

# Cabinet Office Order on Cryptoasset Exchange Service Providers

(Cabinet Office Order No. 7 of March 24, 2017)

## Table of Contents

Chapter I General Provisions (Articles 1 to 12)

Chapter II Business (Articles 13 to 32)

Chapter III Supervision (Articles 33 to 39)

Chapter IV Miscellaneous Provisions (Articles 40 to 44)

Supplementary Provisions

## Chapter I General Provisions

(Definitions)

- Article 1 (1) The terms "cryptoassets", "cryptoasset exchange services", "exchange of cryptoassets, etc.", "management of cryptoassets", "cryptoasset exchange service provider", "foreign cryptoasset exchange service provider", "certified association for payment service providers", "cryptoasset exchange business", "trust company, etc.", and "deposit-taking institutions" as used in this Cabinet Office Order mean cryptoassets, cryptoasset exchange services, exchange of cryptoassets, etc., management of cryptoassets, cryptoasset exchange service provider, foreign cryptoasset exchange service provider, certified association for payment service providers, cryptoasset exchange business, trust company, etc., and deposit-taking institutions as prescribed in Article 2 of the Payment Services Act (hereinafter referred to as the "Act"), respectively.
- (2) In this Cabinet Office Order, the meanings of the terms set forth below are as prescribed respectively in those items:
- (i) cryptoasset exchange service provider, etc.: a cryptoasset exchange service provider, a foreign cryptoasset exchange service provider, or a person that conducts cryptoassets-related derivatives transactions, etc. prescribed in Article 185-22, paragraph (1), item (i) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) in the course of trade;
  - (ii) transactions regarding the cryptoasset exchange services: transactions regarding the acts set forth in the items of Article 2, paragraph (7) of the Act;
  - (iii) cryptoasset exchange contract: the contract prescribed in Article 63-9-3, item (i) of the Act;
  - (iv) entrustment, etc.: an offer for intermediation, brokerage, or agency services;

- (v) acceptance of entrustment, etc.: accepting an offer for intermediation, brokerage, or agency services;
- (vi) cryptoasset margin transaction: the exchange of cryptoassets, etc. conducted by granting credit to users of cryptoasset exchange services; and
- (vii) performance-guarantee cryptoassets: the performance-guarantee cryptoassets prescribed in Article 63-11-2, paragraph (1) of the Act.

(Attaching Translations)

Article 2 If there is a document to be submitted to the Commissioner of the Financial Services Agency (if the authority of the Commissioner of the Financial Services Agency has been delegated to the Directors-General of Local Finance Bureaus or the Director-General of the Fukuoka Local Finance Branch Bureau (hereinafter referred to as the "Directors-General of Local Finance Bureaus, etc.") under the provisions of Article 31, paragraph (1) of the Order for Enforcement of the Payment Services Act (hereinafter referred to as the "Order"), those Directors-General of Local Finance Bureaus, etc.; the same applies hereinafter except in Articles 25, 26, 28, 42, and 43) pursuant to the provisions of the Act (limited to Chapter III-2; the same applies in the following Article), the Order (limited to Chapter III-2; the same applies in the following Article), or this Cabinet Office Order that cannot be prepared in Japanese under special circumstances, a Japanese translation must be attached to the relevant document; provided, however, that if the document is the articles of incorporation and any of the documents set forth in the items of Article 6 (excluding items (i), (ii), (iv) through (vi), (ix), and (xvii)) that is prepared in English, it is sufficient to attach a Japanese translation of the summary thereof.

(Conversion of Foreign Currency or Cryptoassets)

Article 3 If a document to be submitted to the Commissioner of the Financial Services Agency pursuant to the provisions of the Act, the Order, or this Cabinet Office Order contains any amounts or quantities indicated in a foreign currency or cryptoassets, the equivalent amounts converted to the Japanese currency of those amounts or quantities and the standard used for the conversion must be included in the supplementary notes to the document.

(Applications for Registration)

Article 4 A person intending to obtain a registration referred to in Article 63-2 of the Act must submit a written application for registration referred to in Article 63-3, paragraph (1) of the Act prepared using appended Form 1 (in the case of a foreign cryptoasset exchange service provider, using appended Form 2), attaching the documents referred to in paragraph (2) of the same Article, to the

Commissioner of the Financial Services Agency .

(Other Particulars to be Stated in Written Application for Registration)

Article 5 The particulars specified by Cabinet Office Order as prescribed in Article 63-3, paragraph (1), item (xi) of the Act are as follows:

- (i) the outline of the cryptoassets to be used;
- (ii) the location and contact address of the business office that handles complaints from the users or provides consultations for the users of the cryptoasset exchange services; and
- (iii) the name, trade name, or any other name of a major shareholder (meaning a shareholder who holds voting rights of 10 percent or more of the voting rights held by all the shareholders (excluding the voting rights of the shares which cannot be exercised for all particulars that are subject to a resolution at a general meeting of shareholders, and including the voting rights of the shares for which the shareholder is deemed to have voting rights under the provisions of Article 879, paragraph (3) of the Companies Act (Act No. 86 of 2005)); the same applies in Article 12, paragraph (2), item (x));
- (iv) the name of the certified association for payment service providers (limited to the association that holds cryptoasset exchange service providers as its members (meaning the members prescribed in Article 87, item (ii) of the Act); the same applies hereinafter) to which the applicant belongs.

(Documents to be Attached to Written Applications for Registration)

Article 6 The documents specified by Cabinet Office Order as prescribed in Article 63-3, paragraph (2) of the Act are as follows (in the case of a document certified by a public agency, limited to one issued within three months prior to the date of application):

- (i) a document prepared using appended Form 3 pledging to the effect that the applicant does not fall under any of the items of Article 63-5, paragraph (1) of the Act;
- (ii) an extract of the resident record of a director, etc. (meaning a director, etc. prescribed in Article 63-5, paragraph (1), item (xi) of the Act; the same applies hereinafter) (if the director, etc. is a foreign national, a copy of a residence card prescribed in Article 19-3 of the Immigration Control and Refugee Recognition Act (Cabinet Order No. 319 of 1951), a copy of a special permanent resident certificate as prescribed in Article 7, paragraph (1) of the Special Act on the Immigration Control of, Inter Alia, Those Who Have Lost Japanese Nationality Pursuant to the Treaty of Peace with Japan (Act No. 71 of 1991), or an extract of the resident record ) or any substitute thereof;
- (iii) if the former surname (meaning the former surname prescribed in Article 30-13 of the Order for Enforcement of the Act for Basic Register of Residents

- (Cabinet Order No. 292 of 1967; the same applies hereinafter) and the given name of a director, etc. are stated together with the current surname and the given name of the director, etc. in a written application for registration under the provisions of Article 4, and the document listed in the preceding item does not prove that former surname and given name, a document to proving those names;
- (iv) a certificate by a public agency proving to the effect that a director, etc. does not fall under Article 63-5, paragraph (1), item (xi), (b) of the Act (if the director, etc. is a foreign national, a written pledge prepared using appended Form 4) or any substitute thereof;
  - (v) a resume or history of a director, etc. prepared by using appended Form 5 or Form 6;
  - (vi) the list of shareholders prepared using appended Form 7, the articles of incorporation, and a certificate of registered information or any substitute thereof;
  - (vii) in the case of a foreign cryptoasset exchange service provider, a document proving that the provider carries out cryptoasset exchange services in a foreign state under the same kind of registration as that referred to in Article 63-2 of the Act pursuant to the provisions of laws and regulations of that foreign state (including receiving permission or other administrative dispositions similar to that registration);
  - (viii) the latest balance sheet (including related notes) and profit and loss statement (including related notes) or any substitute thereof (in the case of a corporation established in a business year that includes the date of the application for registration, the balance sheet as of the date of establishment prepared under the provisions of Article 435, paragraph (1) of the Companies Act or any substitute thereof);
  - (ix) in the case of a company with accounting auditors, a document containing the contents of the accounting audit report prepared under the provisions of Article 396, paragraph (1) of the Companies Act for the business year immediately preceding the business year that includes the date of the application for registration;
  - (x) a document stating the expected income and expenditure from the cryptoasset exchange services for the three business years after commencing the business;
  - (xi) a document explaining the outline of the cryptoassets to be transacted;
  - (xii) an organization chart concerning the cryptoasset exchange services (including organizations that perform the operations regarding internal controls);
  - (xiii) a resume of the person responsible for the management of the cryptoasset exchange services;

- (xiv) internal rules concerning the cryptoasset exchange services (meaning internal rules and other documents equivalent thereto; the same applies in Article 24);
- (xv) contract documents used in carrying out transactions regarding cryptoasset exchange services with the users of the cryptoasset exchange services;
- (xvi) if part of the cryptoasset exchange services is entrusted to a third party, the contract document regarding the entrustment contract;
- (xvii) a document stating the particulars specified as follows for the categories of cases respectively set forth therein:
  - (a) when there is a designated dispute resolution organization for cryptoasset exchange business (meaning designated dispute resolution organizations for cryptoasset exchange business as prescribed in Article 63-12, paragraph (1), item (i) of the Act; hereinafter the same applies in this item and Article 22, paragraph (1), item (viii)): the trade name or other name of the designated dispute resolution organization for cryptoasset exchange business, which is the counterparty to the basic contract for execution of procedures specified in Article 63-12, paragraph (1), item (i) of the Act that the cryptoasset exchange service provider concludes;
  - (b) when there are no designated dispute resolution organizations for cryptoasset exchange business: the details of the complaint processing measures and dispute resolution measures specified in Article 63-12, paragraph (1), item (ii) of the Act carried out by the cryptoasset exchange service provider; and
- (xviii) other documents containing other relevant particulars.

(Notices to Applicants)

Article 7 When giving a notice of registration prescribed in Article 63-4, paragraph (2) of the Act, the Commissioner of the Financial Services Agency is to give it by a written notice of completion of registration prepared using appended Form 8.

(Public Inspections of the Register of Cryptoasset Exchange Service Providers)

Article 8 The Commissioner of the Financial Services Agency is to keep the register of cryptoasset exchange service providers regarding the relevant registered cryptoasset exchange service provider at the Local Finance Bureau or the Fukuoka Local Finance Branch Bureau with jurisdiction over the location of the head office of the cryptoasset exchange service provider (in the case of a foreign cryptoasset exchange service provider, its principal business office in Japan; the same applies hereinafter) and make it available for public inspection.

