, material particulars about the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases which may affect the judgment of the purchaser or the service recipient.
- (2) If a purchaser or service recipient rescinds the manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases pursuant to the provisions of the preceding paragraph, and the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases is void ab initio due to its rescission or on other grounds, the individual credit purchase intermediary may not demand that the purchaser or service recipient pay an amount of money that corresponds to the full or partial cost of the goods or designated rights, or consideration for services which the intermediary has delivered to the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases.
- (3) In the case referred to in the preceding paragraph, the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases must return the amount of money that corresponds to the full or partial cost of goods or designated rights, or consideration for services that has been delivered to the individual credit purchase intermediary.

- (4) In the case referred to in paragraph (2), if the purchaser or the service recipient has paid money to the individual credit purchase intermediary in relation to the contract stipulating the receipt of monies subject to the intermediation of the individual credit purchases, the purchaser or the service recipient may demand refund of the money.
- (5) The rescission of a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchase pursuant to the provisions of paragraph (1) may not be duly asserted against a third party acting in good faith.
- (6) The provisions of paragraph (1) must not be construed as preventing the application of the provisions of Article 96 of the Civil Code (Act No. 89 of 1896) to a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases as prescribed in that paragraph.
- (7) The right to rescind pursuant to the provisions of paragraph (1) is extinguished by prescription if not exercised within six months from the time it becomes possible to ratify the contract. The same applies when five years have passed since the conclusion of the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases.

Article 35-3-14 (1) If the coordinator, solicitor, or general multilevel marketing distributor conveys false information with respect to the following facts while the purchaser or service recipient is being solicited to conclude a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a specified personal multilevel marketing contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, thereby leading the purchaser or service recipient to mistakenly believe that the information conveyed is true; or if the coordinator, solicitor, or general multilevel marketing distributor willfully fails to disclose a fact connected with a particular set forth in items (i) through (vi) while the purchaser or service recipient is being solicited to conclude such a contract, thereby leading the purchaser or service recipient to mistakenly believe that the fact does not exist; and if it is due to the mistaken belief that the purchaser or the service recipient manifests the intention to offer the contract or to accept an offer for the contract, the purchaser or service recipient may rescind the intention so manifested:

- (i) the total amount payable by the purchaser or the service recipient;
- (ii) the amount to be paid each time against the full or partial cost of goods or rights, or consideration for services that the intermediation of the individual credit purchases is for, and the timing and method of its payment;

- (iii) material information that may affect the judgment of the purchaser or service recipient among the information about the type, performance, or quality of the goods, the type and details of the right to use the facilities or receive the services, the type and details of the services, and other similar information specified by order of the competent ministry which is referred to in Article 34, paragraph (1), item (i) of the Act on Specified Commercial Transactions;
 - (iv) the particulars of the specified obligation involved in the multilevel marketing transaction;
 - (v) information about withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases, and about cancelling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases (including information concerning the provisions of Article 35-3-11, paragraphs (1) through (5), paragraphs (7) through (9), and paragraphs (11) through (14));
 - (vi) the particulars of the specified profit; and
 - (vii) beyond what is set forth in the preceding items, material information about the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases that may affect the judgment of the purchaser or the service recipient.
- (2) In the event that a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a specified personal multilevel marketing contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is rescinded pursuant to the provisions of the preceding paragraph, or in the event that a manifested intention to offer, or to accept an offer for, a specified personal multilevel marketing contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases is rescinded pursuant to the provisions of Article 40-3, paragraph (1) of the Act on Specified Commercial Transactions, if the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated

with the intermediation of individual credit purchases has sold goods or rights or provided services linked to that multilevel marketing to the purchaser or the service recipient, and the individual credit purchase intermediary that concluded the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with the specified personal multilevel marketing contract that corresponds to the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases has also concluded, with respect to the sale of those goods or rights or the provision of those services, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a sales contract for specified goods, etc. that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, the purchaser or service recipient may cancel the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with the sales contract for specified goods, etc. that corresponds to the contract for the sale involving the intermediation of individual credit purchases or the contract for services involving the intermediation of individual credit purchases.

- (3) The provisions of paragraphs (2) through (7) of the preceding Article apply *mutatis mutandis* to the rescission of a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases under the provisions of paragraph (1).

Article 35-3-15 (1) If the service provider affiliated with the intermediation of individual credit purchases or the seller affiliated with the intermediation of individual credit purchases conveys false information with respect to the following particulars while the service recipient or purchaser is being solicited to conclude a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a specified continuous service contract that corresponds to a contract for services involving the intermediation of individual credit purchases or a contract for a sale involving the intermediation of individual credit purchases, thereby leading the service recipient or purchaser to mistakenly believe that the information conveyed is true; or if the service provider or seller willfully fails to disclose a fact connected with a particular set forth in items (i) through (vi) while the service recipient or purchaser is being solicited to conclude the contract, thereby leading the service recipient or purchaser to mistakenly believe that the fact does not exist; and if it is due to the mistaken belief that

the service recipient or purchaser manifests the intention to offer the contract or to accept an offer for the contract, the service recipient or purchaser may rescind the intention so manifested:

- (i) total amount payable by the service recipient or the purchaser;
 - (ii) the amount to be paid each time against the full or partial consideration for services, or cost of goods or rights that the intermediation of individual credit purchases is for, and the timing and method of its payment;
 - (iii) material information that may affect the judgment of the service recipient or purchaser among the information about the type, details, or outcome of the services or right to receive services (for rights, the effect of the services to which the right pertains), and other similar information specified by order of the competent ministry which is referred to in Article 44, paragraph (1), item (i) of the Act on Specified Commercial Transactions;
 - (iv) if there are goods that the service recipient or the purchaser of the rights is required to purchase when being provided those services or when exercising those rights, material information that may affect the judgment of the service recipient or the purchaser among the information about the type, performance, or quality of those goods or the other similar information specified by order of the competent ministry which is referred to in Article 44, paragraph (1), item (ii) of the Act on Specified Commercial Transactions;
 - (v) the service period or the period during which services are provided that the person may receive by exercising the relevant rights;
 - (vi) information about withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases, and about cancelling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases (including information concerning the provisions of Article 35-3-11, paragraphs (1) through (5), paragraphs (7) through (9), and paragraphs (11) through (14)); and
 - (vii) beyond what is set forth in the preceding items, material information about the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases that may affect the judgment of the service recipient or the purchaser.
- (2) In the event that a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of

individual credit purchases in connection with a specified continuous service contract that corresponds to a contract for services involving the intermediation of individual credit purchases or a contract for a sale involving the intermediation of individual credit purchases, is rescinded pursuant to the provisions of the preceding paragraph, if the service provider affiliated with the intermediation of individual credit purchases or the seller affiliated with the intermediation of individual credit purchases has sold related goods or has acted as the agent or intermediary for their sale to a service recipient or a purchaser, and the case is such that the sales contract for related goods corresponding to the contract for the sale involving the intermediation of individual credit purchases is cancelled pursuant to the provisions of Article 49, paragraph (5) of the Act on Specified Commercial Transactions as applied mutatis mutandis pursuant to Article 49-2, paragraph (3) of that Act and the individual credit purchase intermediary that concluded the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with the specified continuous service contract that corresponds to the contract for services involving the intermediation of individual credit purchases or the contract for the sale involving the intermediation of individual credit purchases, has also concluded a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a sales contract for related goods that corresponds to a contract for a sale involving the intermediation of individual credit purchases, the service recipient or the purchaser may cancel the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases connected with the sales contract for related goods that corresponds to the contract for the sale involving the intermediation of individual credit purchases.

- (3) The provisions of Article 35-3-13, paragraphs (2) through (7) apply mutatis mutandis to the rescission of a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases under the provisions of paragraph (1).

Article 35-3-16 (1) If the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases conveys false information with respect to the following particulars while the purchaser or the service recipient is being solicited to conclude a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in connection with a personal business opportunity related sales contract that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract

for services involving the intermediation of individual credit purchases, thereby leading the purchaser or service recipient to mistakenly believe that the information conveyed is true; or if the seller or the service provider willfully fails to disclose a fact connected with a particular set forth in items (i) through (vi) while the purchaser or service recipient is being solicited to conclude the contract, thereby leading the purchaser or service recipient to mistakenly believe that the fact does not exist; and if it is due to the mistaken belief that the purchaser or service recipient manifests the intention to offer the contract or to accept an offer for the contract, the purchaser or service recipient may rescind the intention so manifested:

- (i) the total amount payable by the purchaser or the service recipient;
- (ii) the amount to be paid each time against the full or partial cost of goods or rights, or consideration for services that the intermediation of individual credit purchases is for, and the timing and method of its payment;
- (iii) material information that may affect the judgment of the purchaser or the service recipient among the information about the type, performance, or quality of the goods, the type and details of the right to use the facilities or receive the services, the type and details of the services, and the other similar information specified by order of the competent ministry which is referred to in Article 52, paragraph (1), item (i) of the Act on Specified Commercial Transactions;
- (iv) the particulars of the specified obligation involved in the business opportunity related sales transaction, which are prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions;
- (v) information about withdrawing the offer for the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases, and about cancelling the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases (including information concerning the provisions of Article 35-3-11, paragraphs (1) through (5), paragraphs (7) through (9), and paragraphs (11) through (14));
- (vi) the particulars of the business opportunity profit involved in the business opportunity related sales prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions; and
- (vii) beyond what is set forth in the preceding items, material information about the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the contract for the sale

involving the intermediation of individual credit purchases, or the contract for services involving the intermediation of individual credit purchases, which may affect the judgment of the purchaser or service recipient.

- (2) The provisions of Article 35-3-13, paragraphs (2) through (7) apply mutatis mutandis to the rescission of a manifested intention to offer, or to accept an offer for, a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases under the provisions of the preceding paragraph.

(Restriction on the Cancellation of a Contract)

Article 35-3-17 (1) In the event of an unperformed obligation to pay the amount to be paid that is prescribed in Article 35-3-8, item (iii) for a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, the individual credit purchase intermediary may not cancel the contract, or demand the payment of amounts to be paid that are not yet due, on the grounds of a delay in the payment of an amount to be paid, unless it makes a written demand for the payment to be made within a reasonable period of not less than twenty days, and the obligation is not performed within that period.

- (2) Any special provisions of a contract that run counter to the provisions of the preceding paragraph are void.

(Restriction on the Amount of Compensation for Damages Accompanying the Cancellation of a Contract)

Article 35-3-18 (1) In the event that a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases is cancelled (unless the contract is cancelled pursuant to the provisions of the main clause of Article 35-3-10, paragraph (1); Article 35-3-11, paragraph (1), paragraph (2), or the main clause of paragraph (3); or the main clause of Article 35-3-12, paragraph (1)), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, the individual credit purchase intermediary may not demand the purchaser or the service recipient to pay an amount of money that exceeds the amount that corresponds to the total amount payable under the contract that has added the amount of damages for delay based on the applicable statutory interest rate.

- (2) In the event of an unperformed obligation to pay the amount to be paid that is referred to in Article 35-3-8, item (iii) for the contract referred to in the preceding paragraph (unless the contract is cancelled), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, the individual credit purchase intermediary may not demand the purchaser or the service recipient to pay money that exceeds the amount that corresponds to

the total amount payable under the contract that has deducted the amount to be paid referred to in that item that has already been paid and added the amount of damages for delay based on the applicable statutory interest rate.

(Defense against an Individual Credit Purchase Intermediary)

- Article 35-3-19 (1) If a purchaser or a service recipient receives a demand to pay the amount to be paid as referred to in Article 35-3-8, item (iii) for a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, the purchaser or the service recipient may duly assert against the individual credit purchase intermediary demanding the payment, based on grounds that have arisen against the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases under that contract.
- (2) Any special provisions of a contract that run counter to the provisions of the preceding paragraph and that are disadvantageous to the purchaser or the service recipient are void.
- (3) If a purchaser or a service recipient that duly asserts against an individual credit purchase intermediary pursuant to the provisions of paragraph (1), is requested by the individual credit purchase intermediary to submit a document stating the details of the grounds referred to in that paragraph in connection with that assertion, the purchaser or the service recipient must endeavor to submit the document.
- (4) The provisions of the preceding three paragraphs do not apply to the payment of an amount to be paid as referred to in paragraph (1) when the total amount to be paid is less than the amount specified by Cabinet Order.

(Measures Related to Business Operations)

Article 35-3-20 An individual credit purchase intermediary, pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order, must take the necessary measures to properly handle information about purchasers and service recipients that it has acquired in the course of business of the intermediation of individual credit purchases, to ensure the proper performance of services of the intermediation of individual credit purchases if it entrusts those services to a third party, to properly perform its services in light of the knowledge, experience, and financial condition of the purchaser or the service recipient and the purpose for which the contract stipulating the receipt of monies subject to the intermediation of individual credit purchases is concluded, and to appropriately and promptly process complaints from purchasers and service recipients, in order to protect the interests of purchasers and service recipients.

(Order for Improvement)

- Article 35-3-21 (1) If the Minister of Economy, Trade and Industry finds that an individual credit purchase intermediary has violated the provisions of the main clause of Article 35-3-3, paragraph (1), paragraph (3), or paragraph (4); the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; Article 35-3-10, paragraph (4); Article 35-3-11, paragraph (6); the preceding Article; Articles 35-3-56 through 35-3-58; or Article 35-3-59, paragraph (1); the Minister, within the scope that is necessary, may order the individual credit purchase intermediary to take the necessary measures for improving the business operations that are connected with the intermediation of individual credit purchases.
- (2) If an individual credit purchase intermediary violates the provisions of the main clause of Article 35-3-3, paragraph (1), paragraph (3), or paragraph (4); the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or the preceding Article, and the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of the preceding paragraph, the Minister must consult with the Prime Minister in advance.
- (3) If an individual credit purchase intermediary violates the provisions of the main clause of Article 35-3-3, paragraph (1), paragraph (3), or paragraph (4); the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or the preceding Article, and the Prime Minister finds it to be necessary for protecting the interests of the purchasers or the service recipients, the Prime Minister may state an opinion concerning the order under paragraph (1), as necessary, to the Minister of Economy, Trade and Industry.

(Means That Employ Information and Communications Technology)

- Article 35-3-22 (1) With the consent of the purchaser or the service recipient and pursuant to the provisions of Cabinet Order, in lieu of delivering a document under the provisions of Article 35-3-8, or Article 35-3-9, paragraph (1) or paragraph (3), the seller affiliated with the intermediation of individual credit purchases, the service provider affiliated with the intermediation of individual credit purchases, or the individual credit purchase intermediary may provide the purchaser or the service recipient with the particulars that are required to be stated in the document through electronic or magnetic means. In doing so, the seller affiliated with the intermediation of individual credit purchases, the service provider affiliated with the intermediation of individual credit purchases, or the individual credit purchase intermediary is deemed to have delivered the document.
- (2) If the particulars that are required to be stated in a document are provided by the means provided for in the first sentence of the preceding paragraph (other

than a means specified by Order of the Ministry of Economy, Trade and Industry or Cabinet Office Order) in lieu of the document to be delivered under the provisions of Article 35-3-9, paragraph (1) or paragraph (3), the document is deemed to have reached the purchaser or service recipient when the particulars are recorded in a file that is stored on a computer used by the purchaser or the service recipient.

Subsection 2 Registration of Individual Credit Purchase Intermediaries

(Registration of Individual Credit Purchase Intermediaries)

Article 35-3-23 A person other than a corporation registered in the individual credit purchase intermediary register kept at the Ministry of Economy, Trade and Industry (hereinafter referred to as a "registered individual credit purchase intermediary") must not engage in the intermediation of individual credit purchases in the course of trade; provided, however, that this does not apply to the organizations set forth in Article 35-3-60, paragraph (2), item (iv).

(Application for Registration)

Article 35-3-24 (1) A person seeking to be registered as referred to in the preceding Article must submit a written application to the Minister of Economy, Trade and Industry, stating the following particulars:

- (i) the person's name;
- (ii) the names and locations of the head office and other business offices;
- (iii) the amount of total assets after deducting total liabilities; and
- (iv) the names of the officers.

(2) The articles of incorporation, a certificate of registered information, and the documents specified by Order of the Ministry of Economy, Trade and Industry must accompany the written application referred to in the preceding paragraph; provided, however, that the certificate of registered information may be omitted, if so specified by Order of the Ministry of Economy, Trade and Industry.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one specified by Order of the Ministry of Economy, Trade and Industry) may accompany the written application in lieu of a document.

(Registration and Its Notice)

Article 35-3-25 (1) When an application for registration under paragraph (1) of the preceding Article is filed, the Minister of Economy, Trade and Industry

must register the particulars set forth in the items of paragraph (1) of the preceding Article and the date of registration in the individual credit purchase intermediary register, except in the case where the Minister refuses the registration pursuant to the provisions of paragraph (1) of the following Article.

(2) When the Minister of Economy, Trade and Industry effects a registration as referred to in Article 35-3-23, the Minister must notify the applicant to that effect without delay.

(Refusal of Registration)

Article 35-3-26 (1) If a person submitting a written application referred to in Article 35-3-24, paragraph (1) falls under any of the following items, or if the written application or the accompanying document contains a false statement with regard to material information or omits a statement of material fact, the Minister of Economy, Trade and Industry must refuse the registration:

- (i) a person that is not a corporation;
- (ii) a corporation whose amount of total assets after deducting the total liabilities is less than the amount that is found to be necessary and appropriate for the proper implementation of business involved in the intermediation of individual credit purchases and for protecting purchasers or service recipients, as specified by Cabinet Order;
- (iii) a corporation whose registration has been rescinded pursuant to the provisions of Article 35-3-32, paragraph (1) or paragraph (2), and five years have not passed since the date of the rescission;
- (iv) a corporation that has been sentenced to a fine pursuant to the provisions of this Act or the Money Lending Business Act, and five years have not passed since the day on which it finished serving the sentence or ceased to be subject to the sentence;
- (v) a corporation with an officer that falls under any of the following sub-items:
 - (a) a bankrupt person that has not been released from bankruptcy restrictions;
 - (b) a person that has been sentenced to imprisonment without work or a heavier punishment, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;
 - (c) a person that has been sentenced to a fine for violating the provisions of this Act, the Money Lending Business Act, or the Act on Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-2, paragraph (7) of the same Act) or for committing a crime set forth in the Penal Code or the Act on the Punishment of Violent Acts, and five years have not passed since the day on which the person finished serving the sentence or ceased to be subject to the sentence;

- (d) a person that was the officer of a registered individual credit purchase intermediary whose registration has been rescinded pursuant to the provisions of Article 35-3-32, paragraph (1) or paragraph (2) during the thirty days prior to the relevant disposition, and five years have not passed since the date of the disposition; or
 - (e) a member of an organized crime group, etc.
 - (vi) a corporation whose business activities are controlled by a member of an organized crime group, etc.;
 - (vii) a corporation that is likely to have a member of an organized crime group, etc. to engage in its business activities or to employ such a person as an assistant for its business activities;
 - (viii) a corporation specified by Order of the Ministry of Economy, Trade and Industry as one for whom there are reasonable grounds to find the corporation is likely to engage in illegal or dishonest acts in respect of business connected with the intermediation of individual credit purchases; or
 - (ix) a corporation that is found not to have in place the necessary system for ensuring the smooth implementation of investigations provided for in the main clause of Article 35-3-3, paragraph (1), investigations prescribed in Article 35-3-5, paragraph (1), and other measures prescribed in this Act, the necessary system for appropriately and promptly processing complaints from purchasers or service recipients, and other systems specified by Order of the Ministry of Economy, Trade and Industry as necessary for ensuring fair and proper implementation of the intermediation of individual credit purchases.
- (2) The provisions of Article 15, paragraph (2) and paragraph (3) apply mutatis mutandis when an application for registration under Article 35-3-24, paragraph (1) is filed.

(Renewal of Registration)

- Article 35-3-27 (1) The registration referred to in Article 35-3-23 ceases to be valid as a result of the expiration of the period, unless it is renewed every three years.
- (2) The provisions of Article 15, paragraph (2) and paragraph (3); Article 35-3-24; Article 35-3-25; and paragraph (1) of the preceding Article apply mutatis mutandis to the renewal of the registration referred to in the preceding paragraph.
 - (3) If an application for the renewal referred to in paragraph (1) is filed, but the disposition on the application is not rendered by the last day of the period referred to in that paragraph (hereinafter referred to as the "valid period of registration" in this Article), the previous registration remains valid after the expiration of the valid period of registration until the disposition is rendered.
 - (4) In the case referred to in the preceding paragraph, if a registration is

renewed, the valid period of registration is calculated beginning from the day following the expiration of the prior valid period of registration.

- (5) A person seeking the renewal of a registration referred to in paragraph (1), must pay the fee specified by Cabinet Order in consideration of actual costs.

(Application for the Registration of a Change)

Article 35-3-28 (1) If a particular set forth in Article 35-3-24, paragraph (1), item (i), item (ii), or item (iv) changes, the registered individual credit purchase intermediary must submit a written application for registration of change to the Minister of Economy, Trade and Industry without delay, stating the particulars of that change.

- (2) The provisions of Article 15, paragraph (3); Article 35-3-24, paragraph (2); Article 35-3-25; and Article 35-3-26, paragraph (1) apply mutatis mutandis to an application for registration of change under the preceding paragraph.

