

Act on Deposit Transactions (Tentative translation)

(Act No. 62 of May 23, 1986)

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Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to protect the interests of depositors pertaining to a deposit transaction agreement, by establishing regulations concerning the prevention of damages which the depositors may suffer from a deposit transaction agreement, and establishing measures which, in principle prohibit deposit transactions involving sales.

(Definitions)

Article 2 (1) The term "deposit transaction " as used in this Act means the following transactions:

- (i) a transaction in which one party promises the other party that the one party will accept deposits for goods for a period not shorter than the period set forth by Cabinet Office Order (excluding cases that fall under the acceptance of a trust; including cases in which money or other alternative goods will be delivered in lieu of the return of deposited goods) and that the one party will give the other party economic benefits with regard to the deposits, or one party promises the other party that the one party will accept deposits for goods (excluding cases that fall under the acceptance of a trust) and that the one party will purchase the goods at a certain fixed price (including a price

- that will be determined according to a specified method) after the passage of a period not shorter than the period set forth by Cabinet Office Order, and under which the other party, in response, promises to make deposits for the goods; and
- (ii) an agreement under which one party promises the other party that the one party will manage the following rights (hereinafter referred to as " specified rights ") for a period not shorter than the period set forth by the Cabinet Office Order referred to in the previous item (excluding cases in which the specified rights are managed through a trust; including cases in which money or other alternative goods will be delivered in lieu of the specified rights after the passage of period) and that the one party will give economic benefits with regard to the management, or one party promises the other party that the one party will manage the specified rights (excluding cases in which the specified rights are managed through a trust) and that the one party will purchase the specified rights at a certain fixed price (including a price that will be determined according to a specified method) after the passage of a period not shorter than the period set forth by Cabinet Office Order, and under which the other party, in response, promises to allow the one party to manage the specified rights.
- (a) facility use rights specified by Cabinet Order;
- (b) goods use rights, claims for delivery, and any other rights similar thereto.
- (2) The term "depository service provider" as used in this Act means a person engaged in the acceptance of deposits for goods, or in the management of facility use rights, under deposit transactions (including the sale of the relevant goods or specified rights that is used as the target of the deposit transaction) in the course of trade (excluding a person specified by Cabinet Order as a person to whom the provisions of other Acts that ensure the fairness of a transaction and prevention of damages that depositors may suffer from deposit transaction agreements apply).
- (3) The term "solicitor" as used in this Act means a person who is hired by a depository service provider to solicit a deposit transaction (including solicitation pertaining to the sale of goods or specified rights in order to use them as the target of the deposit transaction; the same applies hereinafter).
- (4) The term "depositor" as used in this Act means a person who concludes an agreement pertaining to a deposit transaction (hereinafter referred to as "deposit transaction agreement") with a depository service provider.

Chapter II Deposit Transactions

Section 1 Provisions Concerning Deposit Transactions

(Provision of Documents)

Article 3 (1) When a depository service provider intends to conclude a deposit transaction agreement, the depository service provider must provide a written document containing the following particulars to the client, pursuant to the provisions of Cabinet Office Order, by the time that the deposit transaction agreement is concluded:

- (i) the particulars related to the details and performance of the deposit transaction agreement that are specified by Cabinet Office Order; and
- (ii) the particulars concerning the status of the services and property of the depository service provider that are specified by Cabinet Office Order.

(2) When a depository service provider concludes or renews a deposit transaction agreement, the deposit service provider must, pursuant to the provisions of Cabinet Office Order, provide a written document containing the following particulars to the client with regard to the details and performance of the deposit transaction agreement without delay:

- (i) the type, number, and price of the goods, or the details and market value of the specified rights;
- (ii) the duration for which the deposit service provider will accept deposits for the goods, or the duration for which they will manage the specified rights;
- (iii) the details of the economic benefits to be delivered, and the timing and method of the delivery (for agreements under which the goods or the specified rights will be purchased, the purchase price or the method used for the calculation thereof);
- (iv) where a depository service provider collects fees from a depositor, the rate or amount of the fees, and the timing and method of collection thereof;
- (v) particulars related to the cancellation of the agreement (including particulars related to the provisions of Article 7, paragraphs (1) through (4) Article 8, paragraphs (1) and (2) and Article 17, paragraphs (1) through (4));
- (vi) where there are particulars for liquidated damages (including penalties for breach of contract), the details thereof;
- (vii) whether or not there are any measures to secure the return of the goods to the depositor or to allow the depositor to acquire the specified rights (including measures to secure the delivery of money or other alternative goods to the depositor, in lieu of the return thereof or the acquisition thereby), and if there are, the details thereof; and
- (viii) beyond what is set forth in the preceding items, the particulars specified by Cabinet Office Order.

(3) In lieu of delivering a document referred to in paragraph (2) of the preceding paragraph, a depository service provider may provide the information that is required to be given in the document by electronic or magnetic means (meaning by using an electronic data processing system or employing other information and communications technology in the manner that Cabinet Office Order

prescribes; the same applies hereinafter) with the approval of the customer or depositor and pursuant to the provisions of Cabinet Order. In this case, the depository service provider is deemed to have delivered the document.

(4) The provision of information that should be described in documents under paragraph (2) as specified in the earlier part of the previous paragraph through electromagnetic means (other than the means specified by Cabinet Office Order) means that the information is deemed to have reached the depositor when it is recorded in a file stored on the computer used by the depositor.