(Financial Basis)

Article 9 (1) The requirements specified by Cabinet Office Order as prescribed in Article 63-5, paragraph (1), item (iii) of the Act are as follows:

- (i) the amount of stated capital is no less than 10 million yen; and
  - (ii) the amount of net assets (meaning the amount obtained by deducting the total amount of liabilities from the total amount of assets recorded in the balance sheet prescribed in Article 6, paragraph (1), item (viii) or any substitute thereof) is not below zero (in the case of a person that conducts the management of cryptoassets, the amount of net assets is not less than the equivalent amount converted to the Japanese currency of the quantity of performance-guarantee cryptoassets).
- (2) The person specified by Cabinet Office Order as prescribed in Article 63-5, paragraph (1), item (xi), (a) of the Act is a person that is unable to adequately carry out the cognition, decision making, and communication necessary for properly performing their duties regarding the cryptoasset exchange services due to mental impairment.

(Notices of Refusing Registration)

Article 10 When giving a notice under the provisions of Article 63-5, paragraph (2) of the Act, the Commissioner of the Financial Services Agency is to give it by a written notice of refusal of registration prepared using appended Form 9.

(Cases Not Requiring Advance Notification)

Article 11 The cases specified by Cabinet Office Order as prescribed in Article 63-6, paragraph (1) of the Act are as follows:

- (i) if the cryptoasset exchange service provider intends to discontinue the use of the cryptoassets it currently uses;
- (ii) if the holders of the cryptoassets currently used by the cryptoasset exchange service provider are granted new cryptoassets due to a change in the technology or specification used for the current cryptoassets (except when the cryptoasset exchange service provider could have known such change in advance in connection with the cryptoasset exchange services); and
- (iii) if the cryptoasset exchange service provider intends to change particulars regarding the details or means of the cryptoasset exchange services, other than the following:
  - (a) the category of the cryptoasset exchange services or any equivalent particular;
  - (b) the means of receiving offers from the users of the cryptoasset exchange services;
  - (c) the means of management of the money and cryptoassets of the users of

- the cryptoasset exchange services under the provisions of Article 63-11, paragraphs (1) and (2) of the Act; and
- (d) the means of management of performance-guarantee cryptoassets under the provisions of Article 63-11-2, paragraph (1) of the Act.

(Notification of Changes)

- Article 12 (1) If intending to make a notification under the provisions of Article 63-6, paragraph (1) of the Act, a cryptoasset exchange service provider must submit to the Commissioner of the Financial Services Agency a written notice of changes prepared using appended Form 10 by attaching documents specified in the following items for the categories of cases respectively set forth therein:
- (i) if the cryptoasset exchange service provider intends to change the cryptoassets it currently uses: the document set forth in Article 6, item (xi) for the particulars to be changed; and
  - (ii) if the cryptoasset exchange service provider intends to change the details or means of the cryptoasset exchange services: the documents set forth in Article 6, items (xii) through (xv) that pertain to the particulars to be changed, and if the particulars fall under item (iii), (c) or (d) of the preceding Article, a document that can demonstrate the fact related to the change.
- (2) If intending to make a notification under the provisions of Article 63-6, paragraph (2) of the Act, a cryptoasset exchange service provider must submit to the Commissioner of the Financial Services Agency a written notice of changes prepared using appended Form 10-2 by attaching documents specified in the following items for the categories of cases respectively set forth therein (in the case of a document certified by a public agency, limited to one issued within three months prior to the date of notification):
- (i) in the case of a change in the trade name: a certificate of registered information that contains the particulars regarding the change or any substitute thereof, and a document prepared using appended Form 3 pledging to the effect that the cryptoasset exchange service provider does not fall under any of the items of Article 63-5, paragraph (1) of the Act;
  - (ii) in the case of a change in the amount of stated capital: a certificate of registered information that contains the particulars regarding the change or any substitute thereof;
  - (iii) in the case of the establishment or discontinuation of a business office or a change in the location of a business office (excluding the case set forth in item (ix)): a certificate of registered information that contains the particulars regarding the change;
  - (iv) in the case of a change in any director, etc.: the following documents:
    - (a) the documents set forth in Article 6, items (ii), (iv), and (v) that pertain to the person who newly became a director, etc. and the documents set forth

- in item (vi) of the same Article that pertain to the change;
- (b) if the former surname and the given name of the person who newly became a director, etc. are stated together with their current name in a written notice of changes, and the documents set forth in (a) above (limited to the document set forth in Article 6, item (ii)) do not prove the former surname and the given name, a document to prove the former surname and the given name; and
  - (c) a document prepared using appended Form 3 pledging to the effect that the cryptoasset exchange service provider does not fall under any of the items of Article 63-5, paragraph (1) of the Act;
  - (v) in the case of a change in the cryptoassets currently used: the document set forth in Article 6, item (xi) for the particulars that have been changed;
  - (vi) in the case of a change in the details or means of the cryptoasset exchange services: the documents set forth in Article 6, items (xii) through (xv) that pertain to the particulars that have been changed;
  - (vii) in the case of a change in the details of business that has been entrusted or a person to whom business is entrusted: the document set forth in Article 6, item (xvi) for the particulars that have been changed;
  - (viii) in the case of a change in other businesses: a certificate of registered information that contains the particulars regarding the change or any substitute thereof;
  - (ix) if a cryptoasset exchange service provider who has obtained the registration referred to in Article 63-2 of the Act from the Director-General of a Local Finance Bureau, etc. has changed the location of its head office to an area over which the Director-General of another Local Finance Bureau, etc. has jurisdiction: the document specified in item (iii) and a written notice of completion of registration referred to in Article 7 that was delivered prior to the change;
  - (x) in the case of a change in the major shareholders: the list of shareholders prepared using appended Form 7; and
  - (xi) if the cryptoasset exchange service provider has become a member of a certified association for payment service providers or has withdrawn from one: a document that can demonstrate the fact that the cryptoasset exchange service provider has become a member of a certified association for payment service providers or has withdrawn from one.
- (3) If a notification is made under the provisions of the preceding paragraph in the case set forth in item (ix) of the same paragraph, the Director-General of a Local Finance Bureau, etc. must notify the Director-General of another Local Finance Bureau, etc. referred to in the same item to the effect that the notification has been made.
- (4) The Director-General of a Local Finance Bureau, etc. who has received the



notification under the provisions of the preceding paragraph is to register the particulars notified of in the register of cryptoasset exchange service providers and notify the person who made the notification by a written notice of completion of registration prescribed in Article 7.

## **Chapter II Business**

(Measures to Ensure Information Security Management Regarding Cryptoasset Exchange Services)

Article 13 Cryptoasset exchange service providers must take measures to ensure sufficient control of the electronic data processing system handling the cryptoasset exchange services, in accordance with the details and means of its cryptoasset exchange services.

(Measures to Ensure Information Security Management Regarding Personal Information of Individual Users)

Article 14 Cryptoasset exchange service providers must take the necessary and appropriate measures to prevent the leaking, loss, or damage of information with regard to the safe management of information it handles on cryptoasset exchange users, supervision of their employees and, where the handling of such information is entrusted, supervision of entrustees.

(Handling of Specified Non-public Information)

Article 15 When handling personal information regarding race, creed, family origin, domicile of origin, healthcare, or criminal background of the users of the cryptoasset exchange services who are individuals, and other specified non-public information (meaning information learned in the course of business of the cryptoasset exchange services that has not yet been publicly disclosed), a cryptoasset exchange service provider must take measures to ensure that the information is not used for a purpose other than for ensuring the appropriate operation of the business and for other purposes that are found to be necessary.

(Measures to Ensure Proper and Steady Operation of Entrusted Business)

Article 16 When entrusting part of the business of the cryptoasset exchange services to a third party, a cryptoasset exchange service provider must take the following measures in accordance with the details of the entrusted business:

- (i) measures to ensure that the relevant business is entrusted to a person who has the ability to perform the business in a proper and steady manner;
- (ii) measures to ensure that necessary and appropriate supervision, etc. is conducted with regard to the person to whom the relevant business is entrusted, including measures to verify whether the person is performing the

- business in a proper and steady manner by, among others, checking the status of performance of the business by the person regularly or as necessary and having the person make any necessary improvements;
- (iii) necessary measures to ensure appropriate and prompt processing of complaints by users of the cryptoasset exchange services conducted by the person to whom the relevant business is entrusted;
  - (iv) measures to prevent hindrance to the protection of the users of the cryptoasset exchange services, etc., including measures to ensure that if circumstances have arisen under which the person to whom the relevant business has been entrusted is unable to perform that business appropriately, the business will be promptly entrusted to another appropriate third party; and
  - (v) measures to ensure that, if it is necessary for the purpose of ensuring the proper and steady operation of the business of the cryptoasset exchange service provider and the protection of the users regarding the business, necessary measures such as the amendment or cancellation of the contract regarding the entrustment of the relevant business will be taken.

(Means of Indicating Advertisement of Cryptoasset Exchange Services)

Article 17 If a cryptoasset exchange service provider places an advertisement concerning the cryptoasset exchange services provided thereby, the cryptoasset exchange service provider must clearly and accurately indicate the particulars set forth in the items of Article 63-9-2 of the Act (in the case of a cryptoasset exchange service provider that does not conduct the exchange, etc. of cryptoassets, limited to the particulars set forth in items (i) and (ii) of the same Article). In this case, the cryptoasset exchange service provider is to indicate the letters or numerical characters representing the particulars set forth in item (iii) of the same Article and the items of the following Article in a size which does not differ substantially from the size of the largest letters or numerical characters representing other particulars.

(Particulars Affecting User Judgment)

Article 18 The characteristics of cryptoassets specified by Cabinet Office Order as material characteristics that will affect users' judgment as prescribed in Article 63-9-2, item (iv) of the Act are the following particulars:

- (i) if there is a risk of losses directly from fluctuations in the value of the cryptoassets, that fact and the reasons therefor; and
- (ii) the fact that cryptoassets can be used for the purpose of paying consideration only with the consent of the person who receives payment of consideration.