(Inspection of the Register)

Article 35-3-29 The Minister of Economy, Trade and Industry must make the individual credit purchase intermediary register available for public inspection.

(Prohibition of Lending One's Own Name)

Article 35-3-30 A registered individual credit purchase intermediary must not allow another person to engage in intermediation of individual credit purchases in the course of trade under the name of the registered individual credit purchase intermediary.

(Order for Improvement)

Article 35-3-31 If the Minister of Economy, Trade and Industry finds that a registered individual credit purchase intermediary has come to fall under the provisions of Article 35-3-26, paragraph (1), item (ix), the Minister, within the scope that is necessary, may order the registered individual credit purchase intermediary to take the necessary measures for improving the business operations that are connected with the intermediation of individual credit purchases.

(Rescission of Registration)

Article 35-3-32 (1) If a registered individual credit purchase intermediary falls under any of the following items, the Minister of Economy, Trade and Industry must rescind the intermediary's registration:

- (i) the intermediary comes to fall under the provisions of one of Article 35-3-26, paragraph (1), items (iv) through (viii);
- (ii) the intermediary has obtained the registration referred to in Article 35-3-23

- (including the renewal of a registration referred to in Article 35-3-27, paragraph (1)) by wrongful means; or
- (iii) the intermediary violates an order provided for in Article 35-3-30.
- (2) If a registered individual credit purchase intermediary falls under any of the following items, the Minister of Economy, Trade and Industry may rescind the intermediary's registration, or order the suspension of all or part of the business operations connected with the intermediation of individual credit purchases for a fixed period of no longer than one year:
- (i) the intermediary violates an order under the provisions of Article 35-3-21, paragraph (1) or the preceding Article;
- (ii) the intermediary comes to fall under the provisions of Article 35-3-26, paragraph (1), item (ii); or
- (iii) the intermediary fails to file an application under the provisions of Article 35-3-28, paragraph (1) or submits a false application.
- (3) If a registered individual credit purchase intermediary violates the order referred to in item (i) of the preceding paragraph (limited to cases where the registered individual credit purchase intermediary violates the provisions of the main clause of Article 35-3-3, paragraph (1), paragraph (3) or paragraph (4); the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or Article 35-3-20; the same applies in the following paragraph and Article 40, paragraph (4)), and the Minister of Economy, Trade and Industry seeks to render a disposition under the preceding paragraph, the Minister must consult with the Prime Minister in advance.
- (4) If a registered individual credit purchase intermediary violates the order referred to in paragraph (2), item (i) and the Prime Minister finds it to be necessary in order to protect the interests of purchasers or service recipients, the Prime Minister may state an opinion concerning the disposition under that paragraph, as necessary, to the Minister of Economy, Trade and Industry.
- (5) If the Minister of Economy, Trade and Industry renders a disposition pursuant to the provisions of paragraph (1) or paragraph (2), the Minister must notify the person subject to the disposition to that effect, indicating the reasons for the disposition, without delay.

(Deletion of Registration)

- Article 35-3-33 (1) If a registered individual credit purchase intermediary falls under any of the following items, the Minister of Economy, Trade and Industry must delete the registration of the registered individual credit purchase intermediary from the individual credit purchase intermediary register:
- (i) the intermediary's registration loses validity pursuant to the provisions of Article 35-3-27, paragraph (1);
- (ii) the intermediary's registration is rescinded pursuant to the provisions of

- paragraph (1) or paragraph (2) of the preceding Article; or
- (iii) a notification under the provisions of Article 26, paragraph (1) as applied mutatis mutandis pursuant to Article 35-3-35 is filed, or it is found that the intermediary has discontinued business as an individual credit purchase intermediary.
- (2) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis when a registration is deleted pursuant to the provisions of item (i) or item (iii) of the preceding paragraph.

(Cancellation of a Contract by the Seller)

- Article 35-3-34 (1) If the registration of a registered individual credit purchase intermediary is rescinded pursuant to the provisions of Article 35-3-32, paragraph (1) or paragraph (2), or is deleted pursuant to the provisions of paragraph (1), item (i) or item (iii) of the preceding Article, the seller or the service provider that has concluded a contract for the intermediation of individual credit purchases with that registered individual credit purchase intermediary may effect a cancellation of that contract from that time on.
- (2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Provisions Applied Mutatis Mutandis)

- Article 35-3-35 The provisions of Article 24; Article 26, paragraph (1); and Article 28 apply mutatis mutandis when a person engages in the intermediation of individual credit purchases in the course of trade. In this case, the phrase "issues an order under the provisions of Article 20, paragraph (1) or rescinds the order pursuant to the provisions of Article 20, paragraph (2), or if the Minister rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article" in Article 24 is deemed to be replaced with "rescinds a registration pursuant to the provisions of Article 35-3-32, paragraph (1) or issues an order rescinding a registration or suspending all or part of the business operations connected to the intermediation of individual credit purchases pursuant to the provisions of paragraph (2) of that Article, or deletes a registration pursuant to the provisions of Article 35-3-33, paragraph (1), item (i) or item (iii)"; the term "Article 23, paragraph (1) or paragraph (2)" in Article 28 is deemed to be replaced with "Article 35-3-32, paragraph (1) or paragraph (2)"; the phrase "loses validity pursuant to the provisions of Article 25" in the same Article is deemed to be replaced with "its registration is deleted pursuant to the provisions of Article 35-3-33, paragraph (1), item (i) or item (iii)"; and the term "contract for prepaid installment sales" in the same Article is deemed to be replaced with "contract for the intermediation of individual credit purchases or a contract stipulating the receipt of monies

subject to the intermediation of individual credit purchases that have the seller affiliated with the intermediation of individual credit purchases or the service provider affiliated with the intermediation of individual credit purchases as the other party".

Section 3 Designated Credit Bureaus
Subsection 1 General Rules

(Designation of a Person that Performs Specified Credit Information Services)

Article 35-3-36 (1) Upon the application of a person that meets the following requirements, the Minister of Economy, Trade, and Industry may designate that person to perform specified credit information services pursuant to the provisions of this Section (meaning services constituting the collection and provision of specified credit information to comprehensive credit purchase intermediaries or individual credit purchase intermediaries; the same applies hereinafter):

- (i) the person is a corporation (including an association or a foundation that is without legal personality that has a representative or administrator, and excluding a corporation incorporated under the law of a foreign state or other foreign organizations; the same applies in item (iv), (d));
- (ii) the person is not a person whose designation under the provisions of this paragraph has been rescinded pursuant to the provisions of Article 35-3-54, paragraph (1) and for whom five years have not passed since the date of the rescission; and
- (iii) the person is not a person that has been sentenced to a fine (including an equivalent punishment under a foreign law or regulation) for violating the provisions of this Act, the Act on the Protection of Personal Information (Act No. 57 of 2003) or an equivalent foreign law or regulation, and for whom five years have not passed since it finished serving the sentence or ceased to be subject to the sentence;
- (iv) the person does not have an officer (a member that executes business (if a member that executes business is a corporation, including the person that is to perform the duties of the corporation), a director, executive officer, accounting advisor (if an accounting advisor is a corporation, including the member that is to perform the duties of the corporation), auditor, representative, or administrator, or a person equivalent to any of these persons; hereinafter the same applies in this Subsection and Subsection 3) that falls under any of the following sub-items:
 - (a) an adult ward or a person under curatorship, or a person that is treated in the same manner as such a person under the laws and regulations of a foreign state;

- (b) a bankrupt person that has not been released from bankruptcy restrictions, or a person that is treated in the same manner as such a person under the laws and regulations of a foreign state;
 - (c) a person that has been sentenced to imprisonment without work or a heavier punishment (including equivalent punishment under a foreign law or regulation), and for whom five years have not passed since the person finished serving the sentence or ceased to be subject to the sentence;
 - (d) a person that was the officer (including a person treated in the same manner under foreign laws and regulations; the same applies in (e)) of a corporation, in a case where a designation under this paragraph has been rescinded pursuant to the provisions of Article 35-3-54, paragraph (1) or where an administrative disposition which is similar to the designation and which the corporation has received in a foreign state pursuant to the provisions of a foreign law or regulation that is equivalent to this Act has been rescinded, during the 30 days prior to the date of rescission, and for whom five years have not passed since the date of the rescission;
 - (e) an officer whose dismissal has been ordered pursuant to the provisions of Article 35-3-54, paragraph (1) or of a foreign law or regulation that is equivalent to this Act, and for whom five years have not passed since the date of the disposition; and
 - (f) a person that has been sentenced to a fine (including an equivalent punishment under a foreign law or regulation) for violating the provisions of this Act, the Act on the Protection of Personal Information, or an equivalent foreign law or regulation, and for whom five years have not passed since the person finished serving the sentence or ceased to be subject to the sentence.
 - (v) the scope specified by Order of the Ministry of Economy, Trade and Industry as the scope of specified credit information the person handles conforms to the standard specified by Order of the Ministry of Economy, Trade and Industry as sufficient for performing specified credit information services appropriately and efficiently;
 - (vi) the person is found to have the financial basis that is necessary for performing specified credit information services as specified by Order of the Ministry of Economy, Trade and Industry; and
 - (vii) in light of the person's personnel structure, the person is found to have the knowledge and experience for performing specified credit information services appropriately and reliably, and to have sufficient social credibility.
- (2) If the Minister of Economy, Trade and Industry makes a designation under the provisions of the preceding paragraph, the Minister must issue public notice of the trade name or name of the designated credit bureau, the location of its principal business office or office, and the date of the designation in the

official gazette.

(Application for Designation)

Article 35-3-37 (1) A person seeking the designation under the provisions of paragraph (1) of the preceding Article must submit a written application to the Minister of Economy, Trade and Industry, stating the following particulars:

- (i) the person's trade name or name;
- (ii) the name and location of the principal business office or office, or of the business office or office where the person will perform specified credit information services;
- (iii) the names or trade names of the officers; and
- (iv) if the person conducts business other than specified credit information services and business incidental to the services, the content of that business.

(2) The following documents must accompany the written application referred to in the preceding paragraph:

- (i) a document in which the person pledges that the person falls under the requirements set forth in paragraph (1), item (iii) and item (iv) of the preceding Article;
- (ii) the articles of incorporation and the certificate of registered information (including documents equivalent to these documents);
- (iii) the operational rules;
- (iv) an inventory of assets, balance sheet, profit and loss statement, or income and expenditure statement, and business report; and
- (v) beyond what is set forth in the preceding items, the documents that are specified by Order of the Ministry of Economy, Trade and Industry.

(3) In the case referred to in the preceding paragraph, if the articles of incorporation, inventory of assets, balance sheet, profit and loss statement or income and expenditure statement, or business report has been created as an electronic or magnetic record, the electric or magnetic record (limited to one specified by Order of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a document.

(Restriction on the Concurrent Holding of Positions by the Officers of a Designated Credit Bureau)

Article 35-3-38 Except in the case where the representative of a designated credit bureau or an officer engaging in its day-to-day business operations has obtained the authorization of the Minister of Economy, Trade and Industry, the representative or the officer must not become the representative of a comprehensive credit purchase intermediary, individual credit purchase intermediary, or any other corporation specified by Order of the Ministry of Economy, Trade and Industry, or engage in its day-to-day business operations,

and also must not engage in the money lending business prescribed in Article 2, paragraph (1) of the Money Lending Business Act or any other businesses specified by Order of the Ministry of Economy, Trade and Industry.

(Duty of Confidentiality)

Article 35-3-39 The officer or an employee of a designated credit bureau or a person that has held one of these positions must not divulge or misappropriate confidential information learned in connection with specified credit information services.

Subsection 2 Services

(Services of a Designated Credit Bureau)

Article 35-3-40 A designated credit bureau performs specified credit information services pursuant to the provisions of this Section and as specified by its operational rules.

(Restriction on Concurrent Business)

Article 35-3-41 (1) A designated credit bureau may not conduct business other than specified credit information services and business incidental to the services; provided, however, that this does not apply if the designated credit bureau obtains the approval of the Minister of Economy, Trade and Industry pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry for business that pertains to providing credit information (meaning information concerning users' (meaning users as prescribed in Article 2, paragraph (1), item (ii) and users as prescribed in paragraph (3), item (i) of that Article), purchasers', or service recipients' ability to pay; the same applies in Article 38 and Article 39) to installment sellers or loan-based installment sellers, or for other business that is found to carry no risk of compromising its appropriate and reliable performance of specified credit information services.

(2) If a designated credit bureau discontinues business for which it has obtained the approval referred to in the proviso to the preceding paragraph, it must notify the Minister of Economy, Trade and Industry to that effect pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(3) If the written application referred to in Article 35-3-37, paragraph (1) states that the applicant engages in business other than specified credit information services and business incidental to the services, and the applicant obtains the designation referred to in Article 35-3-36, paragraph (1), the applicant is deemed to have obtained the approval referred to in the proviso to paragraph (1) to perform that business.

(Entrusting a Person with a Part of Specified Credit Information Services)

Article 35-3-42 (1) A designated credit bureau may entrust another person with part of its specified credit information services pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry, with the approval of the Minister of Economy, Trade and Industry.

(2) A person that has been entrusted to perform services pursuant to the provisions of the preceding paragraph may further entrust another person with a part of the specified credit information services with which it has been entrusted, with the consent of the designated credit bureau that has entrusted the services.

(Approval of the Operational Rules)

Article 35-3-43 (1) A designated credit bureau must establish operational rules in respect of the following particulars relevant to its specified credit information services, and obtain the approval of the Minister of Economy, Trade and Industry for the rules. The same applies when it seeks to change the rules.

(i) the particulars relevant to the conclusion of contracts with comprehensive credit purchase intermediaries or individual credit purchase intermediaries for providing specified credit information (hereinafter the contract is referred to as a "specified credit information service contract");

(ii) the particulars relevant to the collection and provision of specified credit information;

(iii) the particulars relevant to the inappropriate disclosure, loss, or damage of specified credit information and other particulars relevant to the safe management of specified credit information;

(iv) the particulars relevant to ensuring the accuracy of the specified credit information;

(v) the particulars of fees;

(vi) if there are other designated credit bureaus, the particulars relevant to the provision of basic specified credit information (meaning specified credit information with respect to the particulars set forth in the items of Article 35-3-56, paragraph (1) in connection with contracts stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases and contracts stipulating the receipt of monies subject to the intermediation of individual credit purchases; the same applies hereinafter) to those other designated credit bureaus, and particulars relevant to the coordination of specified credit information services with those other designated credit bureaus (if fees are collected pursuant to the provisions of Article 35-3-47, paragraph (2), including the particulars of those fees);

(vii) the particulars relevant to the supervision of comprehensive credit

- purchase intermediaries that are the other parties to specified credit information service contracts (hereinafter each of the intermediaries is referred to as an "affiliated comprehensive credit purchase intermediary") or individual credit purchase intermediaries that are the other parties to specified credit information service contracts (hereinafter each of the intermediaries are referred to as an "affiliated individual credit purchase intermediary");
- (viii) the particulars relevant to measures for ensuring the appropriate and reliable performance of entrusted services in entrusting another person with part of the specified credit information services;
 - (ix) the particulars relevant to the processing of complaints; and
 - (x) beyond what is set forth in the preceding items, the particulars specified by Order of the Ministry of Economy, Trade and Industry as necessary for the implementation of specified credit information services.
- (2) The operational rules on the particulars set forth in item (ii) of the preceding paragraph must contain the following particulars:
- (i) to provide all specified credit information on the relevant user, purchaser, or service recipient when an affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary requests specified credit information on a user, purchaser, or service recipient to be provided; and
 - (ii) to receive all basic specified credit information on each purchaser or service recipient from an affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary, which that intermediary has on the relevant purchaser or service recipient.
- (3) The operational rules on the particulars set forth in paragraph (1), item (v) must have as their content that the fees for specified credit information services are equitable and appropriate in light of the reasonable costs incurred in the efficient operation of business.
- (4) If the operational rules that the Minister of Economy, Trade and Industry has approved as referred to in paragraph (1) are found to have become inappropriate in performing proper and reliable specified credit information services, the Minister may order the designated credit bureau to change those operational rules.

(Prohibition on Discriminatory Treatment)

- Article 35-3-44 (1) When a comprehensive credit purchase intermediary or individual credit purchase intermediary wishes to conclude a specified credit information service contract, the designated credit bureau must not refuse the request without legitimate grounds for doing so.
- (2) The designated credit bureau must not treat a particular affiliated

comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary in an unfair and discriminatory manner.

(Preservation of Records)

Article 35-3-45 A designated credit bureau must prepare and preserve records of specified credit information services pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(Supervision of Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries)

Article 35-3-46 A designated credit bureau must exercise the necessary and appropriate supervision over affiliated comprehensive credit purchase intermediaries and affiliated individual credit purchase intermediaries so that they do not use the specified credit information provided to them by the designated credit bureau for purposes other than investigations under the provisions of the main clause of Article 30-2, paragraph (1); investigations under the provisions of the main clause of Article 35-3-3, paragraph (1); or other investigations into the particulars of a user's, purchaser's, or service recipient's ability to pay (referred to as an "investigation into the ability to pay" in Article 35-3-59, paragraph (1) and Article 50, item (ii)).

(Information Services of a Designated Credit Bureau)

- Article 35-3-47 (1) If a designated credit bureau is requested by another designated credit bureau to provide basic specified credit information as per the request of the affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary of that designated credit bureau, the designated credit bureau must provide the basic specified credit information requested, unless it has legitimate grounds not to do so or unless it is a case specified by Order of the Ministry of Economy, Trade and Industry.
- (2) A designated credit bureau may collect fees for providing basic specified credit information pursuant to the provisions of the preceding paragraph.
- (3) If a designated credit bureau collects fees pursuant to the provisions of the preceding paragraph, it must set those fees at a level that is equitable and appropriate in light of the reasonable costs incurred in the efficient operation of business for providing the basic specified credit information as provided under the provisions of paragraph (1).
- (4) The provisions of Article 35-3-39 and Article 35-3-45 apply mutatis mutandis to business for providing basic specified credit information pursuant to the provisions of paragraph (1).

(Public Inspection of the Register of Affiliated Comprehensive Credit Purchase

Intermediaries and Affiliated Individual Credit Purchase Intermediaries)
Article 35-3-48 A designated credit bureau must make the register of affiliated comprehensive credit purchase intermediaries and affiliated individual credit purchase intermediaries available for public inspection.

(Restrictions on the Use of Name)

Article 35-3-49 A person that is not a designated credit bureau (unless it is a person that has obtained a designation under the provisions of Article 41-13, paragraph (1) of the Money Lending Business Act) must not use any word in its name or trade name which could give rise to the misconception that the person is a designated credit bureau.

Subsection 3 Supervision

(Notification of a Change)

Article 35-3-50 (1) If a particular set forth in any of Article 35-3-37, paragraph (1), items (i) through (iii) changes, a designated credit bureau must file a notification with the Minister of Economy, Trade and Industry to that effect, without delay.

(2) If a notification of a change to the trade name or name of a designated credit bureau or the location of its principal business office or office is filed pursuant to the provisions of the preceding paragraph, the Minister of Economy, Trade and Industry must issue public notice of that change in the official gazette.

(Submission of Reports on Business Activities and Assets)

Article 35-3-51 (1) Each business year, a designated credit bureau must prepare a report on its business activities and assets for that business year and submit the report to the Minister of Economy, Trade and Industry.

(2) The particulars that are required to be stated in the report referred to in the preceding paragraph, the submission date, and other necessary particulars are specified by Order of the Ministry of Economy, Trade and Industry.

(Order of Improvement)

Article 35-3-52 If the Minister of Economy, Trade and Industry finds, with respect to a designated credit bureau's operation of specified credit information services, that it is necessary to do so in order to ensure the proper and reliable performance of specified credit information services, the Minister, within the scope of that necessity, may order the designated credit bureau to take the measures necessary for improving its state of assets and business operations.

(Suspension and Discontinuation of Specified Credit Information Services)

Article 35-3-53 (1) If a designated credit bureau seeks to suspend (other than due to a reason prescribed in the following paragraph) all or part of its specified credit information services or discontinue the services, the designated credit bureau must obtain the authorization of the Minister of Economy, Trade and Industry.

(2) If a designated credit bureau suspends all or part of its specified credit information services due to a natural disaster or other reasons beyond its control, the designated credit bureau must immediately file a notification with the Minister of Economy, Trade and Industry to that effect, indicating the applicable reason, as well as notify the affiliated comprehensive credit purchase intermediaries, affiliated individual credit purchase intermediaries, and other designated credit bureaus to that effect. The same applies when a designated credit bureau recommences all or part of the specified credit information services that have been suspended.

(3) If the specified credit information services of a designated credit bureau are suspended pursuant to the provisions of the preceding two paragraphs, and a comprehensive credit purchase intermediary or individual credit purchase intermediary is unable to use all or part of the specified credit information held by the designated credit bureau, the provisions of Article 30-2, paragraph (3) and Article 35-3-3, paragraph (3) do not apply.