(Prohibition of Unjust Solicitation)

Article 4 (1) When a depository service provider or a solicitor (hereinafter referred to as "depository service providers, etc.") solicits the conclusion or renewal of a deposit transaction agreement, or with the intention of preventing the cancellation of a deposit transaction agreement, the depository service provider must not intentionally fail to tell a fact, nor provide a false statement, in relation to the particulars specified by Cabinet Order as important particulars that may have an impact on the customers' decision concerning the deposit transaction agreement or concerning the purchase of the good or specified rights.

(2) Depository service providers, etc. shall not use intimidation to overwhelm a person when soliciting the conclusion or renewal of a deposit transaction agreement, or with the intention of preventing the cancellation of a deposit transaction agreement.

Article 5 A depository service provider, etc. must not engage in any of the following acts:

(i) refusing to perform, or unreasonably delaying performance of, the obligations under a deposit transaction agreement, or the obligations that occur through the cancellation of a deposit transaction agreement, in whole or in part;

(ii) beyond what is set forth in the preceding two items, acts in relation to deposit transaction agreements that are specified by Cabinet Office Order as acts that compromise the protection of customers or depositors.

(Inspection of Documents)

Article 6 (1) A depository service provider must, pursuant to the provisions of Cabinet Office Order, retain documents specifying the status of its services and property at each place of business where services related to deposit transaction are conducted.

(2) A depository service provider must, pursuant to the provisions of Cabinet

Office Order, prepare and keep books and documents related to deposit transaction agreements concluded or renewed with each depositor.

- (3) A depositor may make a request to the depository service provider for the inspection or copying of the documents set forth in paragraph 1 or the books and documents set forth in the preceding paragraph (limited to those related to deposit transaction agreements concluded or renewed by the relevant depositor), pursuant to the provisions of a Cabinet Office Order; in this case, the depository service provider may not refuse the request unless it is clear that the purpose thereof is to harm the services of the depository service provider.

Section 2 Cancellation of Deposit Transaction Agreements

(Cancellation of Deposit Transaction Agreements)

- Article 7 (1) Until 14 days have elapsed from the day on which a depositor received the documents set forth in Article 3, paragraph (2) (if the depositor did not cancel the deposit transaction agreement under the provisions of this paragraph within the period because the depositor was under the misapprehension that the information about canceling a deposit transaction agreement under the provisions of this paragraph that the depository service provider had misrepresented to the depositor was true, or because the depository service provider used intimidation and caused the depositor to be overwhelmed, until 14 days have elapsed from the day on which the depositor receives a document delivered by the depository service provider, pursuant to the provisions of Cabinet Office Order, stating that the deposit transaction agreement can be cancelled under the provisions of this paragraph), the depositor may cancel a deposit transaction agreement through documents or electronic or magnetic records (meaning records used in computerized information processing which are created in electronic form, magnetic form, or any other form that cannot be perceived by the human senses; the same applies hereinafter).
- (2) The cancellation of a deposit transaction agreement referred to in the provisions of the preceding paragraph becomes effective at the time when the depositor issues a notification in writing or in electronic or magnetic records stating that the depository service provider will cancel the deposit transaction agreement.
- (3) When a deposit transaction agreement has been cancelled under the provisions of paragraph (1), the depository service provider may not claim damages or demand payment of a penalty pertaining to the cancellation of the deposit transaction agreement.
- (4) Where a deposit transaction agreement referred to in paragraph (1) is

cancelled, under the relevant deposit transaction agreement, the depository service provider bears the costs required for the return of the commodities, or the costs required to administer affairs when ending the management of specified rights.

- (5) Any special agreement that is contrary to the provisions of the preceding paragraphs and is against the depositor's interest is void.

(Restriction on the Cancellation of a Deposit Transaction Agreement and the Amount of Compensation for Damages)

Article 8 (1) After 14 days have elapsed from the day on which a depositor received the documents set forth in Article 3, paragraph (2), the depositor may cancel the deposit transaction agreement from then on (if the depositor did not cancel the deposit transaction agreement under the provisions of the same paragraph within the period because the depositor was under the misapprehension that the information about canceling a deposit transaction agreement under the provisions of this paragraph that the depository service provider had misrepresented to the depositor was true, or because the depository service provider used intimidation and caused the depositor to be overwhelmed, until 14 days have elapsed from the day on which the depositor receives a document delivered by the depository service provider, pursuant to the provisions of Cabinet Office Order, stating that the deposit transaction agreement can be cancelled under the provisions of this paragraph).

- (2) Where a deposit transaction agreement is cancelled under the provisions of the preceding paragraph, the deposit service provider may not request the depositor to pay an amount of money exceeding the equivalent of an amount calculated at the statutory interest rate corresponding to the market value of the goods or specified rights at the time when the deposit transaction agreement was concluded, even if there is any agreement on particulars for liquidated damages or provisions on penalties for breach of contract. In this case, the market value of the goods or specified rights stated in the document set forth in Article 3, paragraph (2) is estimated to be the market value of the goods or specified rights at the time when the deposit transaction agreement was concluded.

- (3) Any special agreement that is contrary to the provisions of the preceding two paragraphs and is against the depositor's interest is void.

Chapter III Prohibition of Deposit Transactions Involving Sales

Section 1 Prohibition of Solicitation

(Prohibition of Solicitation)

Article 9 (1) For each kind of relevant good and specified right, a depository

service provider may not solicit (meaning to solicit, advertise, or perform any similar act specified by Cabinet Office Order; the same applies hereinafter) the conclusion of a sales contract pertaining to goods or specified rights that the depository service provider or a closely related person (meaning a person selling goods or specified rights covered by a deposit transaction agreement or any other person specified by Cabinet Order as being closely related to a depository service provider; the same applies hereinafter) intends to sell (limited to sales contracts that make the relevant goods or specified rights the subject of a deposit transaction agreement; the same applies hereinafter), or the conclusion or renewal of a deposit transaction agreement covering the goods or specified rights through the conclusion of said sales contract by the depository service provider or a closely related party, or the conclusion or renewal of the relevant deposit transaction agreement if doing so is likely to cause undue harm to customers' economic benefits, or if the depository service provider has not received confirmation from the Prime Minister in advance. The same applies to solicitations pertaining to the conclusion or renewal of deposit transaction agreements covering goods or specified rights already sold by a depository service provider or a closely related party.