(Particulars for Which Misleading Representations Are Prohibited)

Article 19 The particulars specified by Cabinet Office Order as prescribed in Article 63-9-3, item (i) of the Act are as follows:

- (i) particulars related to the mechanism for the holding and transfer of the cryptoassets;
- (ii) particulars related to changes in transaction volumes or prices of the cryptoassets or prospects for these;
- (iii) particulars related to the financial resources or credit of the cryptoasset exchange service provider;
- (iv) particulars related to the performance of the cryptoasset exchange services conducted by the cryptoasset exchange service provider;
- (v) particulars related to the content of the rights and obligations indicated on the cryptoassets;
- (vi) particulars related to the financial resources or credit of the issuer of the cryptoassets, the debtor regarding the rights indicated on the cryptoassets, or the person who can exert a material impact on the value or the mechanism of the cryptoassets, or the business conducted by such person; and
- (vii) the amount or the maximum amount of the fees, remuneration, or costs to be paid by the users of the cryptoasset exchange services or the method of calculation thereof.

(Prohibited Acts)

Article 20 The conduct specified by Cabinet Office Order as being likely to weaken the protection of users of cryptoasset exchange services or hinder the provision of cryptoasset exchange services in a proper and steady manner as prescribed in Article 63-9-3, item (iv) of the Act is the following:

- (i) when concluding a cryptoasset exchange contract or soliciting the conclusion thereof, or when placing an advertisement concerning the cryptoasset exchange services provided by the cryptoasset exchange service provider, to make representation concerning the characteristics of cryptoassets or the particulars set forth in the items of the preceding Article without indicating reasonable grounds that support those particulars to users (excluding cryptoasset exchange service providers, etc.; the same applies in the following item through item (vii));
- (ii) to solicit users to conclude a cryptoasset exchange contract without clearly and accurately indicating the particulars set forth in the items of Article 63-9-2 of the Act (in the case of a cryptoasset exchange service provider that does not conduct the exchange, etc. of cryptoassets, limited to the particulars set forth in items (i) and (ii) of the same Article) to users (in cases of delivering a document or employing any other method equivalent thereto, including the failure to indicate the letters or numerical characters

- representing the particulars set forth in item (iii) of the same Article and the items of Article 18 in a size which does not differ substantially from the size of the largest letters or numerical characters representing other particulars);
- (iii) to make a visit or phone call to a user that is not asking to be solicited for the conclusion of a cryptoasset exchange contract (limited to a contract for conducting the exchange, etc. of cryptoassets; hereinafter the same applies in this item, the following item and item (vi)), and solicit such a user to conclude a cryptoasset exchange contract (excluding an act of a cryptoasset exchange service provider of soliciting a user in a continuous business relationship therewith (limited to a user that conducted the purchase and sale of cryptoassets or exchange with other cryptoassets on two or more occasions during the period of one year prior to the day of such solicitation) to conclude a cryptoasset exchange contract);
  - (iv) to solicit a user to conclude a cryptoasset exchange contract without obtaining confirmation from the user, prior to solicitation, regarding whether or not they are willing to be solicited (excluding an act of a cryptoasset exchange service provider of soliciting a user in a continuous business relationship therewith (limited to a user that conducted the purchase and sale of cryptoassets or exchange with other cryptoassets on two or more occasions during the period of one year prior to the day of such solicitation) to conclude a cryptoasset exchange contract);
  - (v) to solicit a user to conclude a cryptoasset exchange contract, notwithstanding that the user has, in advance, manifested the intention not to conclude such cryptoasset exchange contract (including manifesting the intention that the user does not wish to accept any solicitation for the conclusion of such cryptoasset exchange contract);
  - (vi) solicit a user to conclude a cryptoasset exchange contract in a manner which is found to be inappropriate in light of the user's knowledge or experience, the state of the user's property, or the purpose for which a cryptoasset exchange contract is concluded;
  - (vii) to provide a user with a conclusive assessment of a particular that is uncertain or make a representation that could mislead the user into believing that a particular that is uncertain is actually certain;
  - (viii) while knowing that a user is likely to conduct the purchase and sale of a cryptoasset or exchange with another cryptoasset in violation of Article 185-22, paragraph (1), Article 185-23, paragraph (1) or Article 185-24, paragraph (1) or (2) of the Financial Instruments and Exchange Act (including a transaction conducted in relation to an act violating any of these provisions), to conduct such transaction or accepting entrustment, etc. thereof;
  - (ix) to conduct the purchase and sale of a cryptoasset or exchange with another cryptoasset, or make an offer or entrustment, etc. thereof, for the purpose of

causing fluctuations in the quotations of cryptoassets, etc. (meaning the cryptoassets, etc. prescribed in Article 185-23, paragraph (1) of the Financial Instruments and Exchange Act; hereinafter the same applies in this item and the following item) or the figures calculated based on the quotations or transaction volumes thereof or for the purpose of increasing the transaction volumes thereof;

- (x) to accept entrustment, etc. of the purchase and sale of a cryptoasset or exchange with another cryptoasset involving cryptoassets, etc., while knowing that it will result in manipulative quotations not reflecting the actual market through causing fluctuations in the quotations of cryptoassets, etc. or the figures calculated based on the quotations or transaction volumes thereof, or by increasing the transaction volumes thereof;
- (xi) to transmit to a third party or utilize material information concerning cryptoassets that the cryptoasset exchange service provider uses or intends to use or concerning the cryptoasset exchange service provider, which is found to have an impact on users' decision on the purchase and sale of a cryptoasset or exchange with another cryptoasset (excluding cases where such material information is being made readily accessible to all users of the cryptoasset exchange services carried out by the cryptoasset exchange service provider), for the purpose of personal gain or for a profit for the third party (excluding such act that is necessary for the proper and steady provision of the cryptoasset exchange services conducted by the cryptoasset exchange service provider);
- (xii) in cases of having accepted entrustment, etc. from a user for the purchase and sale of a cryptoasset or exchange with another cryptoasset, to conduct any purchase or sale of a cryptoasset or exchange with another cryptoasset at a price or volume equivalent to or more favorable than the price of the purchase or sale or the volume of the exchange subject to the entrustment, etc. before the effectuation of the purchase and sale or the exchange subject to the entrustment, etc. for the purpose of personal gain or for a profit for the third party; and
- (xiii) beyond what is set forth in the preceding items, any conduct that is in violation of the articles of incorporation or other rules of a certified association for payment service providers (limited to those concerning the protection of users of cryptoasset exchange services or the proper and steady provision of cryptoasset exchange services; in the case of a corporation that has not joined a certified association for payment service providers, its internal rules of equivalent content) and that is likely to weaken the protection of users of cryptoasset exchange services or hinder the proper and steady provision of cryptoasset exchange services.

(Explanations Concerning the Characteristics of Cryptoassets)

Article 21 (1) When carrying out the exchange of a cryptoasset, etc. with a user of cryptoasset exchange services (excluding a cryptoasset exchange service provider, etc.; hereinafter the same applies in this Article), a cryptoasset exchange service provider must provide the users in advance with an explanation concerning the characteristics of cryptoassets by delivering documents or any other appropriate means.

- (2) When providing the explanation prescribed in the preceding paragraph, a cryptoasset exchange service provider is to explain the following particulars:
- (i) the fact that the cryptoasset is not the Japanese currency or a foreign currency;
  - (ii) when there is a risk of losses directly from fluctuations in the value of cryptoassets, that fact and the reasons therefor;
  - (iii) the fact that cryptoassets can be used for the purpose of paying consideration only with the consent of the person who receives payment of consideration;
  - (iv) the outline and the characteristics of the cryptoassets (if the value of the cryptoassets to be used in the business has not been guaranteed by a specific person, including that fact; or if the value has been guaranteed by a specific person, including the name, trade name or other name of that person and the details of the guarantee); and
  - (v) other particulars found to be relevant to the characteristics of the cryptoasset.
- (3) When a cryptoasset exchange service provider carries out transactions regarding the exchange of cryptoassets, etc. with the users of the cryptoasset exchange services at its business office, the cryptoasset exchange service provider must post the particulars set forth in the items of the preceding paragraph at the service counter in a manner easily seen by the users.

(Provision of Information to Users)

Article 22 (1) When carrying out transactions regarding cryptoasset exchange services with a user of the cryptoasset exchange services (excluding a cryptoasset exchange service provider, etc.; hereinafter the same applies in this Article), a cryptoasset exchange service provider must provide the user in advance with information about the following particulars by delivering documents or any other appropriate means:

- (i) the trade name and address of the cryptoasset exchange service provider;
- (ii) the fact that it is a cryptoasset exchange service provider and the registration number of the cryptoasset exchange service provider;
- (iii) the details of the transactions (if the transaction is the purchase and sale of a cryptoasset or exchange with another cryptoasset, including whether the

- cryptoasset exchange service provider will become the counterparty to effect the purchase and sale or exchange regarding the transaction with the customer, or whether it will conduct intermediation, brokerage, or agency services to effect the purchase and sale or the exchange regarding the transaction);
- (iv) when there is a risk of losses directly from a change to the status of the business or property of the cryptoasset exchange service provider or any other person, that fact and the reasons therefor;
  - (v) beyond what is set forth in paragraph (2), item (ii) of the preceding Article and the preceding item, when there is a risk of losses directly from material grounds that will affect the decision of the user regarding the transactions, that fact and the reasons therefor;
  - (vi) the amount or the maximum amount of the fees, remuneration, or costs to be paid by the user or the method of calculation thereof;
  - (vii) the location and contact address of the business office that handles complaints from the users or provides consultations for the users;
  - (viii) the particulars specified as follows for the categories of cases respectively set forth therein:
    - (a) if there is a designated dispute resolution organization for cryptoasset exchange business: the trade name or other name of the designated dispute resolution organization for cryptoasset exchange business, which is the counterparty to the basic contract for execution of procedures specified in Article 63-12, paragraph (1), item (i) of the Act that the cryptoasset exchange service provider concludes;
    - (b) if there are no designated dispute resolution organizations for cryptoasset exchange business: the details of the complaint processing measures and dispute resolution measures specified in Article 63-12, paragraph (1), item (ii) of the Act carried out by the cryptoasset exchange service provider; and
  - (ix) other particulars found to be relevant to the details of the transactions.
- (2) When providing information concerning the particulars set forth in the items of the preceding paragraph, a cryptoasset exchange service provider that conducts the exchange of cryptoassets, etc. must also provide information concerning the following particulars at the same time:
- (i) if the cryptoasset exchange service provider accepts entrustment, etc. of the purchase and sale of a cryptoasset or exchange with another cryptoasset from a user of the cryptoasset exchange services, and it may become the counterparty to the purchase and sale or exchange subject to the entrustment, etc., that fact and the reasons therefor;
  - (ii) the trade name or name of the trust company, etc. with which the money of the user of the cryptoasset exchange services is entrusted pursuant to the provisions of Article 63-11, paragraph (1) of the Act; and