(Rescission of Designation)

Article 35-3-54 (1) If a designated credit bureau falls under any of the following items, the Minister of Economy, Trade and Industry may rescind the designation under the provisions of Article 35-3-36, paragraph (1) or the approval referred to in the proviso to Article 35-3-41, paragraph (1), and order the suspension of all or part of its specified credit information services within a fixed period of no longer than six months, or order the dismissal of its officers:

(i) the designated credit bureau comes to no longer fall under the requirements set forth in Article 35-3-36, paragraph (1), items (iii) through (vii), or it is discovered not to have fallen under one of the items of that paragraph at the time it was designated;

(ii) the designated credit bureau has obtained the designation under Article 35-3-36, paragraph (1) by wrongful means; or

(iii) the designated credit bureau violates any laws or regulations or a disposition based on laws or regulations.

(2) If the Minister of Economy, Trade and Industry rescinds a designation under Article 35-3-36, paragraph (1) pursuant to the provisions of the preceding paragraph, the Minister must issue public notice to that effect in the official gazette.

(Order to Transfer Specified Credit Information Services)

Article 35-3-55 (1) If a designated credit bureau falls under any of the following items, the Minister of Economy, Trade and Industry may order the designated credit bureau to have another designated credit bureau perform all or part of the specified credit information services:

(i) the Minister of Economy, Trade and Industry rescinds the designation under Article 35-3-36, paragraph (1) pursuant to the provisions of paragraph (1) of the preceding Article, or orders the suspension of all or part of its specified credit information services;

(ii) the Minister of Economy, Trade and Industry gives the authorization referred to in Article 35-3-53, paragraph (1);

(iii) it is found that there is a risk of circumstances in which the repayment of obligations within the repayment term which substantially hinders the continuation of specified credit information services to occur, or there is a risk that a fact constituting the grounds for bankruptcy proceedings to commence to occur; or

(iv) it becomes difficult for the designated credit bureau to perform all or part of the specified credit information services due to a natural disaster or other circumstances.

(2) If the Minister of Economy, Trade and Industry issues an order under the preceding paragraph, the Minister must issue public notice to that effect in the official gazette.

Subsection 4 Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries

(Provision of Basic Specified Credit Information)

Article 35-3-56 (1) When an affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary concludes a specified credit information service contract with a designated credit bureau, it must provide the designated credit bureau with the following particulars in respect of the contracts stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases or contracts stipulating the receipt of monies subject to the intermediation of individual credit purchases with purchasers or service recipients as the other parties, which it has concluded before concluding the specified credit information service contract, and under which there is still an amount to be paid or repayment that is not yet due as of the time that the specified credit information service contract is concluded (including those which are due and which represent unperformed payment obligations):

(i) the name and address of the purchaser or service recipient and other

particulars specified by Order of the Ministry of Economy, Trade and Industry as particulars by which the purchaser or service recipient can be identified;

(ii) the date of the contract;

(iii) the amount of obligations connected with the intermediation of comprehensive credit purchases or the intermediation of individual credit purchases, which are not yet due or which represent unperformed payment obligations; and

(iv) beyond what is set forth in the preceding three items, the particulars which are specified by Order of the Ministry of Economy, Trade and Industry.

(2) When an affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary concludes a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases or a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases with a purchaser or a service recipient as the other party, the intermediary must provide basic specified credit information in respect of that contract to the designated credit bureau with which it is affiliated (meaning the designated credit bureau with which it has concluded a specified credit information service contract; the same applies hereinafter) without delay.

(3) If the basic specified credit information provided pursuant to the preceding two paragraphs changes, the affiliated comprehensive credit purchase intermediary or the affiliated individual credit purchase intermediary that provided the information must provide the designated credit bureau with which it is affiliated with the details of that change, without delay.

(Obtaining Consent to Provide Specified Credit Information to a Designated Credit Bureau)

Article 35-3-57 (1) Except in the cases specified by Order of the Ministry of Economy, Trade and Industry, before an affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary requests a designated credit bureau with which it is affiliated to provide specified credit information about a user, purchaser, or service recipient (including a request to be provided with the basic specified credit information about the user, purchaser, or service recipient which another designated credit bureau holds), the intermediary must obtain the consent of the user, purchaser, or service recipient in writing or by electronic or magnetic means.

(2) When seeking to conclude a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases or a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases with a purchaser or service recipient as the other party, an

affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary must obtain the consent set forth in the following items from the purchaser or the service recipient in writing or by electronic or magnetic means, in advance:

- (i) the consent for basic specified credit information about the purchaser or the service recipient to be provided to the designated credit bureau with which the intermediary is affiliated;
 - (ii) the consent for the designated credit bureau with which the intermediary is affiliated to provide the basic specified credit information referred to in the preceding item to other affiliated comprehensive credit purchase intermediaries and affiliated individual credit purchase intermediaries; and
 - (iii) the consent for the basic specified credit information referred to in item (i) to be provided to the affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary of another designated credit bureau, in response to a request pursuant to the provisions of Article 35-3-47, paragraph (1).
- (3) When an affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary obtains the consent referred to in the preceding two paragraphs, the intermediary must prepare and preserve the record of that consent pursuant to the provisions of Order of the Ministry of Economy, Trade and Industry.

(Disclosure of the Trade Name of the Designated Credit Bureau with Which the Intermediary Is Affiliated)

Article 35-3-58 An affiliated comprehensive credit purchase intermediary or affiliated individual credit purchase intermediary must disclose the trade name or name of the designated credit bureau with which it is affiliated.

(Prohibition on Use Other than for the Intended Purpose)

Article 35-3-59 (1) An affiliated comprehensive credit purchase intermediary, an affiliated individual credit purchase intermediary, or the officer or employee of either of these intermediaries must not request the designated credit bureau with which it is affiliated to provide the specified credit information for purposes other than an investigation into the ability to pay (including a request to provide the basic specified credit information on a user, purchaser, or service recipient, which another designated credit bureau holds), or use the specified credit information it has received from the designated credit bureau with which it is affiliated for purposes other than an investigation into the ability to pay, or for providing the information to a third party.

- (2) When a person is no longer an affiliated comprehensive credit purchase intermediary, an affiliated individual credit purchase intermediary, or the

officer or employee of either of these intermediaries, the person must not use the specified credit information received from a designated credit bureau with which it was affiliated, or to provide that information to a third party.

Section 4 Exclusion from Application

Article 35-3-60 (1) The provisions of this Chapter do not apply to selling or providing things by the intermediation of comprehensive credit purchases and by the method of selling or providing things related to intermediation of comprehensive credit purchases, as referred to in the following items:

- (i) selling or providing things by the intermediation of comprehensive credit purchase and by the method of selling or providing things related to intermediation of comprehensive credit purchases pertaining to a contract for selling goods or designated rights or a contract for providing services (other than a contract related to a personal multilevel marketing contract or a personal business opportunity related sales contract), which the person offering the contract concludes for business purposes or as a part of their business or which the purchaser or the service recipient concludes for business purposes or as a part of its business;
- (ii) selling or providing things by the intermediation of comprehensive credit purchases and by the method of selling or providing things related to the intermediation of comprehensive credit purchases, to a person residing outside Japan;
- (iii) selling or providing things by the intermediation of comprehensive credit purchases and by the method of selling or providing things related to the intermediation of comprehensive credit purchases by the national or local government;
- (iv) selling or providing things by the intermediation of comprehensive credit purchases and by the method of selling or providing things related to the intermediation of comprehensive credit purchases by any of the following organizations to its direct or indirect members (if the organization is able to make its business or facilities available to persons other than its members, this includes selling or providing things by the intermediation of comprehensive credit purchases or by the method of selling or providing things related to the intermediation of comprehensive credit purchases to non-members):
 - (a) a partnership incorporated based on a special law, and a federation or central association of those partnerships;
 - (b) an organization referred to in Article 108-2 of the National Public Service Act or Article 52 of the Local Public Service Act; or
 - (c) a labor union.

- (v) selling or providing things by the intermediation of comprehensive credit purchases and by the method of selling or providing things related to the intermediation of comprehensive credit purchases, by a business operator to its employee; or
 - (vi) selling or providing things by the intermediation of comprehensive credit purchases and by the method of selling or providing things related to the intermediation of comprehensive credit purchases, pertaining to a sales contract for real property.
- (2) The provisions of this Chapter do not apply to selling or providing things by the intermediation of individual credit purchases and selling or providing things by the method of selling or providing things related to the intermediation of individual credit purchases, as referred to in the following items:
- (i) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases pursuant to a contract for selling goods or designated rights or a contract for providing services (other than a contract related to a personal multilevel marketing contract or a personal business opportunity related sales contract), which the person offering the contract concludes for business purposes or as a part of their business or which the purchaser or service recipient concludes for business purposes or as a part of its business;
 - (ii) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, to a person residing outside Japan;
 - (iii) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, by the national or local government;
 - (iv) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases by any of the following organizations, to its direct or indirect members (if the organization is able to make its business or facilities available to persons other than its members, this includes selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases to non-members):
 - (a) a partnership incorporated based on a special law and a federation or central association of those partnerships;
 - (b) an organization referred to in Article 108-2 of the National Public Service

- Act or Article 52 of the Local Public Service Act; or
- (c) a labor union.
 - (v) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, by a business operator for its employees; or
 - (vi) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, pertaining to a sales contract for real property.
- (3) The provisions of Article 35-3-5, Article 35-3-7, Article 35-3-9, Article 35-3-10, Article 35-3-12, and Article 35-3-13 do not apply to selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, as referred to in the following items:
- (i) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, pertaining to selling things or providing services as referred to in Article 26, paragraph (1), items (vi) through (viii) of the Act on Specified Commercial Transactions which correspond to door-to-door sales or telemarketing sales; and
 - (ii) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, pertaining to door-to-door sales set forth in the items of Article 26, paragraph (5) of the Act on Specified Commercial Transactions or pertaining to telemarketing sales set forth in the items of paragraph (6) of that Article.
- (4) The provisions of Article 35-3-10 do not apply to selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, as referred to in the following items:
- (i) when the provision of services prescribed in the provisions of Article 26, paragraph (2) of the Act on Specified Commercial Transactions that corresponds to a door-to-door sale or telemarketing sale falls under one of the cases specified by order of the competent ministry that is referred to in that paragraph, providing things by the intermediation of individual credit purchases and by the method related to the intermediation of individual credit purchases;
 - (ii) selling or providing things by the intermediation of individual credit purchases and by the method of selling or providing things related to the intermediation of individual credit purchases, pertaining to selling things or

providing services prescribed in the items of Article 26, paragraph (3) of the Act on Specified Commercial Transactions that corresponds to a door-to-door sale or telemarketing sale; or

- (iii) when selling things or provision of services corresponding to a door-to-door sale or telemarketing sale falls under the cases referred to in Article 26, paragraph (4), item (i) or item (ii) of the Act on Specified Commercial Transactions, selling or providing things by intermediation of individual credit purchases and by the method related to the intermediation of individual credit purchases, pertaining to the selling of things or the provision of services.

Chapter III-2 Specified Prepaid Transactions

(License for Specified Prepaid Transaction Services)

Article 35-3-61 A person must not engage in specified prepaid transactions in the course of trade without being licensed by the Minister of Economy, Trade and Industry; provided, however, that this does not apply in the following cases:

- (i) the annual transaction value of specified prepaid transactions for goods or designated services is less than the amount specified by Cabinet Order;
- (ii) the designated services are newly specified, and a person currently engaged in specified prepaid transactions of those designated services engages in transactions of those designated services for six months from the date of their specification (if the written application referred to in Article 12, paragraph (1) as applied mutatis mutandis pursuant to the following Article is submitted during that period, this includes the time until the disposition of granting or refusing the license sought under that application is rendered); or
- (iii) after the period set forth in the preceding item passes, when the transaction the person engages in are within the scope of the purpose of completing the transactions under the contracts for specified prepaid transactions for the designated services referred to in that item, which have been concluded by the last day of that period.

(Provisions Applied Mutatis Mutandis)

Article 35-3-62 The provisions of Article 8 apply mutatis mutandis to specified prepaid transactions and the provisions of Article 12 and Articles 15 through 29 apply mutatis mutandis when a person engages in specified prepaid transactions in the course of trade. In this case, the phrase "a contract for selling designated goods or designated rights, or a contract for providing designated services" in Article 8, item (i) is deemed to be replaced with "a

contract for specified prepaid transactions involving goods or designated services"; the term "an installment sale" in item (vi) of that Article is deemed to be replaced with "a specified prepaid transactions and a specified prepaid transaction carried out pursuant to the provisions of the Travel Agency Act (Act No. 239 of 1952) and other laws specified by Cabinet Order, by a person that takes the preservative measure of receiving advance payments pursuant to the provisions of those laws"; the phrase "the types of designated goods the person seeks to sell through prepaid installment sales" in Article 12, paragraph (1), item (iv) is deemed to be replaced with "the types or scope of goods or designated services the person seeks to transact through specified prepaid transactions"; the phrase "general conditions of the contract for prepaid installment sales" in paragraph (2) of that Article is deemed to be replaced with "general conditions of the contract for specified prepaid transactions"; the term "Article 11" in Article 15, paragraph (1), parts other than as listed in the items, is deemed to be replaced with "Article 35-3-61"; the term "purchasers" in item (ii) of that paragraph is deemed to be replaced with "purchasers or recipients of designated services"; the phrase "general conditions of the contract for prepaid installment sales" in item (v) of that paragraph is deemed to be replaced with "general conditions of the contract for specified prepaid transactions"; the term "Article 11" in item (viii), (c) of that paragraph is deemed to be replaced with "Article 35-3-61"; the term "Article 11" in paragraph (3) of that Article is deemed to be replaced with "Article 35-3-61"; the phrase "the cost of the goods" in Article 18-3, paragraphs (1) and (2) and Article 18-5, paragraph (1) is deemed to be replaced with "the cost of the goods or the consideration for the designated services"; the phrase "general conditions of the contract for prepaid installment sales" in Article 19, paragraph (2) and paragraph (3) is deemed to be replaced with "general conditions of the contract for specified prepaid transactions"; the term "purchasers" in the proviso to Article 20, paragraph (1) and Article 20-2, paragraph (1) is deemed to be replaced with "purchasers or recipients of designated services"; the term "Article 11" in Article 23, paragraph (1), item (iv) is deemed to be replaced with "Article 35-3-61"; and the term "been delivered the goods" in Article 27, paragraph (1) is deemed to be replaced with "been delivered the goods or provided the designated services".

Chapter III-3 Designated Entrusted Institutions

(Designation)

Article 35-4 (1) A designation as referred to in Article 18-3, paragraph (4) (including as applied mutatis mutandis pursuant to the preceding Article) (hereinafter referred to as a "designation" in this Chapter) is provided upon the

application of a person seeking to engage in the services with which it is entrusted under a contract on the entrustment of business deposits as a preservative measure for advances received (hereinafter referred to as "services under entrustment").

- (2) A person seeking designation must submit a written application to the Minister of Economy, Trade and Industry stating the following particulars:
 - (i) the persons's trade name;
 - (ii) the names and locations of its head office and other business offices; and
 - (iii) the amount of stated capital and the names of the officers.
- (3) The articles of incorporation, the operational method statement, the business plan, the general conditions of the contract on the entrustment of business deposits for prepaid services, and other documents specified by Order of the Ministry of Economy, Trade and Industry and Cabinet Office Order must accompany the written application referred to in the preceding paragraph.
- (4) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one as specified by Order of Ministry of Economy, Trade and Industry) may accompany the application in lieu of a document.

(Designation Criteria)

Article 35-5 If the Minister of Economy, Trade and Industry finds that a person applying for the designation falls under one of the following items, the Minister must not provide the designation:

- (i) a person that is not a stock company with an amount of stated capital of 50,000,000 yen or more;
- (ii) beyond what is set forth in the preceding item, a person does not have a financial basis to sufficient to soundly perform the services under entrustment which it seeks to perform;
- (iii) a person whose articles of incorporation, operational method statement, or business plan is in violation of laws and regulations, or a person that is not capable of ensuring proper business operations;
- (iv) a person with general conditions in their contract on the entrustment of business deposits for prepaid services which do not conform to the criteria specified by Order of the Ministry of Economy, Trade and Industry;
- (v) a person whose designation has been rescinded pursuant to the provisions of Article 35-14, paragraph (2), and for whom three years have not passed since the date of the rescission;
- (vi) a person that has been sentenced to a fine pursuant to the provisions of this Act, and for whom three years have not passed since the person finished serving the sentence or ceased to be subject to the sentence; or

- (vii) a person with an officer that falls under any of the following sub-items:
 - (a) a bankrupt person that has not been released from bankruptcy restrictions;
 - (b) a person that has been sentenced to imprisonment without work or a heavier punishment or a person that has been sentenced to a fine pursuant to the provisions of this Act, and for whom three years have not passed since the person finished serving the sentence or ceased to be subject to the sentence; or
 - (c) a person that was the officer of a person who was provided a designation (hereinafter referred to as a "designated entrusted institution"), whose designation has been rescinded pursuant to the provisions of Article 35-14, paragraph (2), during the 30 days prior to the disposition, and for whom three years have not passed since the date of the disposition.

(Notification of a Change)

Article 35-6 If a particular set forth in one the items of Article 35-4, paragraph (2), or a particular stated or recorded in the articles of incorporation, the operation method statement, or the general conditions of a contract on the entrustment of business deposits for prepaid services changes, the designated entrusted institution must notify the Minister of Economy, Trade and Industry to that effect without delay.

(Notification of Discontinuation)

Article 35-7 (1) If a designated entrusted institution discontinues the services under entrustment, it must notify the Minister of Economy, Trade and Industry to that effect without delay.
(2) If a notification under the provisions of the preceding paragraph is filed, the designation ceases to be effective.

(Submission of a Business Plan)

Article 35-8 (1) Prior to the commencement of each business year, a designated entrusted institution must prepare and submit a business plan for the relevant business year to the Minister of Economy, Trade and Industry.
(2) If a designated entrusted institution changes a particular stated in the business plan, it must notify the Minister of Economy, Trade and Industry to that effect without delay.
(3) Within three months after the end of each business year, a designated entrusted institution must prepare and submit a business report for the relevant business year to the Minister of Economy, Trade and Industry.

(Restriction on Concurrent Business)

Article 35-9 A designated entrusted institution must not engage in any business other than the services under entrustment; provided, however, that this does not apply if the performance of business other than the services under entrustment is found to carry no risk of compromising the appropriate performance of services under entrustment, and the institution obtains the approval of the Minister of Economy, Trade and Industry.

(Recording of Liability Reserves)

Article 35-10 If there are unexpired contracts on the entrustment of business deposits at the end of a business year, the designated entrusted institution must record the amount which is higher among the amounts prescribed in either of the following items as liability reserves for each business year:

- (i) the amount that corresponds to all commission for the remaining period of the contract periods of the contracts on the entrustment of business deposits; or
- (ii) the amount that corresponds to the balance of all commission received during the business year that has deducted the sum total of business deposits for prepaid services deposited pursuant to the contracts on the entrustment of business deposits which entail commission (excluding income from entrustors through the depositing of business deposits for prepaid services), deposit reserves that must be set aside due to contracts on the entrustment of business deposits which entail commission, and the business costs for the business year.

(Accumulation of Deposit Reserves)

Article 35-11 In each accounting period in which there is an amount of money as set forth in one of the following items, a designated entrusted institution must reserve the amount set forth in that item as a deposit reserve:

- (i) an amount of money out of the business deposit for prepaid services that is to be deposited based on a contract on the entrustment of business deposits, which has not been deposited by the accounting period;
- (ii) an amount of money that should be deposited, in a case in which a duty to make a business deposit for prepaid services is found to have arisen based on a contract on the entrustment of business deposits; or
- (iii) an amount of money not yet deposited due to a pending lawsuit involving a business deposit for prepaid services.

(Funds for Services Under Entrustment)

Article 35-12 (1) A designated entrusted institution must establish funds for services under entrustment pursuant to the provisions of the articles of incorporation.

(2) If liability reserves are not sufficient to enable a designated entrusted institution to make a business deposit for prepaid services, the designated entrusted institution may use the funds for services under entrustment, but only if these are allocated to cover business deposits for prepaid services.

(Order for Improvement)

Article 35-13 If the Minister of Economy, Trade and Industry finds that a designated entrusted institution has come to fall under the provisions of Article 35-5, items (ii) through (iv), the Minister may order the designated entrusted institution to take the necessary measures to improve its state of assets or business operations.

(Rescission of Designation)

Article 35-14 (1) If a designated entrusted institution fails to commence the services under entrustment within six months from the day it obtained designation or suspends the services under entrustment for six consecutive months or longer, the Minister of Economy, Trade and Industry may rescind the designation.

(2) If a designated entrusted institution falls under one of the following items, the Minister of Economy, Trade and Industry may rescind its designation or order the suspension of all or part of the services under entrustment during a fixed period of no longer than six months:

- (i) the designated entrusted institution violates the provisions of this Act;
- (ii) the designated entrusted institution comes to fall under the provisions of Article 35-5, item (i), item (vi), or item (vii);
- (iii) the designated entrusted institution violates an order under the provisions of the preceding Article;
- (iv) beyond what is set forth in the preceding item, the designated entrusted institution violates a disposition rendered by the Minister of Economy, Trade and Industry based on the provisions of this Act; or
- (v) the designated entrusted institution has obtained the designation by wrongful means.

(Delegation to Order of the Ministry of Economy, Trade and Industry)

Article 35-15 Beyond what is specified in this Chapter, the necessary particulars relevant to the designation and to the services, finances, and accounting of a designated entrusted institution, are specified by Order of the Ministry of Economy, Trade and Industry.