- (2) Unless it is renewed every year, the confirmation referred to in the preceding paragraph ceases to be effective upon the expiration of the period.
- (3) If an application has been submitted for renewal referred to in the preceding paragraph, and no disposition has been made on the application by the day on which the period referred to in the paragraph (hereinafter referred to as the "effective period of the confirmation") expires, the previous confirmation remains in effect until a disposition is made, even after the effective period of the confirmation has expired.
- (4) If a confirmation is renewed as in the case referred to in the preceding paragraph, the period of validity of said confirmation is to be calculated from the day following the date on which the period of validity for the prior confirmation expires.
- (5) When effecting a confirmation referred to in paragraph (1) or its renewal, the Prime Minister may attach conditions necessary to prevent customers' economic benefits from being infringed. In this case, said conditions must not impose unreasonable obligations on the person who obtains said confirmation or its renewal.

(Application for Confirmation)

Article 10 (1) When seeking a confirmation referred to in paragraph (1) of the preceding Article (including renewals of confirmations under paragraph (2) of the same Article; the same applies hereinafter), a depository service provider must submit a written application containing the following matters to the

Prime Minister:

- (i) the trade name or name;
 - (ii) the name and location of the head office, branch offices, and other business offices;
 - (iii) if the applicant is a corporation, the name and address of its officers (meaning members engaged in services, directors, executive officers or persons equivalent to these; the same applies hereinafter);
 - (iv) the kinds of goods and specified rights pertaining to the solicitation covered by the confirmation;
 - (v) the matters listed in paragraph (1), items (i) through (iv) of the next Article; and
 - (vi) other particulars specified by Cabinet Office Order.
- (2) The following documents must accompany the written application referred to in the preceding paragraph:
- (i) if the applicant is a corporation, the articles of incorporation and the corporation's certificate of registered information (including anything equivalent to these);
 - (ii) a balance sheet;
 - (iii) a profit and loss statement; and
 - (iv) any other document specified by Cabinet Office Order.
- (3) In the case referred to in the preceding paragraph, when articles of incorporation, a balance sheet, or a profit and loss statement is prepared in the form of electronic or magnetic records, a recording medium containing the electronic or magnetic records may be attached in lieu of documents.

(Examination of Confirmation)

- Article 11 (1) When an application for approval under Article 9, paragraph (1) is made, the Prime Minister must examine the following matters, and must not effect the confirmation in the same paragraph if any of the matters are deemed appropriate:
- (i) the prices of the goods or specified rights pertaining to a sales contract (if an application for confirmation set forth in the second sentence of Article 9, paragraph (1) has been filed, a sales contract that has already been concluded) that the applicant (meaning a depository service provider performing solicitations pertaining to the application; the same applies hereinafter in this paragraph) or a closely related person intends to conclude;
 - (ii) for each deposit transaction agreement that the depository service provider intends to conclude or renew, the duration for which the depository service provider will accept deposits for goods or the duration for which they will manage specified rights, and, for each relevant deposit transaction agreement, the amount (if the economic benefits provided are not money, the

value of the relevant property) and details of economic benefits provided to customers;

- (iii) the prospective amount of the total economic benefits provided to customers through all deposit transaction agreements that the applicant intends to conclude or renew within the period of validity for the confirmation under Article 9, paragraph (1);
 - (iv) information prescribed by Cabinet Office Order concerning the management system of goods deposits based on deposit transaction agreements under item (ii) and managed specified rights;
 - (v) the financial basis for the applicant performing the obligations pertaining to the return of goods deposits or managed specified rights or payment of money in lieu of them, the purchase of said goods or specified rights, and the payment of economic benefits provided to customers based on deposit transaction agreements under item (ii); and
 - (vi) beyond what is provided for in the preceding items, other particulars provided by Cabinet Office Order.
- (2) When seeking to effect a confirmation under Article 9, paragraph (1), the Prime Minister is to hear the opinion of the Consumer Commission in advance.

(Confirmation of Changes)

- Article 12 (1) When a depository service provider that has received confirmation under Article 9, paragraph (1) seeks to change any of the matters in Article 10, paragraph (1), items (i) through (v), the change must be confirmed by the Prime Minister; provided, however, that this does not apply to minor changes specified by Cabinet Office Order.
- (2) A depository service provider that seeks to apply for confirmation for a change in matters under the previous paragraph must submit an application form that states the matters to be changed to the Prime Minister.
 - (3) The provisions of Article 10, paragraphs (2) and (3) and the preceding paragraph apply mutatis mutandis to the confirmation of changes in paragraph (1). In this case, the phrase "the following matters" in paragraph (1) of the same Article shall be deemed to be replaced with "the following matters (for matters that the deposit service provider intends to change, the matters after the change)".
 - (4) Regarding the documents set forth in the items in Article 10, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph, if there are no changes to the details of the relevant documents already submitted to the Prime Minister, their attachment may be omitted.
 - (5) When a depository service provider that has received confirmation under Article 9, paragraph (1) makes minor changes provided for by Cabinet Office Order under the proviso in paragraph 1, depository service provider must

notify the Prime Minister to that effect without delay.