- (iii) if the relevant transactions are carried out in an amount indicated in a foreign currency, the amount in the Japanese currency converted from that amount and the standard or the method used for the conversion.
- (3) When providing information concerning the particulars set forth in the items of paragraph (1), a cryptoasset exchange service provider that conducts the management of cryptoassets must also provide information concerning the following particulars at the same time:
- (i) the management method for the cryptoassets of the users of the cryptoasset exchange services under the provisions of the first sentence of Article 63-11, paragraph (2) of the Act, and the name, trade name or any other name of the person specified in (a) or (b) below according to the categories of methods set forth respectively therein:
    - (a) the method specified in Article 27, paragraph (1), item (i): the cryptoasset exchange service provider; or
    - (b) the method specified in Article 27, paragraph (1), item (ii): the third party prescribed in the same item;
  - (ii) the management method for performance-guarantee cryptoassets under the provisions of the first sentence of Article 63-11-2, paragraph (1) of the Act, and the name, trade name or any other name of the person specified in (a) or (b) below according to the categories of methods set forth respectively therein:
    - (a) the method specified in Article 29, paragraph (1), item (i): the cryptoasset exchange service provider; or
    - (b) the method specified in Article 29, paragraph (1), item (ii): the third party prescribed in the same item;
- (4) When a cryptoasset exchange service provider concludes with a user of the cryptoasset exchange services a contract under which transactions regarding cryptoasset exchange services are carried out on an ongoing or recurring basis, the cryptoasset exchange service provider must provide the user with information about the following particulars by delivering documents or any other appropriate means:
- (i) the particulars set forth in items (i) through (viii) of the preceding paragraph and the particulars specified in (a) or (b) below according to the categories of cases set forth respectively therein:
    - (a) when conducting the exchange of cryptoassets, etc.: the particulars set forth in the items of paragraph (2); or
    - (b) when conducting the management of cryptoassets: the particulars set forth in the items of the preceding paragraph;
  - (ii) when a contract period is defined, the contract period;
  - (iii) handling of the cancellation of the contract (including method of calculation for fees, remuneration, or costs); and



- (iv) other particulars found to be relevant to the terms and conditions of the contract.
- (5) When a cryptoasset exchange service provider has received money or cryptoasset from a user of the cryptoasset exchange services in relation to its cryptoasset exchange services, the cryptoasset exchange service provider must provide the user with information about the following particulars by delivering documents or any other appropriate means:
- (i) the trade name and the registration number of the cryptoasset exchange service provider;
  - (ii) the amount of the money or the quantity of the cryptoasset received from the user; and
  - (iii) the date of receipt.
- (6) When a cryptoasset exchange service provider carries out transactions regarding cryptoasset exchange services with a user of the cryptoasset exchange services on an ongoing or recurring basis, the cryptoasset exchange service provider must provide the user with the transaction record and information about the amount of the money and the quantity of the cryptoasset of the user that it manages, for each period not exceeding three months, by delivering documents or any other appropriate methods.

(Other Measures to Ensure Protection of Users)

Article 23 (1) A cryptoasset exchange service provider must take the following measures to ensure the protection of the users of the cryptoasset exchange services it provides and to ensure the proper and steady provision of the cryptoasset exchange services:

- (i) measures to establish systems necessary for protecting the users and ensuring the provision of the cryptoasset exchange services in a proper and steady manner in relation to the cryptoasset exchange services it carries out, in accordance with the characteristics of the cryptoassets, the details of the transactions and other circumstances;
- (ii) if the cryptoasset exchange service provider finds a possibility that a criminal act has been committed in relation to transactions regarding the cryptoasset exchange services it carries out, as there has been information provided by the investigative authority, etc. to the effect that the transactions regarding the cryptoasset exchange services were used for the purpose of committing a fraud or other criminal acts and in consideration of other circumstances, measures to suspend the relevant transactions regarding the cryptoasset exchange services, etc.;
- (iii) if the cryptoasset exchange service provider carries out transactions regarding cryptoasset exchange services with the users by using a computer connected with electric telecommunication lines, appropriate measures to

- prevent the users from mistaking the cryptoasset exchange service provider for another person;
- (iv) if the cryptoasset exchange service provider receives instructions regarding transactions regarding cryptoasset exchange services from the users by using a computer connected with electric telecommunication lines, appropriate measures to enable the users to easily confirm or correct the details of the instructions when operating the computer for the relevant instructions;
  - (v) necessary measures to avoid using cryptoassets that are found to be likely to hinder the protection of users or the proper and steady provision of the cryptoasset exchange services in light of the characteristics of cryptoassets and its own operational system;
  - (vi) necessary measures to appropriately manage material information concerning cryptoassets that the cryptoasset exchange service provider uses or intends to use in relation to the cryptoasset exchange services it carries out or concerning the cryptoasset exchange service provider, which is found to have an impact on users' decision on the purchase and sale of a cryptoasset or exchange with another cryptoasset (excluding cases where the material information is being made readily accessible to all users of the cryptoasset exchange services carried out by the cryptoasset exchange service provider);
  - (vii) measures to make public the balance sheet (including related notes) and profit and loss statement (including related notes) that the cryptoasset exchange service provider has submitted to the Commissioner of the Financial Services Agency by attaching them to the written report on the cryptoasset exchange services pursuant to the provisions of Article 37, paragraph (2);
  - (viii) if the cryptoasset exchange service provider borrows cryptoassets in relation to the cryptoasset exchange services it carries out, the following measures:
    - (a) measures to indicate that the borrowing of cryptoassets by the cryptoasset exchange service provider does not fall within the scope of management of cryptoassets and the cryptoassets borrowed by the cryptoasset exchange service provider are not managed separately from the cryptoassets of the cryptoasset exchange service provider pursuant to the provisions of Article 63-11, paragraph (2) of the Act, and that the counterparty to the borrowing does not have the right referred to in Article 63-19-2, paragraph (1) of the Act, in a manner that enables the counterparty to clearly and accurately recognize these particulars; and
    - (b) measures to establish a system for appropriately managing the outstanding balance of the obligations borne by the cryptoasset exchange service provider, so as to avoid a situation where the cryptoasset exchange

service provider bears excessive obligations due to the borrowing of cryptoassets as compared to its ability to repay or faces difficulty in repaying these obligations, which would result in weakening the protection of users of cryptoasset exchange services or hindering the proper and steady provision of cryptoasset exchange services (including a system which requires the cryptoasset exchange service provider, whenever it borrows cryptoassets, to record the name of the counterparty, the type and quantity of the borrowed cryptoassets, and the repayment deadline).

(2) Beyond what is provided in the preceding paragraph, a cryptoasset exchange service provider that conducts the exchange of cryptoassets, etc. must take the following measures:

(i) measures to continuously indicate the following particulars so that the users of the cryptoasset exchange services can clearly and accurately recognize these particulars when they conduct the purchase and sale of a cryptoasset or exchange with another cryptoasset in relation to the cryptoassets used by the cryptoasset exchange service provider; and

(a) if the cryptoasset exchange service provider effects the purchase and sale of a cryptoasset or exchange with another cryptoasset by accepting the entrustment, etc. thereof from a user: the following particulars concerning the cryptoassets subject to the entrustment, etc. (if there are no such particulars, that fact):

1. the latest contract price in the purchase and sale of the cryptoasset to be effected by the cryptoasset exchange service provider by accepting the entrustment, etc. thereof from the user; and
2. the latest reference price announced by a certified association for payment service providers or a person designated by a certified association for payment service providers; and

(b) if the cryptoasset exchange service provider becomes the counterparty to the purchase and sale of a cryptoasset or exchange with another cryptoasset (excluding the case prescribed in (a)): the following particulars concerning the cryptoasset (if there are no such particulars, that fact);

1. the latest price for the purchase of the cryptoasset that is offered by the cryptoasset exchange service provider;
2. the latest price for the sale of the cryptoasset that is offered by the cryptoasset exchange service provider;
3. the latest contract price prescribed in (a) 1.; and
4. the latest reference price prescribed in (a) 2.;

(ii) if the cryptoasset exchange service provider provides multiple transaction methods for the users of the cryptoasset exchange services in relation to the exchange of cryptoassets, etc. that it conducts, the following particulars:

(a) measures to formulate, publicize, and implement a policy and method for

- executing orders from users for the exchange of cryptoassets, etc. under the best terms and conditions, for each type of cryptoasset;
- (b) if the cryptoasset exchange service provider has effected the purchase and sale of a cryptoasset or exchange with another cryptoasset subject to entrustment, etc. from the user by acting as the counterparty to the transaction, without conducting intermediation, brokerage, or agency services, measures to provide a user with information promptly by delivering documents or any other appropriate means with regard to that fact and the reason why it is compatible with the policy and method prescribed in (a) to conduct the purchase and sale or exchange; and
  - (c) measures to provide a user with information by delivering documents or any other appropriate means within 20 days from the day when the user requests information, if the user requests information within three months from the day when the cryptoasset exchange service provider has executed the order from the user for the exchange of cryptoassets, etc., with regard to the reason why the execution of the order is compatible with the policy and method prescribed in (a), as well as the type and quantity of the cryptoassets subject to the order, whether the order is to sell, purchase, or exchange with another cryptoasset, the date and time of the receipt of the order, the date and time of the contract, and the method of execution;
  - (iii) measures to establish a system for appropriately managing information concerning the exchange of cryptoassets, etc. conducted by the cryptoasset exchange service provider and properly supervising the implementation status of the exchange of cryptoassets, etc. so that the interests of the users of the cryptoasset exchange services are not unjustly prejudiced due to the conflict of interests between the cryptoasset exchange service provider or any interested party thereof and the user of the cryptoasset exchange services upon the exchange of the cryptoassets, etc. conducted by the cryptoasset exchange service provider, and measures to formulate and publicize policies related to such system; and
  - (iv) measures, with regard to the exchange of cryptoassets, etc. conducted by the cryptoasset exchange service provider, to examine whether a user is not in violation of the provisions of Article 185-22, paragraph (1), Article 185-23, paragraph (1), or Article 185-24, paragraph (1) or (2) of the Financial Instruments and Exchange Act, in accordance with the trends and content of orders regarding the exchange of cryptoassets, etc. placed by the user of the cryptoasset exchange services, the situations of the exchange of cryptoassets, etc. or other circumstances, and if the user is suspected of violating these provisions, to suspend transactions, etc. regarding the cryptoasset exchange services with the user, or other measures necessary for preventing unfair acts in relation to the exchange of cryptoassets, etc.