Chapter III-4 Proper Management of Credit Card Numbers

(Proper Management of Credit Card Numbers)

- Article 35-16 (1) A comprehensive credit purchase intermediary or a person that engages in the intermediation of two-month installment purchases in the course of trade (hereinafter referred to as a "credit card purchase intermediary"), in accordance with the standards specified by Order of Ministry of Economy, Trade and Industry, must take the necessary measures to prevent the inappropriate disclosure, loss, or damage in respect of a credit card number (meaning the number, symbol, or other code set forth in Article 2, paragraph (3), item (i) that is granted to a user by a credit card purchase intermediary in the course of business; the same applies hereinafter) it handles, as well as other measures necessary for the proper management of credit card numbers.
- (2) The term "intermediation of two-month installment purchases" as used in this Chapter means issuing or granting a card, etc. to a user and then delivering an amount of money that corresponds to the cost of goods or rights or the consideration for services to the seller or service provider (this includes delivering such an amount to the seller or service provider through a person other than that seller or service provider) and receiving an amount of money that corresponds to that cost or consideration from the user by a pre-determined period of within two months from the time the user concludes the contract under which the user purchases the goods or rights from the seller or receives the services from the service provider, when the user presents, notifies, or exchanges that card, etc. to purchase goods or rights from a specific seller or to receive services from a specific service provider.
- (3) In accordance with the standards specified by Order of the Ministry of Economy, Trade and Industry, a person that is in the business of delivering, in its own name and on behalf of a specific credit card purchase intermediary, an amount of money that corresponds to the cost of goods or rights purchased or the consideration for the services received, when these are purchased or received by the method of the intermediation of comprehensive credit purchases or the intermediation of two-month installment purchases, to the seller or the service provider (this includes delivering such an amount to the seller or service provider through a person other than that seller or service provider) when a user presents, notifies, or exchanges a card, etc. to purchase goods or rights from a specific seller or receive services from a specific service provider (hereinafter the delivery of the amount is referred to as the "brokerage of third-party payments") (hereinafter a person that delivers the amount is referred to as the "broker for third-party payments"), must take the necessary measures to prevent the inappropriate disclosure, loss, or damage in respect of credit card numbers it handles, as well as other measures necessary for the proper management of credit card numbers.

- (4) A credit card purchase intermediary or a broker for third-party payments, in accordance with the standards specified by Order of the Ministry of Economy, Trade and Industry, must provide the necessary instructions to the business operator in possession of a user's credit card number (meaning a person that falls under any of the following items; the same applies hereinafter) and take other measures to ensure the proper management of credit card numbers handled by the business operator in possession of a user's credit card number:
- (i) a seller or service provider that has concluded a contract involving the intermediation of comprehensive credit purchases or the intermediation of two-month installment purchases with a credit card purchase intermediary;
 - (ii) a seller or a service provider that has concluded a contract involving the brokerage of third-party payments with a broker for third-party payments; or
 - (iii) a third party that is entrusted with all or part of the handling of credit card numbers by a credit card purchase intermediary, broker for third-party payments, or a seller or service provider set forth in one of the preceding two items, or a person that is entrusted with all or part of the handling of credit card numbers by the third party (including entrustment at the second or higher degree of separation from the original entrustment).

(Order for Improvement)

Article 35-17 If the Minister of Economy, Trade and Industry finds that the measures taken by a credit card purchase intermediary or a broker for third-party payments as prescribed in paragraph (1), paragraph (3) or paragraph (4) of the preceding Article do not conform to the standards prescribed in paragraph (1), paragraph (3), or paragraph (4) of that Article respectively, the Minister, within the extent that is necessary, may order the credit card purchase intermediary or the broker for third-party payments to change the business method related to those measures or to take other necessary measures.

Chapter III-5 Certified Installment Sales Associations

(Certification and Services of a Certified Installment Sales Association)

Article 35-18 (1) Upon application of a general incorporated foundation that installment sellers, loan-based installment sellers, comprehensive credit purchase intermediaries, individual credit purchase intermediaries, credit card purchase intermediaries (excluding comprehensive credit purchase intermediaries; the same applies in Article 40 and Article 41), or brokers for third-party payments (hereinafter collectively referred to as "installment sellers, etc." in this Chapter) have incorporated and that is found to fall under the following requirements, the Minister of Economy, Trade and Industry may certify the general incorporated foundation as a person that performs the

services prescribed in the following paragraph (hereinafter referred to as "certified services"), pursuant to the provisions of Cabinet Order:

- (i) a general incorporated foundation whose purpose is to contribute to the sound development of transactions for installment sales, loan-backed sales, the intermediation of comprehensive credit purchases, or the intermediation of individual credit purchases (hereinafter referred to as "transactions for installment sales, etc." in this Chapter) and contribute to protecting the interests of users (meaning users prescribed in Article 2, paragraph (1), item (ii) and users prescribed in paragraph (3), item (i) of that Article), purchasers, or service recipients (hereinafter referred to as "users, etc." in this Chapter);
 - (ii) a general incorporated foundation with a provision in its articles of incorporation providing that installment sellers, etc. are its members;
 - (iii) a general incorporated foundation that provides the means of implementing the necessary services for performing the services prescribed in the following paragraph properly and reliably; and
 - (iv) a general incorporated foundation that has the sufficient knowledge, ability, and financial basis to perform the services prescribed in the following paragraph properly and reliably.
- (2) A general incorporated foundation that is certified pursuant to the provisions of the preceding paragraph (hereinafter referred to as a "certified installment sales association") is to perform the following services:
- (i) enactment of the necessary rules for ensuring fair transactions for installment sales, etc. and for achieving proper management of credit card numbers;
 - (ii) investigation of members' compliance with the provisions of this Act, orders that are based on this Act, dispositions that are based on this Act or on such an order, and the rules referred to in the preceding item;
 - (iii) instructions and recommendations to members and other services for promoting members' compliance with the provisions of this Act, orders based on this Act, or the rules referred to in item (i);
 - (iv) collecting, organizing, and providing information that is necessary for protecting the interests of users, etc.;
 - (v) processing complaints from users, etc. concerning the services that the members perform; and
 - (vi) public relations aimed at users, etc. and other services that are necessary in order to achieve the purpose of the certified installment sales association.

(Public Inspection of the List of Members)

Article 35-19 (1) A certified installment sales association must make the list of its members available for public inspection.

(2) A person that is not a certified installment sales association must not use any

word in its name or trade name which could give rise to the misconception that the person is a certified installment sales association.

- (3) A person that has not joined a certified installment sales association must not use any word in its name or trade name which could give rise to the misconception that the person is the member of a certified installment sales association.

(Reporting to Certified Installment Sales Associations)

Article 35-20 If a member (limited to a comprehensive credit purchase intermediary or individual credit purchase intermediary; hereinafter the same applies in this Article and the following Article) has obtained information concerning an act that compromises the protection of a user, etc., which a seller affiliated with the intermediation of comprehensive credit purchases or service provider affiliated with the intermediation of comprehensive credit purchases (limited to a person that has concluded a contract involving the intermediation of comprehensive credit purchases or brokerage of third-party payments in the intermediation of comprehensive credit purchases with a comprehensive credit purchase intermediary that is a member or with a broker for third-party payments in the intermediation of comprehensive credit purchases that engages in the brokerage of third-party payments in the intermediation of comprehensive credit purchases for a comprehensive credit purchase intermediary that is a member; hereinafter referred to as "seller, etc. affiliated with the intermediation of comprehensive credit purchases" in this Article) or a seller affiliated with the intermediation of individual credit purchases or service provider affiliated with the intermediation of individual credit purchases (limited to a person that has concluded a contract for the intermediation of individual credit purchases with an individual credit purchase intermediary that is a member; hereinafter referred to as a "seller, etc. affiliated with the intermediation of individual credit purchases" in this Article) engages in, or any information specified by Order of the Ministry of Economy, Trade and Industry as information about a seller, etc. affiliated with the intermediation of comprehensive credit purchases or a seller, etc. affiliated with the intermediation of individual credit purchases which is necessary to report in order to protect the interests of its users, etc., the member must report this to the certified installment sales association.

(Provision of Information by a Certified Installment Sales Association)

Article 35-21 If a certified installment sales association is requested by a member to provide information in its possession which is provided for in the preceding Article, the certified installment sales association must provide the information, unless it has legitimate grounds not to do so.

(Duty of Confidentiality of the Officers and Employees)

- Article 35-22 (1) An officer or employee of a certified installment sales association or a person that has held one of these positions must not divulge or misappropriate confidential information learned in the course of duty.
- (2) An officer or employee of a certified installment sales association or a person that has held one of these positions must not use confidential information learned in the course of duty for a purpose other than the use for certified services.

(Particulars Required to Be Stated in the Articles of Incorporation)

- Article 35-23 In addition to particulars set forth in the items of Article 11, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) and the provisions of the articles of incorporation which are prescribed in Article 35-18, paragraph (1), item (ii), a certified installment sales association must specify in its articles of incorporation that if a member violates the provisions of this Act, an order that is based on this Act, a disposition that is based on this Act or on such an order, or the rules referred to in paragraph (2), item (i) of that Article, the certified installment sales association will order the suspension or restriction of the rights as a member as provided in the articles of incorporation, or expel the member from the certified installment sales association.

(Order for Improvement)

- Article 35-24 (1) If the Minister of Economy, Trade and Industry finds that an improvement is necessary for the operation of certified services, the Minister may order a certified installment sales association to take the necessary measures to improve the operation, to the extent necessary for the enforcement of this Act.
- (2) If the Minister of Economy, Trade and Industry finds that a certified installment sales association's business operations are in violation of the provisions of this Act, an order that is based on this Act, or a disposition that is based on this Act or on such an order, the Minister may rescind the certification.

Chapter IV Miscellaneous Provisions

(Advisory Consultations with the Consumer Affairs Council and the Consumer Commission)

- Article 36 (1) In seeking to propose an enactment, an amendment, or a repeal of Cabinet Order prescribed in Article 7; Article 11, item (i); Article 15, paragraph

(1), item (ii) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 33-2, paragraph (1) item (ii); Article 35-3-26, paragraph (1), item (ii); Article 35-3-61, item (i); or Article 40, paragraph (9) (limited to those pertaining to the provisions for closely related persons); or to specify the percentage or the period referred to in Article 9, the competent minister must seek an advisory consultation with the Consumer Affairs Council.

(2) In seeking to propose an enactment, amendment, or repeal of Cabinet Order prescribed in Article 2, paragraph (5) or paragraph (6); Article 30-4, paragraph (4); Article 30-5, paragraph (2); or Article 35-3-19, paragraph (4), the competent minister must seek an advisory consultation with the Consumer Affairs Council and the Consumer Commission, pursuant to the provisions of Cabinet Order.

(Prohibition on Accepting the Assignment of a Card)

Article 37 It is prohibited for any person, in the course of trade, to accept the assignment of a card, etc. (meaning a card or other objects as referred to in Article 2, paragraph (1), item (ii) or a card or other objects referred to in paragraph (3), item (i) of that Article; hereinafter the same applies in this Article and Article 51-3), or to receive a card, etc. in connection with the lending of funds.

(Prevention of Purchases Beyond the Ability to Pay)

Article 38 Installment sellers and loan-based installment sellers must endeavor, based on correct credit information obtained using a credit bureau they have jointly established (meaning a person that collects and provides credit information to installment sellers and loan-based installment sellers in the course of trade; the same applies hereinafter) and through other means, not to make installment sales or loan-backed sales that give rise to the user, purchaser, or service recipient to make installment payments which are found to exceed that user's, purchaser's, or service recipient's ability to pay.

(Proper Use of Credit Information)

Article 39 (1) An installment seller, loan-based installment seller, comprehensive credit purchase intermediary, individual credit purchase intermediary, or its officer or employee must not request a credit bureau to provide it with credit information for purposes other than an investigation into a user's (meaning a user prescribed in Article 2, paragraph (1), item (ii) or a user prescribed in paragraph (3), item (i) of that Article; hereinafter the same applies in this Article), purchaser's, or service recipient's ability to pay, must not use the credit information it receives from a credit bureau for purposes other than investigating the particulars of such a person's ability to pay, or

provide the information to a third party.

- (2) A credit bureau must not use credit information for purposes other than an investigation into the particulars of a user's, purchaser's, or service recipient's ability to pay.
- (3) A credit bureau must endeavor to provide accurate credit information to installment sellers, loan-based installment sellers, comprehensive credit purchase intermediaries, and individual credit purchase intermediaries.

(Hearing of Opinions Concerning Registration)

- Article 39-2 (1) In seeking to make the registration referred to in Article 33, paragraph (1), the Minister of Economy, Trade and Industry must hear the opinion of the Commissioner General of the National Police Agency as to the existence of grounds that fall under Article 33-2, paragraph (1) item (vi), (e), item (vii) or item (viii); in seeking to make the registration referred to in Article 33, paragraph (1) as applied mutatis mutandis pursuant to Article 33-3, paragraph (2), the Minister must hear the opinion of the Commissioner General as to the existence of grounds that fall under Article 33-2, paragraph (1), item (vi), (e); in seeking to make the registration referred to in Article 35-3-25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-27, paragraph (2)), the Minister must hear the opinion of the Commissioner General as to the existence of grounds that fall under Article 35-3-26, paragraph (1), item (v), (e), item (vi) or item (vii); and in seeking to make the registration referred to in Article 35-3-25, paragraph (1) as applied mutatis mutandis pursuant to Article 35-3-28, paragraph (2), the Minister must hear the opinion of the Commissioner General as to the existence of grounds that fall under Article 35-3-26, paragraph (1), item (v), (e).
- (2) In rescinding a registration pursuant to the provisions of Article 34-2, paragraph (1), the Minister of Economy, Trade and Industry may hear the opinion of the Commissioner General of the National Police Agency as to the existence of grounds that fall under Article 33-2, paragraph (1), item (vi) (e), item (vii) or item (viii); and in rescinding a registration pursuant to the provisions of Article 35-3-32, paragraph (1), the Minister may hear the opinion of the Commissioner General as to the existence of grounds that fall under Article 35-3-26, paragraph (1), item (v), (e), item (vi) or item (vii).

(Opinions to the Minister of Economy, Trade and Industry)

- Article 39-3 If there are reasonable grounds to suspect that a registered comprehensive credit purchase intermediary or registered individual credit purchase intermediary falls under Article 33-2, paragraph (1), item (vi), (e), item (vii), or item (viii) or Article 35-3-26, paragraph (1) item (v), (e), item (vi), or item (vii), and therefore the Commissioner General of the National Police

Agency finds it to be necessary for the Minister of Economy, Trade and Industry to take appropriate measures against the registered comprehensive credit purchase intermediary or the registered individual credit purchase intermediary, the Commissioner General may state an opinion to that effect to the Minister.

(Inquiries to Relevant Administrative Organs)

Article 39-4 Beyond what is provided for in Article 39-2, the Minister of Economy, Trade and Industry may make an inquiry to or require cooperation from the relevant administrative organs and relevant local governments in connection with administrative affairs based on the provisions of this Act.

(Collection of Reports)

- Article 40 (1) To the extent that is necessary for the enforcement of this Act, the competent minister may have a person that engages in the business of installment sales prescribed in Article 2, paragraph (1), item (i) to make a report concerning their business, pursuant to the provisions of Cabinet Order.
- (2) If the Prime Minister finds it to be necessary for stating an opinion pursuant to the provisions of Article 20-2, paragraph (4) or Article 23, paragraph (4), the Prime Minister, within the extent that is necessary, may have a licensed installment seller whose business operations connected with prepaid installment sales fall under Article 20-2, paragraph (1), item (iii) or a licensed installment seller that has violated an order under Article 23, paragraph (2), item (iv) to make a report concerning their business, pursuant to the provisions of Cabinet Order.
- (3) To the extent that is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may order a comprehensive credit purchase intermediary or individual credit purchase intermediary to submit a report concerning their business, their books and documents, and other objects, pursuant to the provisions of Cabinet Order.
- (4) If the Prime Minister finds it to be necessary for stating an opinion pursuant to the provisions of Article 30-5-3, paragraph (3); Article 34-2, paragraph (4); Article 35-3-21, paragraph (3); or Article 35-3-32, paragraph (4); the Prime Minister, within the extent that is necessary, may order a comprehensive credit purchase intermediary that has violated the provisions of the main clause of Article 30-2, paragraph (1), paragraph (3), or paragraph (4) of that Article; the main clause of Article 30-2-2; or Article 30-5-2 or an order under Article 34-2, paragraph (2), item (i); or an individual credit purchase intermediary that has violated the provisions of the main clause of Article 35-3-3, paragraph (1), paragraph (3), or paragraph (4) of that Article; the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or

Article 35-3-20; or an order under Article 35-3-32, paragraph (2), item (i), to submit a report concerning their business, their books and documents, and other objects, pursuant to the provisions of Cabinet Order.

- (5) To the extent that is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have a person that has obtained the license referred to in Article 35-3-61 or a designated entrusted institution make a report concerning their business, pursuant to the provisions of Cabinet Order.
- (6) If the Prime Minister finds it to be necessary for stating an opinion pursuant to the provisions of Article 20-2, paragraph (4) or Article 23, paragraph (4) as applied mutatis mutandis pursuant to Article 35-3-62, the Prime Minister, within the extent that is necessary, may have a person that has obtained the license referred to in Article 35-3-61 and whose business operations that are connected with specified prepaid transactions fall under the provisions of Article 20-2, paragraph (1), item (iii) as applied mutatis mutandis pursuant to Article 35-3-62; or a person that has obtained the license referred to in Article 35-3-61 and that has violated an order under Article 23, paragraph (2), item (iv) as applied mutatis mutandis pursuant to Article 35-3-62 (limited to a case in which the business operations that are connected with specified prepaid transactions of the person that has obtained the license referred to in Article 35-3-61, fall under Article 20-2, paragraph (1), item (iii) as applied mutatis mutandis pursuant to Article 35-3-62) make a report concerning their business, pursuant to the provisions of Cabinet Order.
- (7) To the extent that is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have a credit card purchase intermediary or broker for third-party payments make a report on the state of safety management of credit card numbers, pursuant to the provisions of Cabinet Order.
- (8) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the Minister, within the extent that is necessary, may have a person that has been entrusted by a comprehensive credit purchase intermediary with services related to the intermediation of comprehensive credit purchases make a report concerning the services related to the intermediation of comprehensive credit purchases with which it has been entrusted, pursuant to the provisions of Cabinet Order.
- (9) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the Minister, within the extent that is necessary, may order a seller affiliated with the intermediation of individual credit purchases, a service provider affiliated with the intermediation of individual credit purchases, or any another person specified by Cabinet Order as being closely affiliated with an individual credit purchase intermediary (hereinafter referred to as a "closely affiliated person" in paragraph (5) of the

following Article) to submit reports, books and documents, and other materials that should serve as a reference on the individual credit purchase intermediary's compliance with the provisions of Article 35-3-5 and the main clause of Article 35-3-7, pursuant to the provisions of Cabinet Order.

- (10) If the Minister of Economy, Trade and Industry finds it to be necessary for ensuring the proper management of specified credit information services, the Minister may order a designated credit bureau to submit reports, books and documents, and other objects concerning its business activities or assets.
- (11) If the Minister of Economy, Trade and Industry finds it to be particularly necessary for ensuring the proper management of specified credit information services, the Minister, within the extent that is necessary, may have an affiliated comprehensive credit purchase intermediary, affiliated individual credit purchase intermediary, or any other person that uses a designated credit bureau, or a person that has been entrusted to perform services pursuant to the provisions of the paragraphs of Article 35-3-42, make a report that should serve as a reference for the business activities or assets of the designated credit bureau.
- (12) If the Minister of Economy, Trade and Industry finds it to be necessary for ensuring the proper management of certified services, the Minister may have a certified installment sales association make a report concerning its business or assets.
- (13) In seeking to collect a report pursuant to the provisions of paragraph (2) or paragraph (6), or to order the submission of reports, books and documents, or other objects pursuant to the provisions of paragraph (4), the Prime Minister must consult with the Minister of Economy, Trade and Industry in advance.

(On-Site Inspections)

- Article 41 (1) To the extent that is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have the relevant officials enter the business office or office of a licensed installment seller, comprehensive credit purchase intermediary, individual credit purchase intermediary, designated credit bureau, person that has obtained the license referred to in Article 35-3-61, designated entrusted institution, or certified installment sales association, and inspect its books and documents and other objects.
- (2) In a case as prescribed in paragraph (2), paragraph (4), or paragraph (6) of the preceding Article, if the Prime Minister finds it to be particularly necessary in order to protect the interests of users, purchasers, service recipients, or recipients of designated services, the Prime Minister, within the extent that is necessary, may have the relevant officials enter the business office or office of a licensed installment seller, comprehensive credit purchase intermediary, individual credit purchase intermediary, or person that has obtained the

license referred to in Article 35-3-61, and inspect its books and documents and other objects.