(Rescission of Confirmation)

Article 13 When a person who obtained the confirmation under Article 9, paragraph (1) (if the person has received confirmation of a change under paragraph (1) of the preceding Article, the changed confirmation; the same applies hereinafter) falls under any of the following items, the Prime Minister may rescind the confirmation:

- (i) when it is discovered that the confirmation under Article 9, paragraph (1) was obtained through deception or other wrongful means;
- (ii) when the conditions imposed on the confirmation under Article 9, paragraph (1) are violated pursuant to the provisions of Article 9, paragraph (5).
- (iii) when it is deemed likely that there will be undue harm to customers' economic benefits due to the financial basis under Article 11, paragraph (1), item (v) being insufficient; and
- (iv) when the depository service provider violates this Act or any order based on this Act.

Section 2 Prohibition of Conclusions of Agreements

(Prohibition of Conclusions of Agreements)

Article 14 (1) A depository service provider must not conclude a sales contract in which the depository service provider constitutes the seller of a good or specified right of a kind for which the depository service provider has not obtained confirmation under Article 9, paragraph (1) or confirmation under the following paragraph, or conclude or renew a deposit transaction agreement in which the depository service provider or a closely related person intends to sell said good or specified right. The same applies to the conclusion or renewal of a deposit transaction agreement covering a good or specified right that was already sold by a depository service provider or a closely related person.

(2) A depository service provider that has received confirmation under Article 9, paragraph (1) must obtain confirmation from the Prime Minister regarding the following particulars in advance within the period of validity of said confirmation when it seeks to conclude a sales contract pertaining to a good or specified right of a kind for which confirmation has been obtained under the same Article, or when it seeks to conclude or renew a deposit transaction agreement in which the depository service provider or a closely related person seeks to sell said good or specified right, or when it seeks to conclude or renew a deposit transaction agreement covering a good or specified right that was already sold by a depository service provider or a closely related person and for

which confirmation has been obtained under the same Article.

- (i) the details of the relevant sales contract or deposit transaction agreement must comply with the details of the sales contract or deposit transaction agreement for which confirmation was obtained under Article 9, paragraph (1) (limited to matters provided for in Article 11, paragraph (1), items (i) through (iii));
 - (ii) the conclusion of the relevant sales contract or conclusion or renewal of the relevant deposit transaction agreement must not unjustifiably harm the economic benefits of the customer, in light of the knowledge, experience, and status of property of the customer and purpose of concluding said sales contract or concluding or renewing said deposit transaction agreement;
- (3) If a sales contract is concluded without obtaining confirmation under Article 9, paragraph (1) and confirmation provided for in the preceding paragraph, or if a deposit transaction agreement is concluded or renewed without said confirmation, it is not effective.
- (4) When seeking to effect a confirmation under paragraph (2), the Prime Minister is to hear the opinion of the Consumer Commission in advance.

(Application Mutatis Mutandis of Provisions Pertaining to Applications for Confirmation)

- Article 15 (1) The provisions of Article 10 apply mutatis mutandis to confirmation under paragraph (2) of the preceding paragraph. In this case, "solicitations" in Article 10, paragraph (1), item (iv) shall be deemed to be replaced with "sales contract or deposit transaction agreement," and "item (iv)" in item (v) of the same paragraph shall be deemed to be replaced with "item (iii)."
- (2) Regarding the documents set forth in the items in Article 10, paragraph (2) as applied mutatis mutandis pursuant to the preceding paragraph, if there are no changes to the details of the relevant documents already submitted to the Prime Minister, their attachment may be omitted.

(Rescission of Confirmation)

- Article 16 (1) When a sales contract or deposit transaction agreement that was confirmed under Article 10, paragraph (2) falls under any of the following items, the Prime Minister may rescind the confirmation.
- (i) when it is discovered that the confirmation under Article 14, paragraph (2) was obtained through deception or other wrongful means; and
 - (ii) when there was a violation of this Act or any order based on this Act.
- (2) If confirmation under Article 9, paragraph (1) was rescinded pursuant to the provisions of Article 13 and confirmation under Article 14, paragraph (2) for the conclusion of a sales contract pertaining to said confirmation or the

conclusion or renewal of a deposit transaction agreement has been obtained, the confirmation under the same paragraph is deemed to be rescinded.

Section 3 Special Provisions on Cancellations Concerning Deposit Transactions Involving Sales

- Article 17 (1) If a depositor cancels a deposit transaction agreement pursuant to the provisions of Article 7, paragraph (1), the currently valid sales contract pertaining to the goods or specified rights covered by the relevant deposit transaction agreement (limited to those for which confirmation was obtained under Article 14, paragraph (2) and were concluded on or after the day the confirmation under the same paragraph was received; the same applies hereinafter in this Article) is deemed to be cancelled when said depositor performs said cancellation; provided, however, that this does not apply if the depositor manifests a contrary intention in that document.
- (2) If a sales contract is deemed to be cancelled pursuant to the provisions of the main clause of the preceding paragraph, neither the depository service provider nor a closely related person may not claim damages or demand payment of a penalty pertaining to the rescission of the sales contract.
- (3) If a sales contract is deemed to be cancelled pursuant to the provisions of the main clause of paragraph (1), if the delivery of goods or the transfer of specified rights pertaining to the sales contract has already been carried out, the depository service provider or closely related person who sold the goods or specified rights bears the cost required to return them.
- (4) If a sales contract is deemed to be cancelled pursuant to the provisions of the main clause of paragraph (1), even if the goods delivered based on the sales contract have already been used or the rights have already been exercised, neither the depository service provider nor any closely related person may demand that the depositor pay money equivalent to any profits earned through the use of the goods or through the exercise of the rights or any other monetary payments.
- (5) Any special provisions that run counter to the provisions of the preceding items and are disadvantageous to the depositor are invalid.