(3) Beyond what is provided in paragraph (1), a cryptoasset exchange service provider that conducts the management of cryptoassets must take measures to formulate, publicize, and implement the policies concerning the performance of obligations in cases where the cryptoasset exchange service provider is unable to perform all of the obligations in relation to the management of cryptoassets that the cryptoasset exchange service provider assumes against its users, out of the cryptoassets that the cryptoasset exchange service provider manages separately from its own cryptoassets under the provisions of Article 63-11, paragraph (2) of the Act, as a result of the leakage, loss, or damage of information necessary for transferring cryptoassets or due to other grounds (policies include actions necessary for performing the relevant obligations and times to take those actions).

(Internal Rules)

Article 24 Cryptoasset exchange service providers must provide for internal rules, etc. concerning the measures to ensure the protection of the users of the cryptoasset exchange services and the proper and steady provision of the cryptoasset exchange services (including the explanation of the details of the measures taken by the cryptoasset exchange service provider as specified in Article 63-12, paragraph (1) of the Act and the measures to prevent crimes), in accordance with the details and means of its business, and establish a system for providing training to employees, a system for providing guidance to the person to whom business is entrusted, and other systems sufficient to ensure that the business is operated based on those internal rules, etc.

(Special Provisions for Cryptoasset Margin Transactions)

Article 25 (1) When carrying out cryptoasset margin transactions with a user of the cryptoasset exchange services (excluding a cryptoasset exchange service provider, etc.; hereinafter the same applies in this paragraph through paragraph (4)), a cryptoasset exchange service provider must provide the user in advance with information about the following particulars in addition to the information under the provisions of Article 22, paragraphs (1) through (3) by delivering documents or any other appropriate means:

- (i) the amount of security deposit to be deposited by the user for the cryptoasset margin transactions and the method of calculation thereof, as well as the method whereby the user deposits the security deposit and receives restitution thereof;
- (ii) if there is a risk that the amount of loss relating to the cryptoasset margin transactions may exceed the amount of security deposit set forth in the preceding item, that fact and the reasons therefor;
- (iii) the amount of obligations for the credit granted for the cryptoasset margin

- transactions, the due date for the payment, and the method of settlement;  
and
- (iv) other particulars found to be relevant to the details of the cryptoasset margin transactions.
- (2) If a cryptoasset exchange service provider concludes with a user of the cryptoasset exchange services a contract under which cryptoasset margin transactions are carried out on an ongoing or recurring basis, the cryptoasset exchange service provider must provide the user with information about the following particulars in addition to the information under the provisions of Article 22, paragraph (4) by delivering documents or any other appropriate means:
- (i) the particulars set forth in items (i) through (iii) of the preceding paragraph;  
and
- (ii) other particulars found to be relevant to the terms and conditions of the contract.
- (3) If a cryptoasset exchange service provider has received a security deposit for cryptoasset margin transactions from a user of the cryptoasset exchange services, the cryptoasset exchange service provider must provide the user with information about the following particulars in addition to the information under the provisions of Article 22, paragraph (5) by delivering documents or any other appropriate means:
- (i) the fact that the money received from the user is a security deposit for cryptoasset margin transactions; and
- (ii) the types of cryptoasset margin transactions to which the security deposit pertains and the types of cryptoassets which are subject to cryptoasset margin transactions.
- (4) If a cryptoasset exchange service provider carries out cryptoasset margin transactions with a user of the cryptoasset exchange services on an ongoing or recurring basis, the cryptoasset exchange service provider must provide the user with a description of the unsettled account and the loss or gain on valuation of the cryptoasset margin transactions in addition to the information under the provisions of Article 22, paragraph (6), for each period not exceeding three months, by delivering documents or any other appropriate means.
- (5) When carrying out cryptoasset margin transactions, a cryptoasset exchange service provider must take the following measures:
- (i) necessary measures to ensure that, when the amount of security deposit for cryptoasset margin transactions deposited by a user (limited to an individual; the same applies in item (iii)) of the cryptoasset exchange services falls short of the amount obtained by multiplying the amount of cryptoasset margin transactions that the user intends to carry out or is carrying out by 50 percent, the cryptoasset exchange service provider will not

carry out the cryptoasset margin transactions or continue to grant credit for the cryptoasset margin transactions without having the user deposit the amount of such shortfall;

- (ii) necessary measures to ensure that, when the amount of security deposit for cryptoasset margin transactions deposited by a user (excluding an individual) of the cryptoasset exchange services falls short of the amount obtained by multiplying the amount of cryptoasset margin transactions that the user intends to carry out or is carrying out by the assumed cryptoassets risk ratio for the cryptoassets or the combination of cryptoassets subject to the cryptoasset margin transactions (meaning the ratio calculated in accordance with the method designated by the Commissioner of the Financial Services Agency as the ratio of the amount equivalent to a risk that may arise due to fluctuations in the quotations of such cryptoassets against the amount of principal; the same applies in this item ) (for a cryptoasset exchange service provider that does not use the assumed cryptoassets risk ratio, the amount obtained by multiplying the amount of the cryptoasset margin transactions by 50 percent), the cryptoasset exchange service provider will not carry out the cryptoasset margin transactions or continue to grant credit for the cryptoasset margin transactions without having the user deposit the amount of such shortfall;
  - (iii) measures to establish a sufficient system for managing for conducting settlement procedures for cryptoasset margin transactions to be performed when the amount of losses that would arise to a user if the user settled the cryptoasset margin transactions carried out on the user's own account reaches the amount calculated by the method of calculation agreed on with the user in advance (such procedures are referred to as a "loss-cutting transaction" in this item), and to conduct a loss-cutting transaction in the case; and
  - (iv) beyond what is set forth in the preceding three items, measures to establish, in relation to the cryptoasset margin transactions which the cryptoasset exchange service provider carries out, systems necessary for protecting the users of business regarding the cryptoasset margin transactions and ensuring the operation of the business in a proper and steady manner, in accordance with the details of the cryptoasset margin transactions and other circumstances.
- (6) The security deposit prescribed in paragraph (1), paragraph (3), and the preceding paragraph may be satisfied by cryptoassets. In this case, the phrase "as well as" in paragraph (1), item (i) is deemed to be replaced with ", the type and quantity of cryptoassets which may be appropriated to the security deposit, the amount which may be appropriated, and the method of calculations of these, as well as".

(7) The collateral value of cryptoassets where all or part of the security deposit for cryptoasset margin transactions to be received by a cryptoasset exchange service provider is substituted with cryptoassets under the provisions of the preceding paragraph is an amount specified by the rules of the certified association for payment service providers (limited to the rules designated by the Commissioner of the Financial Services Agency).

(Management of Users' Money)

Article 26 (1) When a cryptoasset exchange service provider places money of the users of the cryptoasset exchange services in the trust under the provisions of Article 63-11, paragraph (1) of the Act, the trust must be a money trust created with a trust company, etc. (hereinafter referred to as a "segregated user management trust"), and a contract regarding a segregated user management trust must satisfy all of the following requirements:

- (i) the cryptoasset exchange service provider is the settlor, a trust company, etc. is the trustee, and a user in relation to transactions regarding the cryptoasset exchange services carried out by the cryptoasset exchange service provider is the beneficiary of the principal;
- (ii) agents for the beneficiary are appointed, and at least one of those agents for the beneficiary is an attorney, a legal professional corporation, a certified public accountant (including a foreign certified public accountant prescribed in Article 16-2, paragraph (5) of the Certified Public Accountants Act (Act No. 103 of 1948); the same applies hereinafter), an audit corporation, a tax accountant, a tax accountant corporation, or a person designated by the Commissioner of the Financial Services Agency (hereinafter referred to as an "attorney, etc." in this paragraph);
- (iii) if multiple segregated user management trusts are carried out, the same agent for the beneficiary is to be appointed for those multiple segregated user management trusts;
- (iv) if the cryptoasset exchange service provider comes to fall under any of the following requirements, only the agent for the beneficiary who is an attorney, etc. exercises its authority (excluding the case where the relevant agent for the beneficiary admits the exercise of the authority by another agent for the beneficiary):
  - (a) when the cryptoasset exchange service provider has had its registration referred to in Article 63-2 of the Act revoked under the provisions of Article 63-17, paragraph (1) or (2) of the Act;
  - (b) when the cryptoasset exchange service provider has filed a petition for commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or special liquidation (in the case of a foreign cryptoasset exchange service provider, when it has filed a petition for



- commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or special liquidation in Japan or has filed the same type of petition in the state where its head office is located, pursuant to the laws and regulations of that state);
- (c) if the cryptoasset exchange service provider has discontinued all of the cryptoasset exchange services (in the case of a foreign cryptoasset exchange service provider, when it has discontinued the cryptoasset exchange services at all business offices it had established in Japan; hereinafter the same applies in (c)) or has dissolved (in the case of a foreign cryptoasset exchange service provider, when it has commenced liquidation of the business offices it had established in Japan; hereinafter the same applies in (c)), or when the cryptoasset exchange service provider has given a public notice of the discontinuation of all of the cryptoasset exchange services or the dissolution under the provisions of Article 63-20, paragraph (3) of the Act; and
  - (d) if the cryptoasset exchange service provider has received an order to suspend all or part of the cryptoasset exchange services under the provisions of Article 63-17, paragraph (1) of the Act;
  - (v) except when the segregated user management trust is a money trust created with a financial institution engaging in the trust business with a contractual agreement on principal protection, the investment of money belonging to the trust property is made only by methods equivalent to the methods prescribed in Article 141-2, paragraph (1), item (v) of the Cabinet Office Order on Financial Instruments Business (Cabinet Office Order No. 52 of 2007);
  - (vi) if the appraised value of the principal of the trust property is less than the required amount of segregated user management (meaning the total of the individual amounts of segregated user management (meaning the amount of the users' money that the cryptoasset exchange service provider manages in connection with its cryptoasset exchange services, as calculated for each user; the same applies in item (xiv) and the following paragraph); hereinafter the same applies in this Article), money in an amount equivalent to the shortfall amount is added to the trust property by the cryptoasset exchange service provider, within two business days counting from the day immediately after the day when the shortfall takes place;
  - (vii) the cryptoasset exchange service provider calculates the appraisal value of principal of the trust property based on the market value thereof (excluding a case in which the segregated user management trust is a money trust created with a financial institution engaging in the trust business with a contractual agreement on principal protection);
  - (viii) if the segregated user management trust is a money trust created with a

financial institution engaging in the trust business with a contractual agreement on principal protection, the appraised value of the principal of the trust property therein is used as the amount of the principal of the money trust;