- (3) To the extent that is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have the relevant officials enter the business office or office of a credit card purchase intermediary or broker for third-party payments and inspect its books and documents and other objects (limited to those concerning the state of safety management of credit card numbers).
- (4) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the Minister, within the extent that is necessary, may have the relevant officials enter the business office or office of a person that has been entrusted to perform services related to the intermediation of comprehensive credit purchases by a comprehensive credit purchase intermediary, and inspect its books and documents and other objects (limited to those concerning the services related to the intermediation of comprehensive credit purchases with which the person has been entrusted).
- (5) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the Minister, within the extent that is necessary, may have the relevant officials enter the business office or office of a closely affiliated person and inspect its books and documents and other objects (limited to those concerning the state of an individual credit purchase intermediary's compliance with the provisions of Article 35-3-5 and the main clause of Article 35-3-7).
- (6) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to ensure the proper management of specified credit information services, the Minister, within the extent that is necessary, may have the relevant officials enter the business office or office of an affiliated comprehensive credit purchase intermediary, affiliated individual credit purchase intermediary, or any other person that uses a designated credit bureau, or of a person that has been entrusted to perform services pursuant to the provisions of the paragraphs of Article 35-3-42, and inspect its books and documents and other objects (limited to those concerning the business activities or assets of the designated credit bureau).
- (7) An official that conducts an on-site inspection pursuant to the provisions of the preceding paragraphs must carry an identification card and present it to the persons concerned.
- (8) The authority to conduct an on-site inspection under the provisions of paragraphs (1) through (6) must not be interpreted as being granted for the purpose of a criminal investigation.
- (9) When the Prime Minister seeks to conduct an on-site inspection under paragraph (2), the Prime Minister must consult with the Minister of Economy,

Trade and Industry in advance.

(Providing Materials to the Prime Minister)

Article 41-2 If the Prime Minister finds it to be necessary for protecting the interests of users, purchasers, service recipients, or recipients of designated services, the Prime Minister may request the Minister of Economy, Trade and Industry to provide materials, explanations, and other necessary cooperation.

(Hearing of Opinions)

Article 42 (1) When seeking to render a disposition under Article 33-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 33-3, paragraph (2)) or Article 35-3-26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-27, paragraph (2) and Article 35-3-28, paragraph (2)), a hearing of opinions open to the public must be held, after giving a reasonable period of advance notice to the person that is subject to the disposition.

- (2) The date, place, and details of the case must be indicated in the advance notice referred to in the preceding paragraph.
- (3) At the time of the hearing of opinions as referred to in paragraph (1), the person subject to the disposition and other interested persons must be given the opportunity to present evidence and state an opinion concerning the case.

(Special Provisions on Hearings)

Article 43 (1) Notwithstanding the category of procedures for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act (Act No. 88 of 1993), if the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 23, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 34, paragraph (1); Article 35-3-32, paragraph (2); Article 35-3-54, paragraph (1); or Article 35-14, paragraph (2), the Minister must conduct the hearing.

- (2) Proceedings on the date of the hearing on the disposition under Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 23, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 34 paragraph (1); Article 34-2, paragraph (1) or paragraph (2); Article 35-3-32, paragraph (1) or paragraph (2); Article 35-3-54, paragraph (1); Article 35-14; or Article 35-24, paragraph (2) must be open to the public.

(Hearing of Opinions in Appeal Proceedings)

Article 44 (1) An administrative determination or ruling on a request for

administrative review or filing of objection in respect of a disposition under the provisions of this Act or an order based on this Act must be rendered after giving a reasonable period of advance notice to the person subject to the disposition and holding a hearing of opinions open to the public.

(2) The provisions of Article 42, paragraph (2) and paragraph (3) apply *mutatis mutandis* to the hearing of opinions referred to in the preceding paragraph.

(Transitional Measures)

Article 45 When an order is enacted, amended, or repealed based on the provisions of this Act, the requisite transitional measures (including transitional measures for penal provisions) may be provided for, within the scope determined to be reasonably necessary in conjunction with the enactment, amendment, or repeal.

(The Competent Minister)

Article 46 The competent ministers in this Act are as follows:

- (i) for particulars on goods, the Minister of Economy, Trade and Industry and the minister that has jurisdiction over the physical distribution of those goods;
- (ii) for particulars on designated rights, the Minister of Economy, Trade and Industry and the minister with administrative jurisdiction over the facility to which those rights pertain or the business of providing the services to which those rights pertain;
- (iii) for particulars on services, the Minister of Economy, Trade and Industry and the minister with administrative jurisdiction over the business of providing those services;
- (iv) for particulars on consultation to the Consumer Affairs Council pursuant to Article 36, paragraph (1), the Minister of Economy, Trade and Industry and the minister that has jurisdiction over the physical distribution of the goods, the minister with administrative jurisdiction over the facility to which the rights pertain or over the business of providing the services to which the rights pertain, or the minister with administrative jurisdiction over the business of providing the services; and
- (v) for particulars on consultation to the Consumer Affairs Council and the Consumer Commission pursuant to the provisions of Article 36, paragraph (2), the Minister of Economy, Trade and Industry, the Prime Minister, and the minister that has jurisdiction over the physical distribution of the goods, the minister with administrative jurisdiction over the facility to which the rights pertain or over the business of providing the services to which the rights pertain, or the minister with administrative jurisdiction over the business of providing the relevant services.

(Administrative Affairs Handled by Prefectural Governments)

Article 47 Part of the administrative affairs prescribed in this Act which are under the authority of the competent minister or the Minister of Economy, Trade and Industry may be undertaken by a prefectural governor, pursuant to the provisions of Cabinet Order.

(Delegation of Authority)

Article 48 (1) The competent minister or the Minister of Economy, Trade and Industry may have the head of a local branch office undertake a particular that comes under the authority of the competent minister or the Minister of Economy, Trade and Industry pursuant to this Act, pursuant to the provisions of Cabinet Order.

(2) The Prime Minister delegates the authority under this Act (other than the authority specified by Cabinet Order) to the Commissioner of the Consumer Affairs Agency.

Chapter V Penal Provisions

Article 49 A person that falls under any of the following items is subject to punishment by imprisonment with work for not more than three years, a fine of not more than 3,000,000 yen, or both:

- (i) a person that violates the provisions of Article 11 in engaging in prepaid installment sales in the course of trade;
- (ii) a person that violates the provisions of Article 31 in engaging in the intermediation of comprehensive credit purchases in the course of trade;
- (iii) a person that violates the provisions of Article 35-3-23 in engaging in the intermediation of individual credit purchases in the course of trade;
- (iv) a person that violates the provisions of Article 35-3-30; or
- (v) a person that violates the provisions of Article 35-3-61 in performing specified prepaid transactions in the course of trade.

Article 49-2 (1) If a credit card purchase intermediary, broker for third-party payments, business operator in possession of a user's credit card number, their officer or employee, or a person that has held one of these positions, provides another party with, or misappropriates, a credit card number learned in the course of business in order to wrongfully obtain a personal benefit or to benefit a third party, the person is subject to punishment by imprisonment with work for not more than three years or by a fine of not more than 500,000 yen.

(2) The provisions of the preceding paragraph also apply to a person that defrauds another person of a credit card number. The same applies to a person

that acquires another person's credit card number in a way that is set forth in one of the following items:

- (i) reproducing an entry in a document or a record on a recording medium that is meant for the record of the person whose credit card number is stated or recorded therein, without obtaining that person's consent; or
 - (ii) unauthorized access (meaning unauthorized access as prescribed in Article 3 of the Act on Prohibition of Unauthorized Computer Access (Act No. 128 of 1999)).
- (3) The provisions of paragraph (1) apply to a person that provides someone with another person's credit card number or receives another person's credit card number, for remuneration, without legitimate grounds. The same applies to a person that keeps another person's credit card number for the purpose of providing the number to someone for remuneration, without legitimate grounds.
- (4) The provisions of the preceding three paragraphs do not preclude the application of the Penal Code or any other penal provisions.

Article 50 A person that falls under any of the following items is subject to punishment by imprisonment with work for not more than two years, a fine of not more than 3,000,000 yen, or both. The same applies to a person that knowingly receives specified credit information from a person that falls under item (ii) or item (iii):

- (i) a person that divulges or misappropriates confidential information, in violation of the provisions of Article 35-3-39 (including as applied mutatis mutandis pursuant to Article 35-3-47, paragraph (4));
- (ii) a person that requests the designated credit bureau with which it is affiliated to provide specified information for purposes other than an investigation into the ability to pay, a person that uses specified credit information received from the designated credit bureau with which it is affiliated for purposes other than an investigation into the ability to pay or that provides the information to a third party, in violation of the provisions of Article 35-3-59, paragraph (1); or
- (iii) a person that violates the provisions of Article 35-3-59, paragraph (2) in using the specified credit information provided by the designated credit bureau with which it is affiliated or by providing that information to a third party.

Article 51 In a case that falls under any of the following items, the representative, agent, employee, or other worker of a licensed installment seller, registered comprehensive credit purchase intermediary, registered individual credit purchase intermediary, or person that has obtained the license referred to in Article 35-3-61 that commits the violation, is subject to

punishment by imprisonment with work for not more than two years, a fine of not more than 3,000,000 yen, or both:

- (i) the person violates an order under the provisions of Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (ii) the person violates an order under the provisions of Article 23, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (iii) the person violates an order under the provisions of Article 34, paragraph (1); or
- (iv) the person violates an order under the provisions of Article 35-3-32, paragraph (2).

Article 51-2 The representative, agent, employee, or other worker of a designated entrusted institution that violates an order under the provisions of Article 35-14, paragraph (2) is subject to punishment by imprisonment with work for not more than one year, a fine of not more than 1,000,000 yen, or both.

Article 51-3 A person that accepts the assignment of a card, etc. or that acquires a card, etc. in connection with the lending of funds in the course of trade, in violation of the provisions of Article 37, is subject to punishment by imprisonment with work for not more than one year or by a fine of not more than 1,000,000 yen.

Article 51-4 A person that violates the provisions of Article 35-22 is subject to punishment by imprisonment with work for not more than one year or by a fine of not more than 500,000 yen.

Article 51-5 In a case that falls under any of the following items, the representative, administrator, agent, employee, or other worker of a registered comprehensive credit purchase intermediary, registered individual credit purchase intermediary, designated credit bureau, designated entrusted institution, or certified installment sales association that commits the violation, is subject to punishment by a fine of not more than 1,000,000 yen:

- (i) the person violates an order under the provisions of Article 33-5;
- (ii) the person violates an order under the provisions of Article 35-3-31;
- (iii) the person violates an order under the provisions of Article 35-3-52;
- (iv) the person violates an order under the provisions of Article 35-13; or
- (v) the person violates an order under the provisions of Article 35-24, paragraph (1).

Article 51-6 A person that falls under any of the following items is subject to punishment by a fine of not more than 1,000,000 yen:

- (i) a person that violates an order under the provisions of Article 30-5-3, paragraph (1);
- (ii) a person that violates an order under the provisions of Article 35-3-21, paragraph (1); or
- (iii) a person that violates an order under the provisions of Article 35-17.

Article 52 In a case that falls under any of the following items, the representative, administrator, agent, employee, or other worker of a licensed installment seller, entrusted party under a contract on the entrustment of business deposits, registered comprehensive credit purchase intermediary, designated credit bureau, a person that has obtained the license referred to in Article 35-3-61, or designated entrusted institution that commits the violation, is subject to punishment by a fine of not more than 500,000 yen:

- (i) the person violates the provisions of Article 16, paragraph (3) (including as applied mutatis mutandis pursuant to Article 18, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3 or Article 35-3-62), Article 35-3, or Article 35-3-62) in commencing operations for prepaid installment sales, the intermediation of comprehensive credit purchases, or specified prepaid transactions;
- (ii) the person violates the provisions of Article 18-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62) to conclude a new contract for prepaid installment sales or for specified prepaid transactions;
- (iii) the person fails to keep books in violation of the provisions of Article 19-2 (including as applied mutatis mutandis pursuant to Article 35-3-62), fails to enter a particular prescribed in the provisions of Article 19-2 (including as applied mutatis mutandis pursuant to Article 35-3-62) or makes a false entry, or fails to preserve the books,;
- (iv) the person fails to make a business deposit for prepaid services in violation of the provisions of Article 20-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (v) the person conducts any other business in violation of the provisions of the main clause of Article 35-3-41, paragraph (1);
- (vi) the person fails to establish operational rules, does not obtain the approval of the Minister of Economy, Trade and Industry, or changes the operational rules without obtaining the approval from the Minister of Economy, Trade and Industry, in violation of the provisions of Article 35-3-43, paragraph (1);
- (vii) the person fails to prepare or preserve records pursuant to the provisions of Article 35-3-45 (including as applied mutatis mutandis pursuant to Article 35-3-47, paragraph (4)), or prepares a false record;
- (viii) the person fails to submit a report concerning their business activities or assets pursuant to the provisions of Article 35-3-51, paragraph (1), or

- submits a report concerning their business activities or assets that contains a false statement;
- (ix) the person violates the provisions of Article 35-3-53, paragraph (1);
 - (x) the person fails to submit the business plan referred to in Article 35-8, paragraph (1) or the business report referred to in paragraph (3) of that Article, or submits a business plan or a business report that contains a false statement; or
 - (xi) the person violates the provisions of Article 35-9 in engaging in business other than services under entrustment.

Article 53 A person that falls under any of the following items is subject to punishment by a fine of not more than 500,000 yen:

- (i) a person that violates the provisions of Article 3, paragraph (1) or Article 35-3-2, paragraph (1) in failing to make an indication;
- (ii) a person that violates the provisions of Article 3, paragraph (4); Article 29-2, paragraph (3); Article 30, paragraph (3); or Article 35-3-2, paragraph (2) in failing to make an indication;
- (iii) a person that fails to deliver a document, in violation of the provisions of Article 3, paragraph (2) or paragraph (3); Article 4; Article 29-2, paragraph (1) or paragraph (2); Article 29-3; Article 30, paragraph (1) or paragraph (2); Article 30-2-3; Article 35-3-8; or Article 35-3-9, paragraph (1) or paragraph (3);
- (iv) a person that fails to prepare a record of an investigation, prepares a false record, or fails to preserve a record, in violation of the provisions of Article 30-2, paragraph (4); Article 35-3-3, paragraph (4); or Article 35-3-5, paragraph (2);
- (v) a person that fails to make a report under the provisions of Article 40, paragraph (1), paragraph (2), paragraphs (5) through (8), paragraph (11), or paragraph (12), or that makes a false report;
- (vi) a person that fails to make a report under the provisions of Article 40, paragraph (3), paragraph (4), or paragraph (10), that makes a false report, that fails to submit an object under those provisions, or that submits a false object;
- (vii) a person that fails to make a report under the provisions of Article 40, paragraph (9), that makes a false report, that fails to submit a material under the provisions of that paragraph, or that submits a false material; or
- (viii) a person that refuses, obstructs, or evades an inspection pursuant to the provisions of Article 41, paragraph (1) through (6).

Article 53-2 In a case that falls under any of the following items, the representative, administrator, agent, employee, or other worker of a licensed

installment seller, registered comprehensive credit purchase intermediary, registered individual credit purchase intermediary, designated credit bureau, person that has obtained the license referred to in Article 35-3-61, or designated entrusted institution that commits the violation, is subject to punishment by a fine of not more than 300,000 yen:

- (i) the person fails to make the notification under the provisions of Article 19, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 35-3-50, paragraph (1); Article 35-6; Article 35-7, paragraph (1); or Article 35-8, paragraph (2), or makes a false notification;
- (ii) the person fails to submit a written application for registration of change in violation of the provisions of Article 33-3, paragraph (1) or Article 35-3-28, paragraph (1); or
- (iii) the person fails to file a notification pursuant to the provisions of Article 35-3-53, paragraph (2), files a false notification, fails to give a notice pursuant to the same paragraph, or makes a false report.

Article 53-3 A person that uses a word in their name or trade name which could give rise to the misconception that the person is the member of a certified installment sales association in violation of the provisions of Article 35-19, paragraph (3), is subject to punishment by a fine of not more than 300,000 yen.

Article 54 (1) If the representative or administrator of a corporation (including an association or a foundation that is without legal personality but that has a representative or administrator; hereinafter the same applies in this paragraph), or the agent, employee, or other worker of corporation or individual commits a violations referred to in Article 49 or Article 50 through the preceding Article in connection with the business of that corporation or individual, in addition to the offender being subject to punishment, the corporation or individual is subject to punishment by a fine prescribed in the respective Article.

(2) If the provisions of the preceding paragraph apply to an association or foundation without legal personality, its representative or administrator represents the association or foundation without legal personality in procedural acts and the provisions of laws on criminal proceedings when a corporation stands as the accused or a suspect apply mutatis mutandis.

Article 55 A person that falls under any of the following items is subject to punishment by a civil fine of not more than 300,000 yen:

- (i) a person that fails to file a notification under the provisions of Article 18-6, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-

- 3-62), or files a false notification;
- (ii) a person that violates an order provided for in Article 20-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62); or
 - (iii) a person that fails to file a notification under the provisions of Article 26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3, Article 35-3-35, or Article 35-3-62), or that files a false notification.

Article 55-2 In a case that falls under any of the following items, the director, executive officer, accounting advisor or a member that performs their duties, the auditor, board director, inspector, representative, administrator, a member that executes business, or liquidator of a designated credit bureau, or the person that was formerly the officer (including a provisional board director) or representative of a certified installment sales association that commits the violation, is subject to punishment by a civil fine of not more than 300,000 yen:

- (i) the person violates the provisions of Article 35-3-38 and becomes the representative of a corporation, engages in day-to-day business operations, or engages in business, without obtaining the approval from the Minister of Economy, Trade and Industry; or
- (ii) the person violates the provisions of Article 35-3-48 or Article 35-19, paragraph (1).

Article 55-3 A person that violates the provisions of Article 35-3-49 or Article 35-19, paragraph (2) is subject to punishment by a civil fine of not more than 100,000 yen.

Supplementary Provisions [Extract]

(Effective Date)

- (1) This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding six months from the date of promulgation; provided, however, that the provisions of Chapter IV come into effect as of the date of its promulgation and the provisions of Article 30 come into effect as of the day on which one year has elapsed from the date of promulgation.

(Transitional Provisions)

- (2) The provisions of Article 5 and Article 6 do not apply to a contract for installment sales concluded before this Act becomes applicable.

Supplementary Provisions [Act No. 161 of September 15, 1962] [Extract]

- (1) This Act comes into effect as of October 1, 1962.

- (2) Except as otherwise provided in these Supplementary Provisions, the provisions after the amendment by this Act also apply to a disposition rendered by an administrative authority prior to the enforcement of this Act, to an inaction by an administrative authority in respect of an application filed prior to the enforcement of this Act, and to matters that have arisen prior to the enforcement of this Act; provided, however, that this does not preclude the effect that has arisen under the provisions prior to amendment by this Act.
- (3) Even after this Act comes into effect, with respect to a petition, request for review, objection, or any other appeal (hereinafter referred to as a "petition, etc.") filed prior to the enforcement of this Act, the provisions then in force remain applicable. The same applies to an administrative determination, ruling, or other dispositions for a petition, etc. (hereinafter referred to as "determination, etc.") that is filed prior to the enforcement of this Act, or a petition, etc., filed when a party remains dissatisfied with a determination, etc. rendered after the enforcement of this Act with respect to a petition, etc. that is filed prior to the enforcement of this Act.
- (4) With regard to the application of laws other than this Act, a petition, etc. prescribed in the preceding paragraph related to a disposition against which an appeal under the Administrative Complaint Review Act is permitted after the enforcement of this Act, is deemed to be an appeal under the Administrative Complaint Review Act.
- (5) An appeal under the Administrative Complaint Review Act may not be filed against a determination, etc. that is rendered after the enforcement of this Act with respect to a request for review, objection, or any other appeal that is filed pursuant to the provisions of paragraph (3).
- (6) With regard to a disposition rendered by an administrative authority prior to the enforcement of this Act against which a petition, etc. may be filed pursuant to the relevant provisions prior to amendment by this Act and whose period to be filed has not been established, the period during which an appeal under the Administrative Complaint Review Act may be filed is counted from the date on which this Act comes into effect.
- (8) With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.
- (9) Beyond what is provided for in the preceding eight paragraphs, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 69 of May 18, 1965] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order,

within a period not exceeding 90 days from the date of promulgation; provided, however, that the provisions amending the table of contents (limited to the part that amends "Section 8 Retirement Pension System" to "Section 8 Retirement Pension System Section 9 Employee Organization"); the provisions amending Article 12, paragraph (6) (excluding the part that amends item (ii) and item (xiii) of that paragraph); the provisions amending Article 98; the provisions amending Article 101 (limited to the part that deletes paragraph (3) of that Article); the provisions adding one Section after Chapter III, Section 8; the provisions amending Article 110, paragraph (1) (excluding the part that amends item (ii) of that paragraph); the provisions amending Article 111 (limited to the part that amends "item (xvi)" to "item (xv)"); and the provisions of the following Article (excluding paragraphs (6) through (9)), Article 6 of the Supplementary Provisions, Article 9 of the Supplementary Provisions, Article 12 of the Supplementary Provisions (excluding the part of Article 40, paragraph (1), item (i) that amends "from paragraph (3) to paragraph (5)" to "from paragraph (2) to paragraph (4)"), Articles 18 through 20 of the Supplementary Provisions, Article 23 of the Supplementary Provisions, Article 27 of the Supplementary Provisions, and Article 28 of the Supplementary Provisions come into effect as of the day specified by Cabinet Order.