Chapter IV Measures Against Violations

(Reports and On-Site Inspections)

Article 18 (1) When the Prime Minister finds it necessary for the enforcement of this Act, the prime minister may, pursuant to the provisions of Cabinet Order, have a depository service provider or a closely related person to submit a report concerning services related to the relevant deposit transaction, the

goods covered by the deposit transaction, or services related to the sale of specified rights, or order them to submit books, documents, or other items, or may have the relevant officials enter the place of business of a deposit service provider or a closely related person or any other where services related to the relevant deposit transaction or services related to the sale of said goods or specified rights are conducted to inspect books, documents, and other items.

- (2) The officials who conduct on-site inspections pursuant to the provisions of the preceding paragraph must carry an identification card showing its status and present it to the relevant persons.
- (3) The authority to conduct on-site inspections under the provisions of paragraph (1) must not be construed as having been granted for criminal investigation.

(Suspension of Deposit Transactions)

Article 19 (1) When the Prime Minister finds that a depository service provider engages in any of the following acts and is likely to continue to engage in that act, or that a solicitor engages in any act in violation of the provisions of Article 4, paragraph (1) or Article 5 or any act listed in item (ii) and is likely to continue to engage in that act, the prime minister may order the depository service provider to suspend solicitation for concluding or renewing deposit transaction agreements or to suspend its use of a solicitor to conduct such solicitation, may order the deposit service provider to suspend its services related to deposit transaction agreement in whole or in part, or order the deposit service provider to take any other necessary measures to protect the interests of its customers or depositors, by setting a period not exceeding two years:

- (i) an act in violation of the provisions of Article 3, paragraph (1) or (2), or Articles 4 through 6;
 - (ii) an act of soliciting without obtaining confirmation under Article 9, paragraph (1), in violation of the provisions of the same paragraph; and
 - (iii) an act of concluding a sales contract or concluding or renewing a deposit transaction agreement without obtaining confirmation under Article 9, paragraph (1) or confirmation under Article 14, paragraph (2), in violation of the provisions of Article 14, paragraph (1);
- (2) When the Prime Minister issues the order set forth in the preceding paragraph, the prime minister must make the order known to the public.

(Prohibition of Services)

Article 20 (1) If the depository service provider ordered by the Prime Minister to suspend deposit transactions pursuant to the provisions of paragraph (1) of the preceding Article is an individual, the prime minister may also prohibit said

individual from becoming an executive (which means a member in charge of business operations, a director, an operating officer, a representative, a manager, etc., including a person who has controlling power over a juridical person that is equivalent or superior to a member in charge of business operations, a director, an operating officer, a representative, a manager, etc., regardless of the name of the person's position, such as consultant or adviser; the same applies hereinafter) in charge of the business activities that are subject to said suspension at the juridical person (including an association or a foundation without legal personality that designates a representative or a manager; the same applies in the following paragraph and following Article) that operates said business activities, for the period equal to the period of said suspension.

(2) Where the Prime Minister orders a depository service provider to suspend deposit transactions pursuant to the provisions of paragraph (1) of the preceding Article, if the person specified in any of the following items falls under a person specified by ordinance of the competent ministry as a person whose services related to deposit transactions should be restricted for securing the effectiveness of said order taking into consideration the fact constituting the grounds for said order and the weight of the responsibility that said person had over said fact, according to the category described in the following items, the prime minister may prohibit said person from starting services related to deposit transactions that are subject to said suspension for a period equal to the period of said suspension (including becoming an executive in charge of said business activities of a juridical person that operates said business activities):

(i) if the depository service provider is a corporation: an officer thereof (including those who were an officer thereof within one year before the date of said order; the same applies in the following Article), a person who supervises the business, or any other employee specified by Cabinet Order (including those who were an employee specified by said Cabinet Order within one year before the date of said order; referred to as "employees" in the following item and the same Article); and

(ii) if the depository service provider is an individual: an employee thereof.

(3) When the Prime Minister issues the order set forth in the preceding two paragraphs, the prime minister must make the order known to the public.

(Suspension of Services by Specified Associated Corporations)

Article 21 (1) When the Prime Minister finds that a depository service provider ordered to suspend deposit transactions pursuant to the provisions of Article 9, paragraph (1) is an individual and that a specific related juridical person (meaning a juridical person whose business management is substantially

controlled by a depository service provider or an executive or employee thereof, and other juridical persons specified by Cabinet Order; the same applies hereinafter in this paragraph and the following paragraph) thereof is conducting services equal to the services related to deposit transactions in the scope subject to the suspension, the prime minister may order the depository service provider to suspend all equal services conducted by the specific related juridical person for the period equal to the period of the suspension.

- (2) Where the Prime Minister prohibited an executive or employee from conducting services related to deposit transactions pursuant to the provisions of paragraph (2) of the preceding Article and finds that a specific related juridical person thereof is conducting services equal to deposit transactions in the scope subject to the prohibition, the prime minister may order the person to suspend all equal services conducted by the specific related juridical person for the period equal to the period of the prohibition.
- (3) Where the Prime Minister prohibited an executive or employee from conducting services related to deposit transactions pursuant to the provisions of paragraph (2) of the preceding Article and finds that the person is, as a depository service provider, personally conducting services equal to deposit transactions in the scope subject to the prohibition, the prime minister may order the person to suspend all equal services conducted as a depository service provider for the period equal to the period of the prohibition.
- (4) When the Prime Minister issues the order set forth in the preceding three paragraphs, the prime minister must make the order known to the public.

(Documents to be Served)

Article 22 The order set forth in provisions of this Act is issued by serving the documents specified by Cabinet Office Order.