- (ix) in cases other than the following cases, all or part of the contract regarding a segregated user management trust may not be terminated:
  - (a) if the appraised value of the principal of the trust property exceeds the required amount of segregated user management, when intending to terminate all or part of the contract regarding the segregated user management trust to the extent of that excess amount; and
  - (b) when intending to terminate all or part of the contract regarding the segregated user management trust for the purpose of entrusting it as a trust property regarding another segregated user management trust;
- (x) the trust property regarding the termination of all or part of the contract regarding the segregated user management trust effected in a case set forth in (a) or (b) of the preceding item is to be vested in the settlor;
- (xi) if the cryptoasset exchange service provider comes to fall under any of item (iv), (a) through (d), the cryptoasset exchange service provider may not give the trustee any investment instruction on the trust property, unless otherwise specifically permitted by an agent for the beneficiary who is an attorney, etc.;
- (xii) if an agent for the beneficiary who is an attorney, etc. finds it necessary, the beneficial right of the users is exercised collectively for all users by the agent for the beneficiary;
- (xiii) if the beneficial right of the users has been exercised collectively by an agent for the beneficiary who is an attorney, etc., the trust agreement regarding the beneficial right may be ended;
- (xiv) the amount to be paid to each user when the user exercises the beneficial right is to be the amount obtained by multiplying the realized amount of principal (meaning the amount obtained by realizing the principal of the trust property under the segregated user management trust (or the amount of principal if the segregated user management trust is a money trust created with a financial institution engaging in the trust business with a contractual agreement on principal protection)); the same applies in the following item) as of the day of the exercise of the beneficial right by the proportion of the individual amount of segregated user management regarding that user against the required amount of segregated user management as of that date (if the amount thus obtained exceeds the individual amount of segregated user management, the individual amount of segregated user management); and
- (xv) if the realized amount of principal as of the day on which a user exercises

the beneficial right exceeds the required amount of segregated user management, that excess amount is to be vested in the settlor.

- (2) A cryptoasset exchange service provider must calculate the individual amount of segregated user management and the required amount of segregated user management every business day.

(Management of Users' Cryptoassets)

Article 27 (1) When a cryptoasset exchange service provider manages the cryptoassets of the users based on the provisions of the first sentence of Article 63-11, paragraph (2) of the Act, the cryptoasset exchange service provider must manage the cryptoassets in the method specified in the following items for the categories of cryptoassets respectively set forth therein:

- (i) cryptoassets that the cryptoasset exchange service provider manages by itself: the method to clearly divide the cryptoassets of the users and its own cryptoassets and manage the cryptoassets of the users in a manner wherein each user's cryptoassets can be identified immediately (including a manner wherein the quantity of each user's cryptoassets can be identified immediately in one's books; the same applies in the following item); or
- (ii) cryptoassets that the cryptoasset exchange service provider has a third party manage: the method to have the third party clearly divide the cryptoassets of the users and other cryptoassets and have the third party manage the cryptoassets of the users in a manner wherein each user's cryptoassets can be identified immediately.

- (2) The requirement specified by Cabinet Office Order as prescribed in the second sentence of Article 63-11, paragraph (2) of the Act is that the amount of cryptoassets of the users is the minimum amount of cryptoassets that are required to be managed by means other than those specified in the following paragraph for ensuring the convenience of users of the cryptoasset exchange services and achieving smooth provision of the cryptoasset exchange services, in light of the state of the cryptoasset exchange services it carried out (limited to cases where the equivalent amount converted to the Japanese currency of the quantity of the cryptoassets does not exceed the amount obtained by multiplying the equivalent amount converted to the Japanese currency of the quantity of the cryptoassets of the users under its management by five percent).

- (3) The means specified by the Cabinet Office Order as prescribed in the second sentence of Article 63-11, paragraph (2) of the Act as being less likely to weaken the protection of users are those specified in the following items according to the categories of cases respectively set forth therein:

- (i) if the cryptoasset exchange service provider manages the cryptoassets by itself: a means of managing information necessary for transferring cryptoassets of the users of the cryptoasset exchange services by recording it

- on an electronic device always disconnected from the internet, an electronic or magnetic recording medium, or other recording medium (including a document or any other object), or to manage the information by taking technical security control measures equivalent to the former; and
- (ii) if the cryptoasset exchange service provider has a third party manage the cryptoassets: a means found to ensure the protection of users at an equivalent level to that in the case of the management by the cryptoasset exchange service provider itself with regard to the preservation of cryptoassets of the users of the cryptoasset exchange services.

(Audit of Separate Management of Users' Property)

- Article 28 (1) A cryptoasset exchange service provider (limited to a person who conducts the acts set forth in Article 2, paragraph (7), item (iii) of the Act or the management of cryptoassets) must have a certified public accountant or an audit corporation audit the status of its management under the provisions of Article 63-11, paragraphs (1) and (2) of the Act (hereinafter this audit is referred to as an "audit of separate management") based on the provisions of paragraph (3) of the same Article, at least once each year, in accordance with the rules designated by the Commissioner of the Financial Services Agency.
- (2) The following persons may not conduct an audit of separate management:
- (i) a person who may not conduct the services related to auditing under the provisions of Article 63-11, paragraph (3) of the Act, pursuant to the provisions of the Certified Public Accountants Act;
  - (ii) a person who receives remuneration for a service other than the service of a certified public accountant or an audit corporation, on a regular basis, from a subsidiary company (meaning the subsidiary company prescribed in Article 2, item (iii) of the Companies Act) of the cryptoasset exchange service provider or from any of its director, accounting advisor, company auditor or executive officer, or the spouse of that person; or
  - (iii) an audit corporation in which at least one-half of members are persons set forth in the preceding item.

(Management of Performance-Guarantee Cryptoassets)

- Article 29 (1) If a cryptoasset exchange service provider manages performance-guarantee cryptoassets based on the provisions of the first sentence of Article 63-11-2, paragraph (1) of the Act, the cryptoasset exchange service provider must manage the performance-guarantee cryptoassets by the means specified in the following items for the categories of performance-guarantee cryptoassets respectively set forth therein:
- (i) performance-guarantee cryptoassets that the cryptoasset exchange service provider manages by itself: by means which clearly divide the performance-

guarantee cryptoassets from the cryptoassets of the users and its own cryptoassets other than performance-guarantee cryptoassets and manage the performance-guarantee cryptoassets in a manner wherein the performance-guarantee cryptoassets can be identified immediately (including a manner wherein the quantity of the performance-guarantee cryptoassets can be identified immediately in one's books; the same applies in the following item); or

(ii) performance-guarantee cryptoassets that the cryptoasset exchange service provider has a third party manage: by means which have the third party clearly divide the performance-guarantee cryptoassets and other cryptoassets and have the third party manage the performance-guarantee cryptoassets in a manner wherein performance-guarantee cryptoassets can be identified immediately.

(2) The means specified by the Cabinet Office Order as prescribed in the second sentence of Article 63-11-2, paragraph (1) of the Act which are less likely to weaken the protection of users are those specified in the following items according to the categories of cases respectively set forth therein:

(i) if the cryptoasset exchange service provider manages the performance-guarantee cryptoassets by itself: the means of managing information necessary for transferring performance-guarantee cryptoassets by recording it on an electronic device always disconnected from the internet, an electronic or magnetic recording medium or other recording medium (including a document or any other object), or to manage such information by taking technical security control measures equivalent to the former; and

(ii) if the cryptoasset exchange service provider has a third party manage the performance-guarantee cryptoassets: a means found to ensure the protection of users at an equivalent level to the level in the case of the management by the cryptoasset exchange service provider itself with regard to the preservation of performance-guarantee cryptoassets.

(Audit of Separate Management of Performance-Guarantee Cryptoassets)

Article 30 The provisions of Article 28 apply mutatis mutandis in the case where the provisions of Article 63-11, paragraph (3) of the Act apply mutatis mutandis pursuant to Article 63-11-2, paragraph (2) of the Act. In this case, the term "audit of separate management" in Article 28 is deemed to be replaced with "audit of separate management of performance-guarantee cryptoassets".

(Persons with Expert Knowledge and Experience in Particulars Related to Consumer Affairs)

Article 31 The persons specified by Cabinet Office Order as prescribed in Article 63-12, paragraph (4) of the Act are those who have any of the following

qualifications and have engaged in the business of responding to consumer affairs consultations (meaning the consumer affairs consultations prescribed in Article 13, paragraph (3), item (v), (a) of the Consumer Contract Act (Act No. 61 of 2000)) for a period of not less than five years in total:

- (i) the qualification as the consumer-specialized counselor granted by the National Consumer Affairs Center of Japan;
- (ii) the qualification as the consumer advisor granted by the Japan Industrial Association; or
- (iii) the qualification as the consumer consultant granted by the Japan Consumer's Association.