Supplementary Provisions [Act No. 72 of May 29, 1968] [Extract]

- (1) This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding three months from the date of promulgation; provided, however, that the part of the provisions related to Article 18-2 in the amending provisions adding two Articles after Article 18 and the provisions of paragraph (8) of the Supplementary Provisions come into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation.
- (4) A person that fails to file a notification pursuant to the preceding paragraph or that files a false notification is subject to punishment by a fine of not more than 30,000 yen.
- (5) If the representative of a corporation or the agent, employee, or other worker of a corporation commits a violation prescribed in the preceding paragraph in connection with the business of that corporation, in addition to the offender being subject to punishment, the corporation is subject to punishment by a fine referred to in that paragraph.
- (6) A business security deposit made pursuant to the provisions of the Former Act is deemed to be a business security deposit made pursuant to the provisions of the New Act.
- (9) A corporation that has had its registration rescinded pursuant to the

provisions of Article 23, paragraph (1) or paragraph (2) of the Former Act is deemed to have had its license rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2) of the New Act.

- (10) With regard to a person that was formerly a registered installment seller or its successor and whose registration has been rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2) of the Former Act or whose registration has been deleted pursuant to the provisions of Article 26, paragraph (1), item (ii) or item (iii) of the Former Act, and with regard to a person that has not been delivered goods under a contract for prepaid installment sales which the person has concluded with such a registered installment seller at the time of the enforcement of this Act, the provisions then in force remain applicable.
- (11) A corporation that has had its registration rescinded pursuant to the provisions of Article 23, paragraph (1) or paragraph (2) of the Former Act as applied mutatis mutandis pursuant to Article 33 of the Former Act is deemed to have had its registration rescinded pursuant to the provisions of Article 34-2, paragraph (1) or paragraph (2) of the New Act on the day of the rescission.
- (12) With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 72 of June 16, 1972] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding nine months from the date of promulgation; provided, however, that the provisions prescribed in the following items come into effect as of the date set forth in each of those items:

- (i) the provisions of Article 1 amending Article 37 of the Installment Sales Act and the provisions of Article 11 of the Supplementary Provisions: the date of promulgation of this Act;
- (ii) the provisions of Article 1 amending the table of contents of the Installment Sales Act (limited to the part related to Chapter III-2) and the provisions adding one Chapter after Article 35-3 of that Act: the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation of this Act; and
- (iii) the provisions of Article 2: the day specified by Cabinet Order, within a period not exceeding one year and nine months from the date of promulgation of this Act.

(Transitional Provisions)

Article 2 The provisions of Article 4 or Article 29-3 of the Installment Sales Act

after the amendment under Article 1 (hereinafter referred to as the "New Act") do not apply to a contract for installment sales or loan-backed sales concluded prior to the enforcement of this Act.

Article 3 The provisions of Article 4-2, paragraph (1) of the New Act (including as applied mutatis mutandis pursuant to Article 29-4 of the New Act) do not apply to an offer for a contract for installment sales or loan-backed sales which an installment seller or a loan-based installment seller received prior to the enforcement of this Act.

Article 4 The provisions of Article 4-3 of the New Act (including as applied mutatis mutandis pursuant to Article 29-4 of the New Act) do not apply to a contract for installment sales or loan-backed sales concluded prior to the enforcement of this Act, nor do they apply to an offer for a contract for installment sales or loan-backed sales which an installment seller or loan-based installment seller received prior to the enforcement of this Act (including a contract based on the offer, which is concluded after the enforcement of this Act).

Article 5 (1) A person that is a licensed installment seller at the time of the enforcement of this Act that has made a business security deposit pursuant to the provisions of the Installment Sales Act prior to amendment under Article 1 (hereinafter referred to as the "Former Act") may conclude a contract for prepaid installment sales, pursuant to the provisions then in force, until the end of 50 days counting from the day after the first base date prescribed in Article 18-3, paragraph (1) of the New Act which arrives after the enforcement of this Act.

(2) The part of the business security deposit made pursuant to the provisions of the Former Act, by a person that is a licensed installment seller at the time of the enforcement of this Act, which corresponds to the amount prescribed in Article 17, paragraph (1) of the New Act is deemed to be a business security deposit made pursuant to the provisions of Article 16, paragraph (1) of the New Act, and the part of the business security deposit that exceeds the amount prescribed in Article 17, paragraph (1) of the New Act is deemed to be a business deposit for prepaid services deposited as a preservative measure for advances received referred to in Article 18-3, paragraph (2) of the New Act.

(3) With regard to a person that is a licensed installment seller at the time of enforcement of this Act, the term "one-half" in Article 18-3, paragraph (1) and paragraph (2) of the New Act is deemed to be replaced with "five-twelfths" for the first base date prescribed in paragraph (1) of that Article which arrives after the enforcement of this Act.

Article 6 (1) A public notice that has already been issued pursuant to the provisions of Article 29, paragraph (4) of the Former Act at the time of the enforcement of this Act, and which pertains to the recovery of a business security deposit under paragraph (1) of that Article (limited to recovery due to the discontinuation of some business offices or agency offices) is deemed to be a public notice issued pursuant to the provisions of Article 18-2, paragraph (2) of the New Act.

(2) A public notice that has already been issued pursuant to the provisions of Article 29, paragraph (4) of the Former Act at the time of the enforcement of this Act, and which pertains to the recovery of a business security deposit under paragraph (1) of that Article (excluding recovery due to the discontinuation of some business offices or agency offices) is deemed to have obtained the approval referred to in Article 18-5, paragraph (3) of the New Act at the time of the expiry of the period during which the filing to which the public notice pertains is required to be made, if the filing is not made during that period.

(3) A public notice that has already been issued pursuant to the provisions of Article 29, paragraph (4) of the Former Act at the time of the enforcement of this Act, and which pertains to the recovery of a business security deposit under paragraph (3) of that Article is deemed to be a public notice issued pursuant to the provisions of Article 29, paragraph (2) of the New Act.

Article 7 (1) A person engaging in specified prepaid transactions in the course of trade at the time of enforcement of this Act is deemed to have obtained the license referred to in Article 29-5 of the New Act for one year from the date on which this Act comes into effect. If the person applies for a license referred to in that Article within that period, the same applies during the period up until the disposition to grant or refuse the license under application is rendered.

(2) A person that is deemed to have obtained the license referred to in Article 29-5 of the New Act pursuant to the provisions of the preceding paragraph must submit a document stating the particulars set forth in Article 12, paragraph (1), item (i), item (ii), and item (iv) of the New Act as applied *mutatis mutandis* pursuant to Article 29-6 of the New Act, accompanied by the general conditions of the contract for specified prepaid transactions, to the Minister of International Trade and Industry, within 30 days from the date on which this Act comes into effect.

(3) The provisions of Article 16, paragraph (3) of the New Act as applied *mutatis mutandis* pursuant to Article 29-6 of the New Act do not apply to a person that is deemed to have obtained the license referred to in Article 29-5 of the New Act pursuant to the provisions of paragraph (1), for 30 days from the date on

which this Act comes into effect.

Article 8 (1) A person that fails to file a notification under paragraph (2) of the preceding Article or that files a false notification is subject to punishment by a fine of not more than 30,000 yen.

(2) If the representative of a corporation or the agent, employee, or other worker of a corporation or individual commits the violation referred to in the preceding paragraph in connection with the business of that corporation or individual, in addition to the offender being subject to punishment, the corporation or individual is subject to punishment referred to in that paragraph.

Article 9 With regard to a person that is deemed to have obtained the license referred to in Article 29-5 of the New Act pursuant to the provisions of Article 7, paragraph (1) of the Supplementary Provisions (including if the person continues to hold the license referred to in Article 29-5 of the New Act), the term "one-half" in Article 18-3, paragraphs (1) and (2) of the New Act as applied mutatis mutandis pursuant to Article 29-6 of the New Act is deemed to be replaced as specified in the right-hand column of the following table for the base date prescribed in paragraph (1) of that Article, as set forth in the left-hand column of that table.

the first base date after this Act comes into effect	one-eighth
the second base date after this Act comes into effect	two-eighths
the third base date after this Act comes into effect	three-eighths

Article 10 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 109 of October 1, 1973] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation.

Supplementary Provisions [Act No. 105 of November 15, 1978] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation.

Supplementary Provisions [Act No. 23 of May 1, 1984] [Extract]

(Effective Date)

- (1) This Act comes into effect as of the day on which twenty days have elapsed from the date of promulgation.

Supplementary Provisions [Act No. 49 of June 2, 1984] [Extract]

(Effective Date)

- (1) This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of its promulgation; provided, however, that the provisions amending Article 37, paragraph (2) come into effect as of the date of promulgation.

(Transitional Measures)

- (2) The provisions of Article 4, paragraph (3) and Article 5 (including as applied mutatis mutandis pursuant to Article 30-6 of the Installment Sales Act after its amendment (hereinafter referred to as the "New Act")), and Article 30-2, paragraph (3) of the New Act apply to a repayment of an installment sale prescribed in Article 2, paragraph (1), item (ii) of the New Act or for the intermediation of installment purchases prescribed in paragraph (3), item (iii) of that Article in respect of designated goods, with a due date on or after the day on which this Act comes into effect.
- (3) Notwithstanding the provisions of Article 4-3 of the New Act (including as applied mutatis mutandis pursuant to Article 29-4 of the New Act), with regard to a contract concluded prior to the enforcement of this Act for selling designated goods by the method of installment sales prescribed in Article 2, paragraph (1), item (i) of the New Act or by the method of loan-backed sales prescribed in paragraph (2), item (i) of that Article; an offer received by an installment seller or loan-based installment seller prior to the enforcement of this Act for a contract for selling designated goods by the method of installment sales prescribed in paragraph (1), item (i) of that Article or the method of loan-backed sales prescribed in paragraph (2), item (i) of that Article; and a contract based on such an offer that is concluded after the enforcement of this Act, the provisions then in force remain applicable.
- (4) The provisions of Article 4-3 of the New Act (including as applied mutatis mutandis pursuant to Articles 29-4 and Article 30-6 of the New Act) do not apply to a contract concluded prior to the enforcement of this Act for selling designated goods by the method of installment sales prescribed in Article 2, paragraph (1), item (ii) of the New Act, by the method of loan-backed sales

prescribed in paragraph (2), item (ii) of that Article, or by the method that involves intermediation of installment purchases prescribed in paragraph (3) of that Article; nor do they apply to an offer received by an installment seller, loan-based installment seller, or seller affiliated with the intermediation of an installment purchase prior to the enforcement of this Act, for a contract for selling designated goods by the method of installment sales prescribed in paragraph (1), item (ii) of that Article, by the method of loan-backed sales prescribed in paragraph (2), item (ii) of that Article, or by the method that involves intermediation of installment purchases prescribed in paragraph (3) of that Article; nor do they apply to a contract based on such an offer that is concluded after the enforcement of this Act.

- (5) The provisions of Article 6, paragraph (2) and Article 30-3 of the New Act do not apply to a contract concluded prior to the enforcement of this Act for selling designated goods by the method of installment sales or a contract under which an amount of money that corresponds to the cost of the designated goods that are purchased is to be received by the method that involves intermediation of installment purchases.
- (6) The provisions of Article 30-4 of the New Act apply to the amount to be paid which is referred to in Article 30-2, paragraph (1), item (ii) or paragraph (5), item (ii) of the New Act, for designated goods that a purchaser purchases on or after the day this Act comes into effect, by the method that involves intermediation of installment purchases prescribed in Article 2, paragraph (3), item (i) or item (ii) of the New Act.
- (7) The provisions of Article 30-5 of the New Act apply to payment of the part of repayments related to the intermediation of installment purchases prescribed in Article 2, paragraph (3), item (iii) of the New Act through a voucher, etc. (meaning a voucher, etc. prescribed in Article 2, paragraph (3), item (i) of the New Act; the same applies hereinafter) that a purchaser exchanges or presents in order to purchase designated goods on or after the day on which this Act comes into effect, and which is deemed to be the part of repayments for those goods when the provisions of Article 30-5 of the New Act are applied.
- (8) Limited to the cases set forth in one of the following items, the provisions of Article 31 of the New Act do not apply to a person engaging in the intermediation of installment purchases prescribed in Article 2, paragraph (3), item (iii) of the New Act in the course of trade, at the time of the enforcement of this Act:
 - (i) the person conducts the business during the six-month period after the day on which this Act comes into effect (if the written application referred to in Article 32 of the New Act is submitted during that period, this includes the time up until the disposition to grant or refuse the registration sought in the application is rendered); and

- (ii) after the period referred to in the preceding item passes, the business the person engages in within the scope of the purpose of completing the transactions connected with vouchers, etc. that have been issued by the last day of that period.
- (9) A disposition that is rendered, or procedure or any other action that is taken prior to the enforcement of this Act with regard to a specified prepaid transaction, pursuant to the provisions of the Installment Sales Act prior to the amendment or pursuant to an order based on the provisions of that Act, is deemed to be a disposition that has been rendered, or procedure or any other action that has been taken with regard to a specified prepaid transaction pursuant to the provisions of the New Act or pursuant to an order based on the provisions of the New Act.
- (10) With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 109 of December 26, 1986] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date of promulgation; provided, however, that the provisions set forth in the following items come into effect as of the date set forth in each of those items:

(i) omitted;

(ii) the provisions of Article 4, Article 6, and Articles 9 through 12; the provisions in Article 15 amending Article 19, paragraph (4) and Article 19-2 of the Act on Welfare of Physically Disabled Persons; the provisions in Article 17 amending Article 20, paragraph (4) of the Child Welfare Act; the provisions of Article 34; the provisions of Articles 2, Article 4, Article 7, paragraph (1), and Article 9 of the Supplementary Provisions; and the provisions in Article 10 of the Supplementary Provisions amending Article 6, item (lvi) of the Act for Establishment of the Ministry of Health and Welfare (Act No. 151 of 1949): April 1, 1987.

(Transitional Measures for Other Dispositions and Applications)

Article 6 With regard to the application of each law after amendment on and after the date on which this Act comes into effect, with the exception of what is specified in the provisions of Article 2 through the preceding Article of the Supplementary Provisions or in the provisions on transitional measures in each law after amendment (including an order based on the law), an action such as the rendering of a disposition on a license, etc. (hereinafter referred to as an "action such as the rendering of a disposition" in this Article) which is taken prior to the enforcement of this Act (with regard to the provisions set

forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article and Article 8 of the Supplementary Provisions) pursuant to the provisions of each law prior to amendment; or an action such as the filing of an application for a license, etc. (hereinafter referred to as an "action such as the filing of an application" in this Article) which is taken at the time of the enforcement of this Act pursuant to the provisions of each law prior to amendment; which is related to an administrative affair that should be carried out by a different person on the date on which this Act comes into effect, is deemed to be an action such as the rendering of a disposition or an action such as the filing of an application that is taken pursuant to the corresponding provisions of each law after amendment.

Supplementary Provisions [Act No. 43 of May 17, 1988] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation.

(Transitional Measures upon Partial Amendment of the Installment Sales Act)

Article 6 Notwithstanding the provisions of Article 4-3, paragraph (1) and paragraph (5) of the Installment Sales Act after amendment under the preceding Article (including as applied mutatis mutandis pursuant to Articles 29-4 and 30-6 of that Act), with regard to a contract concluded prior to the enforcement of this Act for selling designated goods prescribed in Article 2, paragraph (4) of the Installment Sales Act by the method of installment sales as prescribed in paragraph (1) of that Article, by the method of loan-backed sales prescribed in paragraph (2) of that Article, or by the method that involves the intermediation of installment purchases prescribed in paragraph (3) of that Article (hereinafter referred to as the "method of installment sales, etc."); an offer received prior to the enforcement of this Act by an installment seller prescribed in Article 3, paragraph (1) of the Installment Sales Act, loan-based installment seller prescribed in Article 29-2, paragraph (1) of that Act, or seller affiliated with the intermediation of installment purchases prescribed in Article 30, paragraph (2) of that Act, for a contract for selling designated goods prescribed in Article 2, paragraph (4) of that Act by the method of installment sales, etc.; and a contract based on such an offer that is concluded after this Act comes into effect, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 89 of November 12, 1993] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date on which the Administrative Procedure Act (Act No. 88 of 1993) comes into effect.

(Transitional Measures for Adverse Dispositions under Consultation)

Article 2 Notwithstanding the provisions of the relevant Acts amended by this Act, if, prior to the enforcement of this Act and pursuant to laws and regulations, a request for an advisory consultation or any other request is filed with a council or any other body employing a council system, with regard to the necessity of instituting proceedings equivalent to the hearing proceedings, proceedings that grant an opportunity for explanation, or other proceedings for hearing statements of opinion that are provided for in Article 13 of the Administrative Procedure Act, the provisions then in force remain applicable to adverse disposition proceedings connected with the request for consultation or other requests.

(Transitional Measures for Penal Provisions)

Article 13 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

(Transitional Measures for Coordination of Provisions on Hearings)

Article 14 A hearing, public hearing, or hearing panel (excluding one connected with an adverse disposition) conducted prior to the enforcement of this Act and pursuant to the provisions of the relevant laws, and procedures for them, are deemed to have been carried out pursuant to the corresponding provisions of the relevant laws amended by this Act.

(Delegation to Cabinet Order)

Article 15 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 44 of May 22, 1996] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation; provided, however, that the provisions in Article 1 amending Article 19 and Article 21, item (iv) of the Act on Door-to-Door Sales, etc.; the provisions of Article 2; the provisions in Article 3 of the Supplementary Provisions amending

Article 37, paragraph (1) of the Installment Sales Act; and the provisions of Article 4 and Article 5 of the Supplementary Provisions come into effect as of the date of promulgation.

Supplementary Provisions [Act No. 91 of June 3, 1998] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding two years from the date of promulgation.

Supplementary Provisions [Act No. 34 of April 23, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation.

(Transitional Measures upon Partial Amendment of the Installment Sales Act)

Article 2 The provisions of Article 29-4, paragraph (2) and paragraph (3) of the Installment Sales Act after amendment under Article 2 do not apply to installment repayments or repayments for designated goods that a purchaser purchases prior to the enforcement of this Act by the method of loan-backed sales prescribed in Article 2, paragraph (2), item (i) or item (ii) of the Installment Sales Act.

(Transitional Measures for Penal Provisions)

Article 3 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

(Delegation to Cabinet Order)

Article 4 Beyond what is provided for in the preceding two Articles, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 87 of July 16, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2000; provided, however, that the provisions set forth in the following items come into effect as of the date set forth in each of those items:

(i) the provisions in Article 1 that add five Articles, a Section name, two

Subsections, and Subsection names after Article 250 of the Local Autonomy Act (limited to the part involving Article 250-9, paragraph (1) of that Act (limited to the part related to obtaining the consent of both houses)); the provisions in Article 40 that revise paragraphs (9) and (10) of the Supplementary Provisions of the Natural Parks Act (limited to the part related to paragraph (10) of the Supplementary Provisions of that Act); the provisions of Article 244 (excluding the part related to the provisions amending Article 14-3 of the Agricultural Improvement Promotion Act); the provisions of Article 472 (excluding the part related to the provisions amending Article 6, Article 8, and Article 17 of the Act on Special Provisions of the Mergers of Municipalities); and the provisions of Article 7, Article 10, Article 12, the proviso to Article 59, Article 60, paragraph (4) and paragraph (5), Article 73, Article 77, Article 157, paragraphs (4) through (6), Article 160, Article 163, Article 164, and Article 202 of the Supplementary Provisions: the date of the promulgation of this Act.

(Administrative Affairs of the National Government)

Article 159 Beyond what is prescribed in each law prior to amendment by this Act, the administrative affairs of the national government, other local governments, and other public entities, which, prior to the enforcement of this Act, an organ of the local government manages or executes pursuant to the law or pursuant to Cabinet Order based on the law (the affairs are referred to as "administrative affairs of the national government, etc." in Article 161 of the Supplementary Provisions), are to be handled by the local government pursuant to the law or pursuant to Cabinet Order based on the law as administrative affairs of the local government.

(Transitional Measures for Dispositions and Applications)

Article 160 (1) With regard to the application of each law after amendment on and after the date on which this Act comes into effect, with the exception of what is specified in the provisions of Article 2 through the preceding Article of the Supplementary Provisions or in the provisions on transitional measures in each law after amendment (including an order based on the law), an action such as the rendering of a disposition on a license, etc. (hereinafter referred to as an "action such as the rendering of a disposition" in this Article) which is taken prior to the enforcement of this Act (with regard to the provisions set forth in the items of Article 1 of the Supplementary Provisions, before those provisions come into effect; hereinafter the same applies in this Article and Article 163 of the Supplementary Provisions) pursuant to the provisions of each of those laws prior to amendment; or an action such as the filing of an application for a license, etc. (hereinafter referred to as an "action such as the

filing of an application" in this Article) which is taken at the time of the enforcement of this Act pursuant to the provisions of each of those laws prior to amendment; which is related to an administrative affair that should be carried out by a different person on the date on which this Act comes into effect, is deemed to be an action such as the rendering of a disposition or an action such as the filing of an application that is taken pursuant to the corresponding provisions of each law after amendment.

- (2) Unless otherwise provided for by this Act or by Cabinet Order based on this Act, with regard to a particular that must be reported, filed a notification, or submitted, or taken other procedures with a national or local government agency pursuant to the provisions of each law before amendment prior to the enforcement of this Act, when the procedure has not been taken as of the day prior to the enforcement of this Act, it is deemed that the procedures for the particular that must be reported, filed a notification, submitted, or taken other procedures with a national or local government agency pursuant to the corresponding provisions of each law before amendment have been taken, and the provisions of each law amended by this Act apply.