(Application, Mutatis Mutandis, of the Code of Civil Procedure Concerning Service of Documents)

Article 23 The provisions of Articles 99, 101, 103, 105, 106, 107, paragraph (1) (limited to portion related to item (i); the same applies in paragraph (1), item (ii) of the following Article) and paragraph (3), 108, and 109 of the Code of Civil Procedure (Act No. 109 of 1996) shall apply mutatis mutandis to the service set forth in the preceding Article. In this case, the "court execution officer" in Article 99, paragraph (1) of the Act and "court clerks" in Article 107, paragraph (1) of the Act shall be replaced by "official of the Consumer Affairs Agency," the "Rules of the Supreme Court" shall be replaced by "Cabinet Office Order," and the "presiding judge" in Article 108 of the Act and the "court" in Article 109 of the Act shall be replaced by the "prime minister."

(Service by Publication)

Article 24 (1) The Prime Minister may serve by publication in the following cases:

- (i) when the domicile or residence of the person to be served or the place where the service is to be made is unknown;
 - (ii) when the service cannot be made pursuant to the provisions of Article 107, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms;
 - (iii) for service that should be made in a foreign country, if the provisions of Article 108 of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms cannot be applied, or if it is recognized that service cannot be made based on the provisions; and
 - (iv) if, after six months have elapsed since the date on which a competent foreign government agency was commissioned to make service pursuant to the provisions of Article 108 of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms, documents certifying that service was made are not received.
- (2) Service by publication is made by posting on the notice board of the Consumer Affairs Agency to the effect that the documents to be served shall be delivered at any time to the person to be served.
- (3) Service by publication becomes effective once two weeks have elapsed since the date on which the posting under the preceding paragraph was commenced.
- (4) In the case of service by publication for service that shall be effected in a foreign country, the period set forth in the preceding paragraph is six weeks.

(Use of Electronic Data Processing Systems)

Article 25 When, pursuant to Article 7, paragraph (1) of the Act, an official of the Consumer Affairs Agency uses an electronic data processing system prescribed in Article 6, paragraph (1) of the Act on the Promotion of Utilizing Information and Communications Technology in Administrative Procedures (Act No. 151 of 2002) for administrating affairs related to a disposition notice, etc. prescribed in Article 3, item (ix) of that Act for which a document under Article 22 of this Act is to be served, the official must use that electronic data processing system to record the particulars of the service under Article 109 of the Code of Civil Procedure as applied mutatis mutandis pursuant to Article 23, in a file that is stored on a computer (including input or output device) used by the Agency, instead of preparing and submitting a document that states those particulars.

Chapter V Miscellaneous Provisions

(Provision of Information to Foreign Enforcement Authorities)

Article 26 (1) The Prime Minister may provide the foreign authority enforcing foreign laws and regulations equivalent to this Act (hereinafter referred to as the "foreign enforcement authority" in the following paragraph and paragraph (3)) with information that the Commission finds as contributing to their fulfilling the duties (limited to those equivalent to the Agency's duties prescribed in this Act; the same applies in the following paragraph).

(2) With regard to the provision of information under the provisions of the preceding paragraph, appropriate action must be taken so that the relevant information is neither used for purposes other than for the enforcement of duties of the relevant foreign enforcement authorities nor used for a foreign criminal case investigation (limited to the ones conducted after the criminal facts subject to the investigation have been specified) or adjudication (hereinafter referred to as an "investigation etc.") without the consent referred to in the succeeding paragraph.

(3) When having received a request from the foreign enforcement authority, the Prime Minister may consent that the information it provided pursuant to paragraph (1) be used for a foreign criminal case investigation or adjudication in connection with the request except cases falling under one of the following items:

- (i) when a crime subject to the investigation, etc. of the criminal case pertaining to the request is a political crime, or when the request is deemed to have been made for the purpose of conducting the investigation, etc. of a political crime;
- (ii) when an act pertaining to the crime subject to the investigation, etc. of the criminal case pertaining to the request is deemed to have been conducted in Japan, and the act is not considered as a crime under Japanese acts; or
- (iii) when there is no guarantee by the requesting country to respond to the same kind of request made by Japan.

(4) When giving consent as set forth in the preceding paragraph, the Prime Minister must receive confirmation from the Minister of Justice that the request does not fall under items (i) or (ii) of the same paragraph and from the Minister of Foreign Affairs that the request does not fall under item (iii) of the same paragraph.

(Exclusion from Application)

Article 27 The provisions of the preceding three Chapters do not apply to deposit transaction agreements that a depositor concludes for business purposes or as a business.

(Consultation with the Consumer Commission)

Article 28 When the Prime Minister intends to plan the enactment, amendment, or abolition of the Cabinet Order set forth in Article 2, paragraph (1), item (ii), sub-item (a) or paragraph (2), Article 3, paragraph (3), or Article 4, paragraph (1), the prime minister must consult with the Consumer Commission.

(Transitional Measures)

Article 29 Where an order is enacted, amended, or abolished pursuant to the provisions of this Act, the necessary transitional measures (including transitional measures concerning penal provisions) may be specified in the order, to the extent reasonably necessary for the enactment, amendment, or abolition of the order.

(Provision of Materials to the Prime Minister)

Article 30 When the Prime Minister finds it necessary to achieve the purpose of this Act, the prime minister may request the heads of the relevant administrative organs to provide materials, explanations, and seek their cooperation.

(Delegation of Authority)

Article 31 (1) The Prime Minister delegates the authority under this Act to the Secretary-General of the Consumer Affairs Agency (excluding the authority specified by Cabinet Order).