(Complaint Processing Measures and Dispute Resolution Measures in Relation to Cryptoasset Exchange Services)

Article 32 (1) The measures specified by Cabinet Office Order as complaint processing measures prescribed in Article 63-12, paragraph (4) of the Act are any of the following:

- (i) to take all of the following measures:
  - (a) to establish a system for business operation sufficient to execute operations for processing complaints related to cryptoasset exchange services (meaning the complaints related to cryptoasset exchange services out of the complaints related to the funds transfer service, etc. prescribed in Article 2, paragraph (22) of the Banking Act as applied mutatis mutandis pursuant to Article 101, paragraph (1) of the Act following the deemed replacement of terms; hereinafter the same applies in this paragraph and paragraph (3)) in a fair and appropriate manner;
  - (b) to establish internal rules for the fair and appropriate execution of operations for processing complaints related to cryptoasset exchange services (limited to the internal rules including the provisions clarifying the sharing of responsibility in the company with regard to the relevant business);
  - (c) to inform the users of the entity to which complaints related to cryptoasset exchange services are to be made and make public the system for business operations referred to in (a) and the internal rules referred to in (b) above;
- (ii) to seek to process complaints related to cryptoasset exchange services through the resolution of complaints carried out by the certified association for payment service providers;
- (iii) to seek to process complaints related to cryptoasset exchange services through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Act on Consumer Policies (Act No. 78 of 1968);
- (iv) to seek to process complaints related to cryptoasset exchange services

- through complaint processing procedures carried out by a person who has obtained any of the designations set forth in the items of Article 24 of the Order; or
- (v) to seek to process complaints related to cryptoasset exchange services through complaint processing procedures carried out by a corporation (meaning the corporation prescribed in Article 99, paragraph (1), item (i) of the Act; the same applies in item (iv) of the following paragraph) that has a financial basis and a personnel structure sufficient to execute operations for processing complaints related to cryptoasset exchange services in a fair and appropriate manner.
- (2) The measures specified by Cabinet Office Order as dispute resolution measures prescribed in Article 63-12, paragraph (5) of the Act are any of the following:
- (i) to seek to resolve disputes related to cryptoasset exchange services (meaning the disputes related to cryptoasset exchange services out of the disputes related to the funds transfer service, etc. prescribed in Article 2, paragraph (23) of the Banking Act as applied mutatis mutandis pursuant to Article 101, paragraph (1) of the Act following the deemed replacement of terms; hereinafter the same applies in this Article) through the mediation by an organization prescribed in the association rules prescribed in Article 33, paragraph (1) of the Attorneys Act (Act No. 205 of 1949) or in the rules established under the provisions of those association rules or through the arbitration procedures carried out by that organization;
  - (ii) to seek to resolve disputes related to cryptoasset exchange services through the mediation prescribed in Article 19, paragraph (1) or Article 25 of the Basic Act on Consumer Policies or through the agreement prescribed in the same Article;
  - (iii) to seek to resolve disputes related to cryptoasset exchange services through dispute resolution procedures carried out by a person who has obtained any of the designations set forth in the items of Article 24 of the Order; or
  - (iv) to seek to resolve disputes related to cryptoasset exchange services through dispute resolution procedures carried out by a corporation that has a financial basis and a personnel structure sufficient to execute the business of resolving disputes related to cryptoasset exchange services in a fair and steady manner.
- (3) Notwithstanding the provisions of the preceding two paragraphs (limited to paragraph (1), item (v) and item (iv) of the preceding paragraph), a cryptoasset exchange service provider must not seek to process complaints related to cryptoasset exchange services or to resolve disputes related to cryptoasset exchange services through the procedures carried out by a corporation falling

under any of the following items:

- (i) a corporation that has been sentenced to a fine under the provisions of the Act or the Attorneys Act, and for whom five years have not passed since the day when the execution of the sentence terminated or the day on which the person is no longer subject to the execution of the sentence;
- (ii) a corporation whose designation under Article 99, paragraph (1) of the Act has been revoked under the provisions of Article 100, paragraph (1) of the Act, and for whom five years have not passed from the date of the revocation, or a corporation whose designation set forth in the items of Article 24 of the Order has been revoked, and for whom five years have not passed from the date of the revocation;
- (iii) a corporation that has, in its officers conducting the business thereof (if the officer is a corporation, including the person to perform its duties; hereinafter the same applies in this item), those falling under either of the following:
  - (a) a person who has been sentenced to imprisonment without work or heavier punishment or has been sentenced under the provisions of the Act or the Attorneys Act, and for whom five years have not passed since the day when the execution of the punishment terminated or the person ceased to be subject to the execution of the sentence; or
  - (b) a person who was an officer of a corporation whose designation under Article 99, paragraph (1) of the Act was revoked under the provisions of Article 100, paragraph (1) of the Act, within one month before the date of the revocation, and for whom five years have not passed from the date of the revocation; or a person who was an officer of a corporation whose designation set forth in the items of Article 24 of the Order was revoked, within one month before the date of the revocation, and for whom five years have not passed from the date of the revocation.

### **Chapter III Supervision**

(Preparation and Keeping of Books and Documents Regarding Cryptoasset Exchange Services)

Article 33 (1) The books and documents regarding cryptoasset exchange services as prescribed in Article 63-13 of the Act are the following books and documents:

- (i) transaction records regarding cryptoasset exchange services;
- (ii) a general ledger;
- (iii) a customer ledger (limited to the case where the cryptoasset exchange service provider concludes a contract with the users of the cryptoasset exchange services under which transactions regarding cryptoasset exchange



- services are carried out on an ongoing or recurring basis);
- (iv) order forms;
  - (v) records of the amount of the money of the users of cryptoasset exchange services that the cryptoasset exchange service provider manages on each business day (limited to a person who conducts the acts set forth in Article 2, paragraph (7), item (iii) of the Act);
  - (vi) records of the amount of trust property regarding a segregated user management trust on each business day (limited to a person who conducts the acts set forth in Article 2, paragraph (7), item (iii) of the Act);
  - (vii) records of the quantity of the cryptoassets of the users that the cryptoasset exchange service provider manages on each business day (limited to a person who conducts the management of cryptoassets);
  - (viii) records concerning the results of the audit of separate management (limited to a person who conducts the acts set forth in Article 2, paragraph (7), item (iii) of the Act or the management of cryptoassets); and
  - (ix) records concerning the results of the audit of separate management of performance-guarantee cryptoassets (limited to a person who conducts the management of cryptoassets).
- (2) A cryptoasset exchange service provider must keep the books and documents set forth in items (i) through (iii) of the preceding paragraph for at least ten years from the day of the closing of the books, the books and documents set forth in item (iv) of the same paragraph for at least seven years from the day of the closing of the books, and the books and documents set forth in items (v) through (ix) of the same paragraph for at least five years from the day of the closing of the books.
- (3) The books and documents set forth in the items of paragraph (1) must be kept in Japan; provided, however, that this does not apply if the relevant books and documents are prepared at a business office established in a foreign state and when copies thereof are kept in Japan without delay after they are prepared, or when the books and documents are prepared in the form of an electronic or magnetic record (meaning a record made in an electronic, magnetic, or any other format not recognizable to human perception, which is used in information processing by computers; hereinafter the same applies in this paragraph and Article 38, paragraph (2), items (iii) and (iv)) and are kept under a situation where the particulars recorded in those electronic or magnetic records can be inspected without delay at a business office established in Japan.

(Transaction Records Regarding Cryptoasset Exchange Services)

Article 34 (1) The transaction records regarding cryptoasset exchange services prescribed in paragraph (1), item (i) of the preceding Article are as follows:

- (i) a transaction diary;
  - (ii) transaction records for intermediation or agency services; and
  - (iii) the business' own ledger.
- (2) The following particulars must be stated in the transaction diary referred to in item (i) of the preceding paragraph, with regard to the acts set forth in Article 2, paragraph (7), items (i) and (ii) of the Act (excluding acts regarding an intermediation or agency service):
- (i) the date of the contract;
  - (ii) the name of the user of the cryptoasset exchange services (limited to the case where transactions regarding cryptoasset exchange services are carried out with the user on an ongoing or recurring basis);
  - (iii) whether it is a transaction for itself or a brokerage;
  - (iv) whether it is a sale or purchase of a cryptoasset or an exchange with another cryptoasset;
  - (v) the name of the cryptoasset;
  - (vi) the quantity of the cryptoasset;
  - (vii) the contract price or unit price and the amount (in the case of an exchange with another cryptoasset, the name of that other cryptoasset and the price equivalent to the contract price);
  - (viii) the name of the counterparty (limited to the case of a brokerage);
  - (ix) the amount of the fees, remuneration or any other consideration receivable in relation to the transaction (limited to the case of a brokerage); and
  - (x) in the case of a cryptoasset margin transaction, the following particulars:
    - (a) the fact that it is a cryptoasset margin transaction;
    - (b) whether it is a new transaction or settlement transaction;
    - (c) the amount of obligation for the credit granted, and the due date for the payment; and
    - (d) the amount of the fees, remuneration, or any other consideration receivable in relation to the cryptoasset margin transaction.
- (3) The following particulars must be stated in the transaction record regarding an intermediation or agency service referred to in paragraph (1), item (ii), with regard to the acts set forth in Article 2, paragraph (7), item (ii) of the Act (limited to acts regarding an intermediation or agency service):
- (i) the date when the intermediation or agency service was provided;
  - (ii) the name of the user of the cryptoasset exchange services;
  - (iii) whether it is an intermediation or agency service;
  - (iv) the details of the intermediation or agency service;
  - (v) the name of the cryptoasset;
  - (vi) the quantity of the cryptoasset;
  - (vii) the contract price or unit price and the amount (in the case of an exchange with another cryptoasset, the name of that other cryptoasset and the price

- equivalent to the contract price);
- (viii) the amount of the fees, remuneration or any other consideration receivable in relation to the intermediation or agency service; and
- (ix) in the case of a cryptoasset margin transaction, the following particulars:
  - (a) the fact that it is a cryptoasset margin transaction;
  - (b) whether it is a new transaction or settlement transaction; and
  - (c) the amount of obligation for the credit granted, and the due date for the payment; and
  - (d) the amount of the fees, remuneration, or any other consideration receivable in relation to the cryptoasset margin transaction.
- (4) The following particulars must be stated in the business' own ledger referred to in paragraph (1), item (iii):
  - (i) the name of the cryptoasset;
  - (ii) the date of the contract;
  - (iii) the name of the counterparty (limited to the case of a transaction wherein the counterparty is selected on its own);
  - (iv) whether it is a sale or purchase of a cryptoasset or an exchange with another cryptoasset;
  - (v) the quantity of the cryptoasset; and
  - (vi) the balance of the amount of the money and the quantity of the cryptoasset that it holds.