(Transitional Measures for Appeals)

Article 161 (1) For an appeal under the Administrative Complaint Review Act against a disposition, rendered prior to the effective date of this Act on an administrative affair of the national government, etc., and the administrative authority that rendered the disposition (hereinafter referred to as the "administrative agency reaching the disposition" in this Article) had a higher administrative authority defined in the Administrative Complaint Review Act (hereinafter referred to as a "higher administrative authority" in this Article), the administrative agency reaching the disposition is deemed to continue to have a higher administrative authority on and after the effective date, and the provisions of the Administrative Complaint Review Act apply. In such a case, the administrative authority deemed to be the higher administrative authority of the administrative agency reaching the disposition is the administrative authority that was the higher administrative authority of that administrative agency reaching the disposition before the effective date.

- (2) In the case referred to in the preceding paragraph, if the administrative authority that is deemed to be the higher administrative authority is a local government agency, the administrative affairs that the agency is to handle pursuant to the provisions of the Administrative Complaint Review Act are to be Type 1 statutory entrusted functions prescribed in Article 2, paragraph (9), item (i) of the New Local Autonomy Act.

(Transitional Measures for Fees)

Article 162 Except as otherwise provided for by this Act or Cabinet Order based on this Act, any fee that should have been paid before the effective date of this Act pursuant to the provisions of each law prior to amendment by this Act (including an order based on the law), the provisions then in force remain applicable.

(Transitional Measures for Penal Provisions)

Article 163 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 164 (1) Beyond what is provided for in these Supplementary Provisions, transitional measures necessary for the enforcement of this Act (including transitional measures for penal provisions) are specified by Cabinet Order.
(2) The necessary particulars for the application of the provisions of Articles 18, Article 51, and Article 184 of the Supplementary Provisions are specified by Cabinet Order.

(Review)

Article 250 With regard to Type 1 statutory entrusted functions provided for in Article 2, paragraph (9), item (i) of the New Local Autonomy Act, no new functions are to be created to the greatest possible extent, and with regard to the functions set forth in Appended Table 1 of the New Local Autonomy Act and the functions indicated in Cabinet Order based on the New Local Autonomy Act, reviews will be made from the perspective of promoting decentralization, and appropriate adjustments will be made, as needed.

Article 251 The government is to review the means of securing adequate sources of local tax revenue proportionate to the sharing of roles between the national and local governments, taking into account the prevailing economic trends, and is to take the necessary measures based on the results of the review to enable local governments to perform administrative affairs and operations autonomously and independently.

Article 252 Along with the reforms in the medical insurance system, the pension system, and other such systems, the government is to review the ideal administrative processing systems for social insurance and a desirable personnel system from the perspective of securing convenience for insured persons and others and improving the efficiency of administrative processing, and is to take the requisite measures based on the results of its review if it

finds this to be necessary.

Supplementary Provisions [Act No. 102 of July 16, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date on which the Act Partially Amending the Cabinet Act (Act No. 88 of 1999) comes into effect; provided, however, that the provisions set forth in the following items come into effect as of the date set forth in each of those items:

(ii) the provisions of Article 10, paragraph (1) and paragraph (5), Article 14, paragraph (3), and Article 23, Article 28, and Article 30 of the Supplementary Provisions: the date of the promulgation of this Act.

(Succession of Status as an Official)

Article 3 A person that was an official at the former Prime Minister's Office, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education, Ministry of Health and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of International Trade and Industry, Ministry of Transport, Ministry of Posts and Telecommunications, Ministry of Labour, Ministry of Construction, or Ministry of Home Affairs (hereinafter referred to as the "Former Office or Ministry" in this Article) at the time of the enforcement of this Act (excluding the president, chairperson, or member of the council, etc. referred to in Article 8 of the National Government Organization Act (Act No. 120 of 1948), a member of the Central Disaster Prevention Council, the chairperson or member of the Japanese Industrial Standards Committee, or a person specified by Cabinet Order as similar thereto) becomes the corresponding official at the Cabinet Office, Ministry of Internal Affairs and Communications, Ministry of Justice, Ministry of Foreign Affairs, Ministry of Finance, Ministry of Education, Culture, Sports, Science and Technology, Ministry of Health, Labour and Welfare, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, Ministry of Land, Infrastructure, Transport and Tourism, or Ministry of the Environment after the enforcement of this Act (hereinafter referred to as the "New Office or Ministry" in this Article), or at the department or organization thereunder, which is specified by Cabinet Order as the New Office or Ministry or department or organization thereunder that corresponds to the Former Office or Ministry or department or organization thereunder to which the official belongs at the time of enforcement of this Act, with the same working terms and conditions, unless a letter of appointment is otherwise issued.

(Transitional Measures Specified Separately)

Article 30 Beyond what is provided for in Article 2 through the preceding Article, transitional measures that become necessary for the enforcement of this Act are specified separately by law.

Supplementary Provisions [Act No. 160 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act (excluding Article 2 and Article 3) comes into effect as of January 6, 2001.

Supplementary Provisions [Act No. 225 of December 22, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order, within a period not exceeding six months from the date of promulgation.

(Transitional Measures upon Partial Amendment of the Civil Code)

Article 25 Notwithstanding the relevant provisions after amendment under the provisions of the Supplementary Provisions of this Act, if a petition to commence composition is filed prior to the enforcement of this Act, or if an order to commence composition is issued based on the petition prior to or after the enforcement of this Act, the provisions then in force remain applicable to the handling of the particulars specified in the provisions of the laws set forth in each of the following item in relation to the petition or order:

- (i) Article 398-3, paragraph (2) of the Civil Code;
- (ii) Article 33-12-3, paragraph (1), item (i), (c) of the Mariners Insurance Act;
- (iii) Article 59, paragraph (3) and Article 68-3, paragraph (2) of the Agricultural and Fishery Cooperation Savings Insurance Act;
- (iv) Article 22-2, paragraph (1), item (i), (c) of the Employment Insurance Act;
- (v) Article 135-36 of the Non-Contentious Case Procedures Act;
- (vi) Article 309-2, paragraph (1), item (ii) and Article 383, paragraph (1) and paragraph (2) of the Commercial Code;
- (vii) Article 54, paragraph (1), item (vii); Article 64-10, paragraph (1); and Article 79-53, paragraph (1), item (ii) of the Securities and Exchange Act;
- (viii) Article 2, paragraph (3), item (i) of the Small and Medium-sized Enterprises Credit Insurance Act;
- (ix) Article 20, paragraph (2); Article 24; Article 37, paragraph (1); Article 38, item (iv); Article 67, paragraph (1); Article 78, paragraph (1), items (ii) through (iv); Article 79, paragraph (2); Article 80, paragraph (1); and Article 163, item (ii) and item (iv) of the Corporate Reorganization Act;
- (x) Article 30 of the Act on the Management of Claims Held by the State and

Other Matters;

- (xi) Article 27, paragraph (1), item (v) of the Installment Sales Act;
- (xii) Article 22, paragraph (1), item (viii) and Article 33, paragraph (1) of the Act on Foreign Securities Brokers;
- (xiii) row 12 and row 17, (d) of the Appended Table 1 of the Act on the Costs of Civil Proceedings;
- (xiv) Article 36, paragraph (1), item (v) of the Act on Advanced-Installment Type Building Lots and Buildings Sales Business Act;
- (xv) Article 2, paragraph (2), item (i) of the Act on Mutual Relief for the Prevention of Bankruptcies of Small and Medium-sized Enterprises;
- (xvi) Article 46, paragraph (1) of the Banking Act;
- (xvii) Article 111, paragraph (4), item (ii) of the Act on the Securitization of Specified Assets by Special Purpose Companies;
- (xviii) Article 66; Article 151; and Article 271, paragraph (1) of the Insurance Business Act;
- (xix) Article 24, paragraph (1); Article 26; Article 27; Article 31; Article 45; Article 48, paragraph (1), items (ii) through (iv); and Article 49, paragraph (1) of the Act on Special Measures for the Reorganization Proceedings of Financial Institutions; and
- (xx) Article 40, paragraph (1) and paragraph (3) of the Act on Punishment of Organized Crimes and Control of Proceeds of Crime.

(Transitional Measures for the Application of Penal Provisions)

Article 26 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act and to acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the Supplementary Provisions of this Act, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 91 of May 31, 2000]

(Effective Date)

- (1) This Act comes into effect as of the day of enforcement of the Act to Partially Amend the Commercial Code, etc. (Act No. 90 of 2000).

(Transitional Measures)

- (2) If the date on which this Act comes into effect falls before the date on which the provisions of Article 8 of the Supplementary Provisions of the Act on the Act on the Food and Agricultural Materials Inspection Center, Independent Administrative Agency (Act No. 183 of 1999) come into effect, the term "Article 27" in the provisions in Article 31 amending Article 19-5-2, Article 19-6,

paragraph (1), item (iv), and Article 27 of the Act on the Standardization and Proper Labeling of Agricultural and Forestry Products is deemed to be replaced with "Article 26".

Supplementary Provisions [Act No. 120 of November 17, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of June 1, 2001.

(Transitional Measures upon Partial Amendment of the Installment Sales Act)

Article 3 (1) With regard to the application of penal provisions to acts performed prior to the enforcement of this Act and acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to Article 2, paragraph (1) of the Supplementary Provisions, the provisions then in force remain applicable. The provisions of Article 4-2 of the Installment Sales Act after amendment under Article 2 (hereinafter referred to as the "New Installment Sales Act" in this Article) (including the case where Article 4-2 of the New Installment Sales Act is applied mutatis mutandis pursuant to Article 29-4, paragraph (1) and Article 30-6 of the New Installment Sales Act) do not apply to an offer received by an installment seller, loan-based installment seller, or seller affiliated with the intermediation of installment purchases prior to the enforcement of this Act, for a specified contract for selling designated goods by the method of installment sales prescribed in Article 2, paragraph (1) of the Installment Sales Act prior to amendment under Article 2 (hereinafter referred to as the "Former Installment Sales Act" in this Article), by the method of loan-backed sales prescribed in paragraph (2) of that Article, or by the method that involves intermediation of installment purchases prescribed in paragraph (3) of that Article (referred to as the "method of installment sale, etc." in the following paragraph) (a specified contract means a contract for a transaction equivalent to a business opportunity sales transaction as provided in Article 51, paragraph (1) of the Act on Specified Commercial Transactions, which a person engaged in business equivalent to the business opportunity sales provided for in that paragraph concludes with an individual who performs services that are provided or arranged in connection with business equivalent to the business opportunity sales, at a place other than a business office or other similar facilities; hereinafter the same applies in this Article).

(2) The provisions of Article 5 of the New Installment Sales Act (including as applied mutatis mutandis pursuant to Article 30-6 of the New Installment Sales Act) do not apply to a specified contract concluded prior to the enforcement of this Act for selling designated goods by the method of

installment sales, etc.

- (3) The provisions of Article 8 of the New Installment Sales Act (including as applied mutatis mutandis pursuant to Article 29-4, paragraph (1) and Article 30-6 of the New Installment Sales Act) do not apply to a specified contract concluded prior to the enforcement of this Act for selling designated rights or providing designated services by the method of installment sales prescribed in Article 2, paragraph (1) of the Former Installment Sales Act, by the method of loan-backed sales prescribed in paragraph (2) of that Article, or by the method that involves intermediation of installment purchases prescribed in paragraph (3) of that Article.
- (4) The provisions of Article 29-4, paragraph (2) and paragraph (3) of the New Installment Sales Act do not apply to installment repayments or repayments for designated goods which, prior to the enforcement of this Act, the purchaser concludes a specified contract to purchase by the method of loan-backed sales prescribed in Article 2, paragraph (2), item (i) or item (ii) of the Former Installment Sales Act.
- (5) The provisions of Article 30-4 and Article 30-5 of the New Installment Sales Act do not apply to an amount to be paid or to repayment for designated goods which, prior to the enforcement of this Act, the purchaser concludes a specified contract to purchase by the method that involves the intermediation of installment purchases prescribed in the items of Article 2, paragraph (3) of the Former Installment Sales Act.

(Transitional Measures for Penal Provisions)

Article 4 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act and to acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to Article 2, paragraph (1) of the Supplementary Provisions, the provisions then in force remain applicable.

(Delegation to Cabinet Order)

Article 5 Beyond what is provided for in the preceding three Articles, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 6 The government is to review the provisions of the Specified Commercial Transaction Act in line with the changes in the circumstances of transactions pertaining to the everyday lives of the people and other changes in economic and social conditions, and is to take the necessary measures based on the results of the review.

Supplementary Provisions [Act No. 126 of November 27, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding five months from the date of its promulgation; provided, however, that the provisions set forth in the following items come into effect as of the date set forth in each of those items:

- (i) the provisions of Article 8, and Article 4 of the Supplementary Provisions: the date of the promulgation of this Act.

(Transitional Measures for Penal Provisions)

Article 2 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 129 of November 28, 2001] [Extract]

(Effective Date)

- (1) This Act comes into effect as of April 1, 2002.

(Transitional Measures for the Application of Penal Provisions)

- (2) With regard to the application of penal provisions to acts performed prior to the enforcement of this Act and to acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to the provisions of this Act, the provisions then in force remain applicable.

Supplementary Provisions [Act No. 65 of June 12, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of January 6, 2003.

(Transitional Measures for the Application of Penal Provisions)

Article 84 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, prior to the enforcement of those provisions; hereinafter the same applies in this Article) and acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these Supplementary Provisions, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 85 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 86 When five years have passed after the enforcement of this Act, the government is to review the systems for the beneficiary protection trusts prescribed in Article 2, paragraph (11) of the New Act on Book-Entry Transfer of Corporate Bonds and Shares and for financial instruments clearing organizations prescribed in Article 2, paragraph (29) of the Financial Instruments and Exchange Act, taking into account the implementation status of the New Act on the Book-Entry Transfer of Company Bonds and the Financial Instruments and Exchange Act and changes in the social and economic conditions, and is to take the requisite measures based on the results of the review if it finds this to be necessary.

Supplementary Provisions [Act No. 152 of December 13, 2002] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date on which the Act on the Use of Information and Communications Technology in Administrative Procedure (Act No. 151 of 2002) comes into effect.

(Transitional Measures for Penal Provisions)

Article 4 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 5 Beyond what is provided for in the preceding three Articles, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 54 of May 30, 2003] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2004.

(Transitional Measures for the Application of Penal Provisions)

Article 38 With regard to the application of penal provisions to acts performed

prior to the enforcement of this Act, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 39 Beyond what is provided for in this Act, transitional measures that are necessary for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 40 When five years have passed after the enforcement of this Act, the government is to review the financial systems after the amendment by this Act, taking into account the implementation status of the provisions amended by this Act and the changes in the social and economic conditions, and is to take the requisite measures based on the results of the review if it finds this to be necessary.

Supplementary Provisions [Act No. 44 of May 12, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding six months from the date of its promulgation.

(Transitional Measures upon Partial Amendment of the Installment Sales Act)

Article 3 (1) The provisions of Article 4-3, Article 29-3-2, and Article 30-2-2 of the Installment Sales Act amended by Article 2 (hereinafter referred to as the "New Installment Sales Act" in this Article) do not apply to an offer received by an installment seller, loan-based installment seller, or seller affiliated with the intermediation of installment purchases prior to the enforcement of this Act, for a personal multilevel marketing contract for selling designated goods by the method of installment sales prescribed in Article 2, paragraph (1) of the Installment Sales Act, by the method of loan-backed sales prescribed in paragraph (2) of that Article, or by the method that involves intermediation of installment purchases prescribed in paragraph (3) of that Article (a personal multilevel marketing contract means a multilevel marketing contract (or a contract other than a multilevel marketing contract, which pertains to the sale of goods or rights or the provision of services related to the relevant multilevel marketing), with an individual who sells or arranges the sale of goods or rights, or who provides or arranges for the provision of services related to the multilevel marketing, other than through a store or other similar facilities; the same applies hereinafter).

(2) The provisions of Article 5 of the New Installment Sales Act do not apply to a personal multilevel marketing contract concluded prior to the enforcement of

this Act for selling designated goods by the method of installment sales prescribed in Article 2, paragraph (1) of the Installment Sales Act.

- (3) The provisions of Article 8 of the New Installment Sales Act (including as applied mutatis mutandis pursuant to Article 29-4, paragraph (1) and Article 30-6 of the New Installment Sales Act) do not apply to a personal multilevel marketing contract concluded prior to the enforcement of this Act for selling designated goods or designated rights, or providing designated services by the method of installment sales prescribed in Article 2, paragraph (1) of the Installment Sales Act, by the method of loan-backed sales prescribed in paragraph (2) of that Article, or by the method that involves the intermediation of installment purchases prescribed in paragraph (3) of that Article.
- (4) The provisions of Article 29-4, paragraph (2) and paragraph (3) of the New Installment Sales Act do not apply to installment repayments or repayments for designated goods which, prior to the enforcement of this Act, the purchaser concludes a personal multilevel marketing contract to purchase by the method of loan-backed sales prescribed in Article 2, paragraph (2), item (i) or item (ii) of the Installment Sales Act.
- (5) The provisions of Article 30-2-4 of the New Installment Sales Act do not apply to the intermediation of installment purchases that is involved when designated goods are sold by the method that involves the intermediation of installment purchases prescribed in Article 2, paragraph (3) of the Installment Sales Act, under a personal multilevel marketing contract that is concluded prior to the enforcement of this Act.
- (6) The provisions of Article 30-4 and Article 30-5 of the New Installment Sales Act do not apply to an amount to be paid or to repayment for designated goods which, prior to the enforcement of this Act, the purchaser concludes a personal multilevel marketing contract to purchase by the method that involves the intermediation of installment purchases prescribed in the items of Article 2, paragraph (3) of the Installment Sales Act.

(Delegation to Cabinet Order)

Article 4 Beyond what is provided for in the preceding two Articles, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 5 Approximately five years after the enforcement of this Act, the government is to review the provisions of the New Specified Commercial Transaction Act in line with the changes in the circumstances of the commercial transactions related to the everyday lives of the people and the changes in economic and social conditions, and is to take the necessary

measures based on the results of the review.

Supplementary Provisions [Act No. 76 of June 2, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day on which the Bankruptcy Act (Act No. 75 of 2004; referred to as the "New Bankruptcy Act" in paragraph (8) of the following Article; and Article 3, paragraph (8); Article 5, paragraph (8), paragraph (16), and paragraph (21); Article 8, paragraph (3); and Article 13 of the Supplementary Provisions) comes into effect.

(Delegation to Cabinet Order)

Article 14 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 88 of June 9, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding five years from the date of its promulgation (hereinafter referred to as the "effective date").

(Transitional Measures Concerning Application of Penal Provisions)

Article 135 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act; to acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these Supplementary Provisions; and to acts performed after the enforcement of this Act which are to remain effective pursuant to these Supplementary Provisions, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 136 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 137 When five years have passed after the enforcement of this Act, the government is to review the settlement system concerning transactions of shares, etc. after the amendment by this Act, taking into account the implementation status of the provisions amended by this Act and the changes

in social and economic conditions, and is to take the requisite measures based on the results of the review if it finds this to be necessary.

Supplementary Provisions [Act No. 124 of June 18, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day on which the New Real Property Registration Act comes into effect.

(Transitional Measures)

Article 2 If the day on which this Act comes into effect falls after the day on which the Act on the Protection of Personal Information Held by Administrative Organs comes into effect, the term "Article 114-3" in the provisions in Article 52 amending Article 114-3 and Articles 117 through 119 of the Commercial Registration Act is deemed to be replaced with "Article 114-4".

Supplementary Provisions [Act No. 154 of December 3, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding six months from the date of its promulgation (hereinafter referred to as the "effective date").

(Validity of Dispositions)

Article 121 Except as otherwise provided for in these Supplementary Provisions, a disposition, procedure, or other action taken pursuant to the provisions of each law prior to the enforcement of this Act (including an order based on the law; hereinafter the same applies in this Article), for which corresponding provisions exist in each law after the amendment, is deemed to have been taken pursuant to the corresponding provisions of each law after the amendment.

(Transitional Measures for Penal Provisions)

Article 122 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act; to acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these Supplementary Provisions; and to acts performed after the enforcement of this Act where the provisions are to remain effective pursuant to these Supplementary Provisions, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 123 Beyond what is provided for in these Supplementary Provisions, transitional measures that are necessary for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 124 Within three years after the enforcement of this Act, the government is to review the implementation status of this Act, and is to take the requisite measures based on the results of the review if it finds this to be necessary.

Supplementary Provisions [Act No. 87 of July 26, 2005] [Extract]

This Act comes into effect as of the day on which the Companies Act comes into effect.

Supplementary Provisions [Act No. 10 of March 31, 2006] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of April 1, 2006.

(Transitional Measures for Penal Provisions)

Article 211 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act (for the provisions set forth in the items of Article 1 of the Supplementary Provisions, prior to the enforcement of those provisions; hereinafter the same applies in this Article), and to acts performed after the enforcement of this Act where the provisions then in force are to remain applicable pursuant to these Supplementary Provisions, the provisions then in force remain applicable.