(2) The Secretary General of the Consumer Affairs Agency may delegate part of the authority as delegated under the provisions of the preceding paragraph to the Director of a Regional Bureau of Economy, Trade and Industry.

Chapter VI Penal Provisions

Article 32 If any of the following items applies, the person who has committed the violation is subject to imprisonment for not more than five years, a fine of not more than five million yen, or both:

- (i) when the person has solicited without obtaining confirmation under Article 9, paragraph (1), in violation of said paragraph;
- (ii) when the person has concluded a sales contract or concluded or renewed a deposit transaction agreement without obtaining confirmation under Article 9, paragraph (1) or confirmation under Article 14, paragraph (2), in violation of the provisions of Article 14, paragraph (1); or
- (iii) when the confirmation under Article 9, paragraph (1) or Article 14, paragraph (2) was obtained through deception or other wrongful means;

Article 33 If any of the following items applies, the person who has committed the violation is subject to imprisonment for not more than three years, a fine of not more than three million yen, or both:

(i) when a person has violated the provisions of Article 4, paragraph (1) or (2);

or

(ii) when a person has violated an order issued under the provisions of Article 9, paragraph (1), Article 20, paragraph (1) or (2), or Article 21, paragraphs (1) through (3).

Article 34 If any of the following items applies, the person who has committed the violation is subject to imprisonment for not more than one year, a fine of not more than three million yen, or both:

(i) when the written application referred to in Article 10, paragraph (1) (including as applied *mutatis mutandis* pursuant to Article 15, paragraph (1)) or documents that are required to be attached thereto pursuant to the provisions of Article 10, paragraph (2) or (3) (including cases where these provisions are applied *mutatis mutandis* pursuant to Article 15, paragraph (1)) or a recording medium containing electronic or magnetic records includes a false statement or false record; or

(ii) when the written application referred to in Article 12, paragraph (2) or documents that are required to be attached thereto pursuant to the provisions of Article 10, paragraph (2) or (3) as applied *mutatis mutandis* pursuant to paragraph (3) of the same Article, or a recording medium containing electronic or magnetic records includes a false statement or false record;

Article 35 If any of the following items applies, the person who has committed the violation is subject to imprisonment for not more than six months, a fine of not more than one million yen, or both:

(i) when a person, in violation of the provisions of Article 3, paragraph (1) or (2), has failed to deliver a document or has delivered a document not containing the matters prescribed in these provisions or a document containing a false statement; or

(ii) when a person has failed to submit a report or items pursuant to the provisions of Article 18, paragraph (1) or has submitted a false report or false items, or gives a false answer, or refuses, disturbs or, challenges the inspection pursuant to the provisions of said paragraph.

Article 36 If any of the following items applies, the person who has committed the violation is subject to a fine of not more than one million yen:

- (i) when a person, in violation of the provisions of Article 6, paragraph (1) fails to keep documents or keeps documents containing a false statement;
- (ii) when a person, in violation of the provisions of Article 6, paragraph (2), has failed to prepare or preserve books and documents or has prepared false books and documents; or
- (iii) when a person, in violation of Article 6, paragraph (iii), has refused a request for the inspection or copy of books and documents;

Article 37 When a person has, in violation of the provisions of Article 12, paragraph (5), failed to submit a notification or has submitted a false notification, the person who has committed the violation is subject to a fine of not more than 300,000 yen.

Article 38 (1) When the representative of a juridical person, or an administrator, agent, employee, or other worker of a juridical person or individual, with regard to the services of the juridical person or individual, commits any of the violations set forth in the following items, the individual offender shall be punished by the fine prescribed in the relevant Article and by the fine prescribed in the following items:

- (i) Article 32: a fine of not more than 500 million yen;
 - (ii) Article 33, item (ii): a fine of not more than 300 million yen;
 - (iii) Article 33, item (i): a fine of not more than 100 million yen;
 - (iv) Article 34, item (ii) through the preceding Article: a fine of not more than 300 million yen; the fine prescribed in the respective Articles.
- (2) The period of prescription for a fine imposed on a corporation or individual pursuant to the provisions of the preceding paragraph for a violation pursuant to Article 32 is the same as that for the offense referred to in that Article.
- (3) Where the provisions of paragraph (1) apply to an association or foundation without legal personality, the representative person or administrator thereof represents the association or foundation without legal personality with respect to its procedural acts, and the provisions concerning criminal proceedings applicable for the case where a corporation stands as the accused or suspect apply *mutatis mutandis*.

Supplementary Provisions

(Effective Date)

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

(Transitional Measures)

(2) The provisions of Article 3, paragraph (2), Article 8 and Article 9 do not apply to deposit transaction agreements that were concluded prior to the enforcement of this Act.

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

(Effective Date)

Article 1 (1) This Act (except Article 2 and Article 3) comes into effect on January 6, 2001.

provided, however, that the provisions set forth in the following items come into effect as of the day specified respectively therein:

(i) the provisions of Article 995 (limited to parts pertaining to provisions to revise the Supplementary Provisions to the Act on the Partial Revision of the Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors), Article 1305, Article 1306, Article 1324, paragraph (2), Article 1326, paragraph (2) and Article 1344: the day of promulgation.

Supplementary Provisions [Act No. 49 of June 5, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect on the date on which the Act for the Establishment of the Consumer Affairs Agency and the Consumer Commission (Act No. 48 of 2009) comes into effect; provided, however, that the provisions set forth in the following items come into effect on the dates set forth respectively in those items.