(Customer Ledgers)

- Article 35 (1) Customer ledgers as prescribed in Article 33, paragraph (1), item (iii) consists of the following:
- (i) a user ledger (limited to a person who conducts the exchange of cryptoassets, etc.);
  - (ii) a book on the description of the cryptoasset management (limited to a person who conducts the management of cryptoassets);
- (2) The user ledger referred to in item (i) of the preceding paragraph must be prepared for each user of the cryptoasset exchange services and the following particulars must be stated therein:
- (i) the name of the user;
  - (ii) the deposit and withdrawal of money and the dates thereof, and the outstanding balance;
  - (iii) the name of the cryptoasset;
  - (iv) whether it is a transaction for itself, intermediation, brokerage, or agency service;
  - (v) whether it is a sale or purchase of a cryptoasset or an exchange with another cryptoasset;
  - (vi) the date of the contract;

- (vii) the quantity of the cryptoasset; and
  - (viii) the contract price or unit price and the amount (in the case of an exchange with another cryptoasset, the name of that other cryptoasset and the price equivalent to the contract price).
  - (ix) in the case of a cryptoasset margin transaction, the following particulars:
    - (a) the fact that it is a cryptoasset margin transaction;
    - (b) the amount of obligation for the credit granted, and the due date for the payment; and
    - (c) particulars concerning a security deposit (the type of security deposit, the dates of receipt or return, and the amount or quantity).
- (3) The book on the description of the cryptoasset management referred to in paragraph (1), item (ii) must be prepared for each user of the cryptoasset exchange services and the following particulars must be stated therein:
- (i) the name of the user;
  - (ii) whether it is an acceptance or withdrawal and the date thereof, and the outstanding balance;
  - (iii) the name of a person who manages the user's cryptoasset;
  - (iv) the name of the cryptoasset; and
  - (v) the quantity of the cryptoasset.

#### (Order Forms)

Article 36 The following particulars must be stated in the order form referred to in Article 33, paragraph (1), item (iv), with regard to the acts set forth in Article 2, paragraph (7), items (i) and (ii) of the Act:

- (i) whether it is a transaction for itself, intermediation, brokerage or agency service (it is a transaction for itself in the case of the placement of an order for a self-transaction);
- (ii) the name of the user of the cryptoasset exchange services;
- (iii) the name of the cryptoasset;
- (iv) whether it is for a sale or purchase of a cryptoasset or an exchange with another cryptoasset;
- (v) the volume of the order received and the volume of the order placed;
- (vi) the volume of the contract executed;
- (vii) whether it is a limit order or market order (in the case of a limit order, the price and valid period of the order (excluding any order of which the valid period is the day of the order) are included);
- (viii) the date and time of receipt and placement of the order;
- (ix) the date and time of the contract;
- (x) the contract price or unit price and the amount (in the case of an exchange with another cryptoasset, the name of that other cryptoasset and the price equivalent to the contract price);

- (xi) in the case of a cryptoasset margin transaction, the following particulars:
  - (a) the fact that it is a cryptoasset margin transaction;
  - (b) whether it is a new transaction or settlement transaction; and
  - (c) the amount of obligation for the credit granted, and the due date for the payment;
- (xii) if the transaction did not come into effect, that fact and the cause thereof, in lieu of the particulars set forth in items (vi), (ix), and (x);

(Reports on Cryptoasset Exchange Services)

Article 37 (1) The written report on cryptoasset exchange services referred to in Article 63-14, paragraph (1) of the Act must be prepared using appended Form 11 (in the case of a foreign cryptoasset exchange service provider, appended Form 12) by separating it into a business summary and a document containing the status of income and expenditure regarding the cryptoasset exchange services and must be submitted to the Commissioner of the Financial Services Agency within three months from the last day of the relevant business year (in the case of a foreign cryptoasset exchange service provider, within four months from the last day of the relevant business year).

- (2) If intending to submit the written report referred to in the preceding paragraph, a cryptoasset exchange service provider must submit it to the Commissioner of the Financial Services Agency by attaching the latest balance sheet (including the related notes) and profit and loss statement (including the related notes), and in the case of a cryptoasset exchange service provider that conducts the management of cryptoassets, also attaching an audit report prepared by a certified public accountant or audit corporation regarding these documents.

(Reports on the Management of Users' Property)

Article 38 (1) Written reports as referred to in Article 63-14, paragraph (2) of the Act must be prepared using appended Form 13 for each period dividing the business year by three months (hereinafter referred to as the "subject period" in this Article) and must be submitted to the Commissioner of the Financial Services Agency within one month from the last day of the subject period.

- (2) If intending to submit the written report referred to in the preceding paragraph, a cryptoasset exchange service provider must submit it to the Commissioner of the Financial Services Agency by attaching documents specified in the following items for the categories of cases respectively set forth therein; provided, however, that in the case of the documents specified in item (i), it is sufficient to submit them within two months from the last day of the subject period regarding the written report:
  - (i) when conducting the management of cryptoassets: the balance sheet

- (including related notes) and profit and loss statement (including related notes) regarding the subject period;
- (ii) when managing the money of the users of the cryptoasset exchange services: a certificate of the balance issued by the trust company, etc.;
  - (iii) when managing the cryptoassets of the users of the cryptoasset exchange services by the method specified in the items of Article 27, paragraph (1): a print-out of the information on the balance of the cryptoasset recorded in electronic or magnetic records or other document proving the balance of the cryptoasset;
  - (iv) when managing performance-guarantee cryptoassets by the methods specified in the items of Article 29, paragraph (1): a print-out of the information on the balance of the performance-guarantee cryptoassets recorded in electronic or magnetic records or other document proving the balance of the performance-guarantee cryptoassets;
  - (v) when undergoing an audit of separate management: a copy of the latest report submitted by the certified public accountant or audit corporation; and
  - (vi) when undergoing an audit of separate management of performance-guarantee cryptoassets: a copy of the latest report submitted by the certified public accountant or audit corporation.

(Means of Giving Public Notice)

Article 39 The public notice under the provisions of Article 63-17, paragraph (2) and Article 63-19 of the Act is to be given in the Official Gazette.

#### **Chapter IV Miscellaneous Provisions**

(Notifications of Discontinuation of Business)

Article 40 (1) A person intending to make a notification under the provisions of Article 63-20, paragraph (1) of the Act must submit to the Commissioner of the Financial Services Agency a written notice prepared using appended Form 14.

(2) The following particulars must be stated in the written notice referred to in the preceding paragraph:

- (i) the trade name;
- (ii) the registration date and registration number;
- (iii) the reason for the notification;
- (iv) the date on which the cryptoasset exchange service provider came to fall under any of the items of Article 63-20, paragraph (1) of the Act;
- (v) if the cryptoasset exchange service provider has discontinued all or part of the cryptoasset exchange services, the reason therefor; and
- (vi) if the cryptoasset exchange service provider has discontinued all or part of the cryptoasset exchange services by way of transfer of business, merger, or

company split, or for other reasons, the means for business succession and the successor.

- (3) The public notice under the provisions of Article 63-20, paragraph (3) of the Act is to be published in the Official Gazette, in a daily newspaper that publishes particulars on current events, or by means of electronic public notice prescribed in Article 2, item (xxxiv) of the Companies Act.
- (4) The public notice and the posting at business offices under the provisions of Article 63-20, paragraph (3) of the Act are to inform of the methods of completing the performance of obligations under the provisions of paragraph (5) of the same Article and returning or transferring the users' property to the users of the cryptoasset exchange services, except for the case where a public notice is given due to business succession by way of transfer of business, merger or company split, or for other reasons.
- (5) When having given a public notice under the provisions of Article 63-20, paragraph (3) of the Act, a cryptoasset exchange service provider must immediately submit to the Commissioner of the Financial Services Agency a written notice prepared using appended Form 15 by attaching a copy of the public notice.
- (6) When intending to discontinue all or part of the cryptoasset exchange services by way of transfer of business, merger or company split, or for other reasons, a cryptoasset exchange service provider must attach a document containing the terms and conditions of the contract regarding the business succession and the method for the business succession to the written notice referred to in the preceding paragraph.

#### (Notification of Violation of Laws and Regulations)

Article 41 If a cryptoasset exchange service provider has come to know that its director, etc. or employee has committed violation of laws and regulations with regard to the cryptoasset exchange services or an act that hinders the proper and steady provision of cryptoasset exchange services, the cryptoasset exchange service provider is to submit to the Director-General of a Local Finance Bureau, etc. a written notice prepared using appended Form 16 containing the following particulars, within two weeks from the day on which it came to know that fact:

- (i) the name of the business office at which the relevant act occurred;
- (ii) the name and the title of the director, etc. or employee who committed that act; and
- (iii) summary of the act.

#### (Government Agencies through Which to Submit Written Notifications)

Article 42 (1) If a cryptoasset exchange service provider (including a person

intending to obtain a registration referred to in Article 63-2 of the Act; the same applies in the following Article) submits to the Commissioner of the Financial Services Agency the written application for registration prescribed in Article 4 and other documents prescribed in the Act and this Cabinet Office Order (hereinafter referred to as "written application, etc." in the following paragraph and the following Article), the cryptoasset exchange service provider must submit it through the Director-General of a Local Finance Bureau with jurisdiction over the location of the head office of the cryptoasset exchange service provider (when the office is located within the jurisdictional district (excluding the jurisdictional district of a Local Finance Office) of the Fukuoka Local Finance Branch Bureau, the Director-General of the Fukuoka Local Finance Branch Bureau; and when the office is located within the jurisdictional district of a Local Finance Office or the Otaru Sub-office or Kitami Sub-office of the Hokkaido Local Finance Bureau, the Head of the Local Finance Office or sub-office (referred to as the "Head of the Local Finance Office, etc." in the following paragraph and the following Article)).

- (2) If a cryptoasset exchange service provider intends to submit a written application, etc. to the Director-General of a Local Finance Bureau, etc., and there is a Head of the Local Finance Office, etc. with jurisdiction over the location of the head office of the cryptoasset exchange service provider, the cryptoasset exchange service provider must submit the written application, etc. to the Director-General of a Local Finance Bureau, etc. through the Head of the Local Finance Office, etc.

(Submission of Written Applications through Certified Associations for Payment Service Providers)

Article 43 When intending to submit a written application, etc. to the Commissioner of the Financial Services Agency or the Director-General of a Local Finance Bureau, etc. (including submission through the Head of the Local Finance Office, etc. under the provisions of the preceding Article), a cryptoasset exchange service provider may submit it through a certified association for payment service providers.

(Standard Processing Period)

Article 44 (1) The Commissioner of the Financial Services Agency is to endeavor to process any application for registration made pursuant to the provisions of Article 63-2 of the Act within two months from the day on which the application has arrived at the office.

- (2) The period prescribed in the preceding paragraph does not include the following period:

(i) the period required to amend the application;



- (ii) the period required for the applicant to change the details of the application; or
- (iii) the period required for the applicant to add materials that are found to be necessary for the examination regarding the application.