(Delegation of Other Transitional Measures to Cabinet Order)

Article 212 Beyond what is provided for in these Supplementary Provisions, the necessary transitional measures for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 74 of June 18, 2008] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the day specified by Cabinet Order within a period not exceeding one year and six months from the date of its promulgation; provided, however, that the provisions set forth in the following items come into effect as of the date set forth in each of those items:

- (i) the provisions of Article 4, paragraph (11) and paragraph (12) of the Supplementary Provisions and Article 5, paragraph (29) of the Supplementary Provisions: the date of the promulgation of this Act;
- (ii) the provisions of Article 1 of this Act and the provisions of Article 3 of the Supplementary Provisions: the day specified by Cabinet Order within a period not exceeding six months from the date of the promulgation of this Act; and
- (iii) the provisions of Article 4: the day specified by Cabinet Order within a period not exceeding two years and six months from the date of the promulgation of this Act.

(Adjustment Provisions)

- Article 2 (1) If the date on which this Act comes into effect falls before the date on which the Act Partially Amending the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 28 of 2008) comes into effect, in applying the provisions of Article 33-2, paragraph (1), item (vi), (c) and Article 35-3-26, paragraph (1), item (v), (c) of the Installment Sales Act after the amendment by Article 3 (referred to as the "New Installment Sales Act" in the following paragraph and Article 5 of the Supplementary Provisions) during the period up to the day before the Act Partially Amending the Act on Prevention of Unjust Acts by Organized Crime Group Members comes into effect, the term "Article 32-2, paragraph (7)" in these provisions is deemed to be replaced with "Article 31, paragraph (7)".
- (2) If the date on which this Act comes into effect falls before the date on which the provisions set forth in Article 1, item (iii) of the Supplementary Provisions of the Act Partially Amending the Act for the Control of Moneylending Business come into effect, in applying the provisions of Article 35-3-49 of the New Installment Sales Act during the period up to the day before the provisions set forth in that item come into effect, the phrase "It is prohibited for a person that is not a designated credit bureau (unless it is a person that has obtained a designation under the provisions of Article 41-13, paragraph (1) of the Money Lending Business Act)" in Article 35-3-49 of the New Installment Sales Act is deemed to be replaced with "It is prohibited for a person that is not a designated credit bureau".

(Transitional Measures upon Partial Amendment of the Installment Sales Act)

- Article 5 (1) The provisions of Article 4 of the New Installment Sales Act apply to a contract concluded after the enforcement of this Act for selling designated goods prescribed in Article 2, paragraph (5) of the New Installment Sales Act (hereinafter referred to as "new designated goods") or designated rights prescribed in that paragraph (hereinafter referred to as "new designated

rights"), or providing designated services prescribed in that paragraph (hereinafter referred to as "new designated services"), by the method of installment sales prescribed in paragraph (1) of that Article; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for selling designated goods prescribed in Article 2, paragraph (4) of the Installment Sales Act prior to the amendment by Article 3 (hereinafter referred to as the "Former Installment Sales Act") (hereinafter the designated goods is referred to as "former designated goods") or designated rights as prescribed in that paragraph (hereinafter referred to as "former designated rights"), or providing designated services prescribed in that paragraph (hereinafter referred to as "former designated services"), by the method of installment sales prescribed in paragraph (1) of that Article.

(2) With regard to the delivery of documents prescribed in Article 4-3, Article 29-3-2, and Article 30-2-2 of the Former Installment Sales Act related to an offer that is received prior to the enforcement of this Act by an installment seller prescribed in Article 3, paragraph (1) of the Former Installment Sales Act (hereinafter referred to as an "installment seller"), a loan-based installment seller prescribed in Article 29-2, paragraph (1) of the Former Installment Sales Act (hereinafter referred to as a "loan-based installment seller"), or seller affiliated with the intermediation of installment purchases or service provider affiliated with the intermediation of installment purchases prescribed in Article 30, paragraph (2) of the Former Installment Sales Act (hereinafter referred to as the "seller, etc. affiliated with the intermediation of installment purchases"), for a contract for selling former designated goods or former designated rights or for providing former designated services by the method of installment sales prescribed in Article 2, paragraph (1) of the Former Installment Sales Act, by the method of loan-backed sales prescribed in paragraph (2) of that Article, or by the method that involves the intermediation of installment purchases prescribed in paragraph (3) of that Article (hereinafter referred to as the "method of installment sales, etc."), the provisions then in force remain applicable.

(3) With regard to the withdrawal of an offer, etc. for a contract prescribed in Article 4-4 of the Former Installment Sales Act, the withdrawal of an offer, etc. for a contract prescribed in Article 29-3-3 of the Former Installment Sales Act, or the withdrawal of an offer, etc. for a contract prescribed in Article 30-2-3 of the Former Installment Sales Act, in respect of an offer that is received prior to the enforcement of this Act by an installment seller, a loan-based installment seller, or seller, etc. affiliated with the intermediation of installment purchases, for a contract for selling former designated goods or former designated rights or providing former designated services by the method of installment sales, etc.; in respect of a contract based on the offer which is concluded after the

enforcement of this Act; or in respect of a contract concluded prior to the enforcement of this Act for selling former designated goods or former designated rights, or for providing former designated services by the method of installment sales, etc., the provisions then in force remain applicable.

- (4) The provisions of Article 5 of the New Installment Sales Act apply to a contract concluded after the enforcement of this Act for selling new designated goods or new designated rights, or for providing new designated services by the method of installment sales prescribed in Article 2, paragraph (1) of the New Installment Sales Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for selling former designated goods or former designated rights, or for providing former designated services by the method of installment sales prescribed in Article 2, paragraph (1) of the Former Installment Sales Act.
- (5) The provisions of Article 6 of the New Installment Sales Act apply to a contract concluded after the enforcement of this Act for selling new designated goods or new designated rights, or for providing new designated services by the method of installment sales prescribed in Article 2, paragraph (1), item (i) of the New Installment Sales Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for selling former designated goods or former designated rights, or for providing former designated services by the method of installment sales prescribed in Article 2, paragraph (1), item (i) of the Former Installment Sales Act.
- (6) The provisions of Article 29-3 of the New Installment Sales Act apply to a contract concluded after the enforcement of this Act for selling new designated goods or new designated rights, or for providing new designated services by the method of loan-backed sales prescribed in Article 2, paragraph (2) of the New Installment Sales Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for selling former designated goods or former designated rights, or providing former designated services by the method of loan-backed sales prescribed in Article 2, paragraph (2) of the Former Installment Sales Act.
- (7) The provisions of Article 30-4 and Article 30-5 of the New Installment Sales Act as applied *mutatis mutandis* pursuant to Article 29-4 of the New Installment Sales Act apply to installment repayments or to repayments for new designated goods, new designated rights, or new designated services which, after the enforcement of this Act, the purchaser or service recipient concludes a contract to purchase or receive by the method of loan-backed sales prescribed in Article 2, paragraph (2) of the New Installment Sales Act; and the provisions then in force remain applicable to installment repayments or to repayments for former designated goods, former designated rights, or former designated services which, prior to the enforcement of this Act, the purchaser or service

recipient concludes a contract to purchase or receive by the method of loan-backed sales prescribed in Article 2, paragraph (2) of the Former Installment Sales Act.

- (8) The provisions of Article 30-2-3, paragraph (1) and paragraph (2) of the New Installment Sales Act apply to a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases prescribed in paragraph (1) of that Article (hereinafter referred to as a "contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases") that is concluded after the enforcement of this Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for purchasing former designated goods or former designated rights, or for receiving former designated services by the method that involves the intermediation of installment purchases prescribed in Article 2, paragraph (3), item (i) or item (iii) of the Former Installment Sales Act.
- (9) The provisions of Article 30-2-3, paragraph (3) of the New Installment Sales Act apply to a repayment related to the intermediation of comprehensive credit purchases prescribed in Article 2, paragraph (3), item (ii) of the New Installment Sales Act, whose due date falls after the enforcement of this Act; and the provisions then in force remain applicable to a repayment related to the intermediation of comprehensive credit purchases prescribed in Article 2, paragraph (3), item (iii) of the Former Installment Sales Act, whose due date falls prior to the enforcement of this Act.
- (10) The provisions of Article 30-2-3, paragraph (4) or Article 35-3-8 of the New Installment Sales Act apply to a contract for selling goods or designated rights by the method that involves the intermediation of comprehensive credit purchases prescribed in Article 2, paragraph (3) of the New Installment Sales Act, a contract for providing services by the method that involves the intermediation of comprehensive credit purchases prescribed in that paragraph, a contract for a sale involving the intermediation of individual credit purchases prescribed in Article 35-3-5, paragraph (1) of the New Installment Sales Act (hereinafter referred to as a "contract for a sale involving the intermediation of individual credit purchases"), or a contract for services involving the intermediation of individual credit purchases prescribed in that paragraph (hereinafter referred to as a "contract for services involving the intermediation of individual credit purchases") which is concluded after the enforcement of this Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for selling former designated goods or former designated rights, or for providing former designated services by the method that involves the intermediation of installment purchases prescribed in Article 2, paragraph (3) of the Former Installment Sales Act.
- (11) The provisions of Article 30-2-4 or Article 35-3-17 of the New Installment

Sales Act apply to a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases or contract stipulating the receipt of monies subject to the intermediation of individual credit purchases prescribed in Article 35-3-3, paragraph (1) of the New Installment Sales Act (hereinafter referred to as a "contract stipulating the receipt of monies subject to the intermediation of individual credit purchases") which is concluded after the enforcement of this Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for receiving an amount of money that corresponds to the cost of former designated goods or former designated rights that are purchased, or the consideration for former designated services that are received, by the method that involves the intermediation of installment purchases prescribed in Article 2, paragraph (3) of the Former Installment Sales Act.

(12) The provisions of Article 30-3 and Article 35-3-18 of the New Installment Sales Act apply to a contract stipulating the receipt of monies subject to the intermediation of comprehensive credit purchases in respect of the intermediation of comprehensive credit purchases prescribed in Article 2, paragraph (3), item (i) of the New Installment Sales Act, or to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases, which is concluded after the enforcement of this Act; and the provisions then in force remain applicable to a contract concluded prior to the enforcement of this Act for receiving an amount of money that corresponds to the cost of former designated goods or former designated rights that are purchased, or the consideration for the former designated services that are received, by the method that involves the intermediation of installment purchases prescribed in Article 2, paragraph (3), item (i) or item (ii) of the Former Installment Sales Act.

(13) The provisions of Article 30-4, Article 30-5, and Article 35-3-19 of the New Installment Sales Act apply to an amount to be paid or repayment for goods, new designated rights, or services which, after the enforcement of this Act, the purchaser or the service recipient concludes a contract to purchase or receive by the method that involves the intermediation of comprehensive credit purchases prescribed in Article 2, paragraph (3) of the New Installment Sales Act or by the method that involves the intermediation of individual credit purchases prescribed in paragraph (4) of that Article (hereinafter referred to as the "intermediation of individual credit purchases"); and the provisions then in force remain applicable to an amount to be paid or to repayment for former designated goods, former designated rights, or former designated services which, prior to the enforcement of this Act, the purchaser or service recipient concludes a contract to purchase or receive by the method that involves the intermediation of installment purchases prescribed in Article 2, paragraph (3)

of the Former Installment Sales Act.

- (14) A person that is registered as referred to in Article 31 of the Former Installment Sales Act at the time of enforcement of this Act (hereinafter referred to as an "existing registered comprehensive credit purchase intermediary") must submit a written application to the Minister of Economy, Trade and Industry stating the particulars set forth in Article 32, paragraph (1), item (iv) of the New Installment Sales Act, accompanied by the documents specified by Order of the Ministry of Economy, Trade and Industry which are referred to in Article 32, paragraph (2) of the New Installment Sales Act, within six months from the date on which this Act comes into effect.
- (15) An application under the preceding paragraph is deemed to be an application for the registration of a change under Article 33-3, paragraph (1) of the New Installment Sales Act, and the provisions of Article 33-3, paragraph (2) of the New Installment Sales Act apply. In this case, the phrase "Article 15, paragraph (2) and paragraph (3); Article 32, paragraph (2); Article 33" in that paragraph is deemed to be replaced with "Article 15, paragraph (3); Article 33 and"; and the term "the preceding paragraph." in that paragraph is deemed to be replaced with "the preceding paragraph. In this case the phrase 'one of the following items' in paragraph (1) of that Article is deemed to be replaced with 'one of items (vi) through (x)'".
- (16) In seeking to grant a registration as referred to in Article 33, paragraph (1) of the New Installment Sales Act as applied mutatis mutandis pursuant to Article 33-3, paragraph (2) of the New Installment Sales Act as applied following the deemed replacement of terms pursuant to the preceding paragraph, the Minister of Economy, Trade and Industry is to hear the opinion of the Commissioner General of the National Police Agency as to the existence of the grounds that fall under Article 33-2, paragraph (1), item (vi), (e), item (vii), or item (viii) of the New Installment Sales Act.
- (17) A person that violates the provisions of paragraph (14) is deemed to violate the provisions of Article 33-3, paragraph (1) of the New Installment Sales Act, and the provisions of Article 34-2, paragraph (2) of the New Installment Sales Act apply.
- (18) The representative, agent, employee, or other worker of an existing registered comprehensive credit purchase intermediary that fails to submit a written application in violation of the provisions of paragraph (14), is subject to punishment by a fine of not more than 300,000 yen.
- (19) If the representative, agent, employee, or other worker of a corporation commits the violation referred to in the preceding paragraph in connection with the business of that corporation, in addition to the offender being subject to punishment, the corporation is subject to punishment referred to in that paragraph.

- (20) A person that has violated the provisions of paragraph (14) and has been sentenced to punishment by a fine, is deemed to have violated the provisions of the New Installment Sales Act and have been sentenced to a fine.
- (21) The provisions of Article 35-3-9, paragraph (1) of the New Installment Sales Act do not apply to an offer that is received prior to the enforcement of this Act by a person equivalent to an individual credit purchase intermediary prescribed in Article 35-3-2 of the New Installment Sales Act (hereinafter referred to as an "individual credit purchase intermediary"), for a contract equivalent to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is related to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases set forth in one of the items of Article 35-3-9, paragraph (1) of the New Installment Sales Act.
- (22) The provisions of Article 35-3-9, paragraph (3) of the New Installment Sales Act do not apply to a contract concluded prior to the enforcement of this Act that is equivalent to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is related to a contract equivalent to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases set forth in one of the items of that paragraph.
- (23) The provisions of Article 35-3-10 and Article 35-3-11 of the New Installment Sales Act do not apply to an offer that is received prior to the enforcement of this Act by a person equivalent to an individual credit purchase intermediary, for a specified personal multilevel marketing contract, etc. prescribed in Article 35-3-9, paragraph (1), item (iv) of the New Installment Sales Act that corresponds to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases, or for a contract equivalent to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases related to a contract for a sale involving the intermediation of individual credit purchases or a contract for services involving the intermediation of individual credit purchases as set forth in one of the items of Article 35-3-10, paragraph (1) of the New Installment Sales Act (hereinafter referred to as a "specified contract for a sale, etc. involving the intermediation of individual credit purchases"); to a contract based on the offer which is concluded after the enforcement of this Act; or to a contract concluded prior to the enforcement of this Act that corresponds to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases related to a contract that corresponds to a specified contract for a sale, etc. involving the intermediation of individual credit purchases. The same applies

to an offer that is received after the enforcement of this Act by an individual credit purchase intermediary, for a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases in relation to a contract equivalent to a specified contract for a sale, etc. involving the intermediation of individual credit purchases, and to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is concluded after the enforcement of this Act in relation to a contract that corresponds to a specified contract for a sale, etc. involving the intermediation of individual credit purchases, if the person equivalent to the seller affiliated with the intermediation of individual credit purchases as prescribed in Article 35-3-2, paragraph (1) of the New Installment Sales Act or the service provider affiliated with the intermediation of individual credit purchases as prescribed in that paragraph receives an offer for a contract equivalent to a specified contract for a sale, etc. involving the intermediation of individual credit purchases prior to the enforcement of this Act; if the contract based on the offer is concluded after the enforcement of this Act; or if a contract that corresponds to a specified contract for a sale, etc. involving the intermediation of individual credit purchases is concluded prior to the enforcement of this Act.

(24) The provisions of Article 35-3-12 of the New Installment Sales Act do not apply to an offer that is received prior to the enforcement of this Act by a person equivalent to an individual credit purchase intermediary, for a contract that corresponds to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases related to a contract equivalent to a contract for a sale involving the intermediation of individual credit purchases or to a contract for services involving the intermediation of individual credit purchases as referred to in Article 35-3-10, paragraph (1), item (i), item (ii), item (iv), or item (v) of the New Installment Sales Act; to a contract based on the offer which is concluded after the enforcement of this Act; or to a contract concluded prior to the enforcement of this Act which is equivalent to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchase related to a contract that corresponds to a contract for a sale involving the intermediation of individual credit purchase or to a contract for services involving the intermediation of individual credit purchases as referred to in those items.

(25) The provisions of Articles 35-3-13 through 35-3-16 of the New Installment Sales Act do not apply to an intention that is manifested prior to the enforcement of this Act to offer, or to accept an offer for, a contract that corresponds to a contract stipulating the receipt of monies subject to the intermediation of individual credit purchases which is related to a contract that corresponds to a contract for a sale involving the intermediation of

individual credit purchases or to a contract for services involving the intermediation of individual credit purchases referred to in Article 35-3-13, paragraph (1); Article 35-3-14, paragraph (1); Article 35-3-15, paragraph (1); or Article 35-3-16, paragraph (1) of the New Installment Sales Act.

(26) The provisions of Article 35-3-23 of the New Installment Sales Act do not apply, limited to cases where a person that engages in the intermediation of individual credit purchases in the course of trade at the time of the enforcement of this Act falls under a case set forth in one of the following items:

(i) the person conducts business during the six-month period after the date on which this Act comes into effect (if the written application referred to in Article 35-3-24, paragraph (1) of the New Installment Sales Act is submitted during that period, this includes the time up until a disposition to grant or refuse the registration sought in the application is rendered); and

(ii) after the period referred to in the preceding item elapses, the business is conducted within the scope of the purpose of completing the contracts for the intermediation of individual credit purchases and contracts stipulating the receipt of monies subject to the intermediation of individual credit purchases which have been concluded by the last day of that period with the sellers affiliated with the intermediation of individual credit purchases or with the service providers affiliated with the intermediation of individual credit purchases.

(27) The authority of the Minister of Economy, Trade and Industry based on the provisions of paragraphs (14) through (17) is to be exercised by the Director of a Regional Bureau of Economy, Trade and Industry that has jurisdiction over the location of principal business office of an existing registered comprehensive credit purchase intermediary; provided, however, that this does not preclude the Minister of Economy, Trade and Industry from personally exercising that authority.

(28) During the six-month period following the enforcement of this Act, the provisions of Article 35-3-49 and Article 35-19, paragraph (2) and paragraph (3) of the New Installment Sales Act do not apply to a person that, at the time of the enforcement of this Act, is using a word in its name or trade name which could give rise to the misconception that it is a designated credit bureau, a certified installment sales association, or the member of a certified installment sales association.

(29) Even prior to the date on which this Act comes into effect, the competent minister specified in Article 46, item (iv) of the New Installment Sales Act or the competent minister specified in Article 46, item (v) of the New Installment Sales Act may seek an advisory consultation with the Consumer Affairs Council, or, pursuant to Cabinet Order, may seek an advisory consultation

with the Consumer Affairs Council or the Consumer Commission, in order to plan the enactment of Cabinet Order provided for in Article 35-3-26, paragraph (1), item (ii) or Article 40, paragraph (9) (limited to those pertaining to the provisions on closely affiliated persons) of the New Installment Sales Act, or of Cabinet Order provided for in Article 35-3-19, paragraph (4) of the New Installment Sales Act.

(Transitional Measures for Penal Provisions)

Article 6 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, and to acts performed after the enforcement of this Act where the provision then in force are to remain applicable pursuant to the provisions of the preceding two Articles, the provisions then in force remain applicable.

(Delegation to Cabinet Order)

Article 7 Beyond what is provided for in Article 3 through the preceding Article of the Supplementary Provisions, transitional measures that are necessary for the enforcement of this Act (including transitional measures for penal provisions) are specified by Cabinet Order.

(Review)

Article 8 When five years have passed after the enforcement of this Act, the government is to review the implementation status of the provisions of the Act on Specified Commercial Transactions and the Installment Sales Act amended by this Act, and is to take the requisite measures based on the results of the review if it finds this to be necessary.

Supplementary Provisions [Act No. 49 of June 5, 2009] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date on which the Act Establishing the Consumer Affairs Agency and the Consumer Commission (Act No. 48 of 2009) comes into effect; provided, however, that the provisions set forth in the following items come into effect as of the day set forth in each of those items:
(i) the provisions of Article 9 of the Supplementary Provisions: the date of the promulgation of this Act.

(Transitional Measures for the Application of Penal Provisions)

Article 8 With regard to the application of penal provisions to acts performed prior to the enforcement of this Act, and to acts performed after the enforcement of this Act where the provisions then in force are to remain

applicable as prescribed in the Supplementary Provisions of this Act, the provisions then in force remain applicable.

(Delegation to Cabinet Order)

Article 9 Beyond what is provided for in Article 2 through the preceding Article of the Supplementary Provisions, the necessary transitional measures for the enforcement of this Act (including transitional measures for penal provisions) are specified by Cabinet Order.