(i) the provisions of Article 9 of the Supplementary Provisions: the date of promulgation of this Act

(Transitional Measures for Dispositions)

Article 4 (1) Any license, permission, authorization, approval, designation or other dispositions given, or notification made, or other acts taken prior to the enforcement of this Act, pursuant to the provisions of the respective Acts prior to revision by this Act (including orders pursuant thereto; hereinafter referred to as the "Old Laws and Orders"), is deemed to be a license, permission, authorization, approval, designation or other dispositions given, or notification made, or other acts taken pursuant to the corresponding provisions of the respective Acts after revision by this Act (including orders pursuant thereto; hereinafter referred to as the "New Laws and Orders"), except as otherwise specified in laws and orders.

(2) Except as otherwise specified by laws and regulations, the filing of an application for licensing, the filing of a notification, or any comparable action

that has been undertaken pursuant to a former Act or Order by the time this Act comes into effect, is deemed to constitute the filing of an application for licensing, the filing of a notification, or a comparable action that has been undertaken pursuant to the corresponding provisions of a new Act or Order.

(3) With respect to the particulars for which reports, notification, submission or other procedures must be made prior to the enforcement of this Act, pursuant to the provisions of the Old Laws and Orders, for which such procedures have not yet been taken prior to the Enforcement Date of this Act, the provisions of the New Laws and Orders apply after the enforcement of this Act, deeming that such procedures have not yet been taken pursuant to the corresponding provisions of the New Laws and Orders, except as otherwise specified in laws and orders.

(Transitional Measures Concerning the Effect of Orders)

Article 5 A Cabinet Order set forth in Article 7, paragraph (3) of the Act for Establishment of the Cabinet Office or a Ministerial Order set forth in Article 12, paragraph (1) of the National Government Organization Act issued pursuant to the provisions of the Old Laws and Orders is to remain in force as the corresponding Cabinet Order set forth in Article 7, paragraph (3) of the Act for Establishment of the Cabinet Office or the corresponding Ministerial Order set forth in Article 12, paragraph (1) of the National Government Organization Act issued pursuant to the corresponding provisions of the New Laws and Orders, except as otherwise specified in laws and orders.

(Transitional Measures Concerning the Application of Penal Provisions)

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages prior to the enforcement of this Act and conduct in which a person engages after the enforcement of this Act which, pursuant to the provisions of the Supplementary Provisions of this Act, is continued to be governed by prior laws.

(Provisions Governed by Cabinet Order)

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

Supplementary Provisions [Act No. 72 of June 16, 2021] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the day specified by Cabinet Order

within a period not exceeding one year from the date of promulgation; provided, however, that the provisions listed in the following items come into effect as from the date specified respectively in those items:

- (i) the revised provisions of Article 64, paragraph (2) of the Act on Specified Commercial Transactions in Article 1 (limited to the portion where ", Article 13, paragraph (2)" is added under "Article 6, paragraph (4)"), and the provisions of paragraph (1) of the next Article, and Article 3, paragraph (1) and Article 5 of the Supplementary Provisions: the day of promulgation;
- (ii) Omitted;
- (iii) the revised provisions listed in the following, and paragraphs (3), (4), (9), (11), (13), (15) and (16) of the next Article and Article 3, paragraph (3) of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding two years from the date of its promulgation.
 - (a) Omitted;
 - (b) provisions adding two paragraphs to Article 3 of the Act on Deposit Transaction Agreements for Specified Commodities.

(Transitional Measures upon Partial Revision of the Act on Deposit Transaction Agreements for Specified Commodities)

Article 3 (1) The Prime Minister may consult with the Consumer Commission for the purpose of planning the enactment of Cabinet Order set forth in Article 3, paragraph (3) of the Act on Deposit Transactions as amended by the provisions of Article 2 (limited to revised provisions set forth in Article 1, item (iii), sub-item (b) of the Supplementary Provisions) (hereinafter referred to as "Revised Act on Deposits" in this paragraph and paragraph (3)) in accordance with the provisions of Article 28 of the Revised Act on Deposits even prior to the date on which item (iii) is enforced.

(2) The provisions of Article 3, paragraph (2) of the Act on Deposit Transactions as amended by the provisions of Article 2 (excluding the revised provisions set forth in Article 1, item (iii), sub-item (b) of the Supplementary Provisions; the same applies hereinafter in this paragraph) (hereinafter referred to as "New Act on Deposits" in this Article) shall apply to deposit transaction agreements prescribed in Article 2, paragraph (4) of the New Act on Deposits that are concluded or renewed on or before the Enforcement Date, and the prior laws continue to govern deposit transaction agreements pursuant to the provisions of Article 2, paragraph (1) of the Act on Deposit Transaction Agreements for Specified prior to the amendment by the provisions of Article 2 (hereinafter referred to as the "Former Act on Deposits") that are concluded or renewed before the Enforcement Date concerning specified commodities pursuant to the provisions of item (i) of the same paragraph or facility use rights pursuant to the provisions of item (ii) of the same paragraph.

- (3) The provisions of Article 3, paragraphs (3) and (4) of the Revised Act on Deposits apply to deposit transaction agreements pursuant to the provisions Article 2, paragraph (4) of the Revised Act on Deposits that are concluded or renewed on or after the Enforcement Date specified in item (iii).
- (4) The provisions of Article 4, paragraph (2) of the New Act on Deposits apply to acts prescribed in the same paragraph that occur on or after the Enforcement Date, and the prior laws continue to govern acts prescribed in Article 5, item (i) of the Former Act on Deposits that occur before the Enforcement Date.
- (5) The provisions of Article 7 of the New Act on Deposits apply to deposit transaction agreements under Article 2, paragraph (4) of the New Act on Deposits that are concluded or renewed on or after the Enforcement Date, and the prior laws continue to govern deposit transaction agreements under Article 2, paragraph (1) of the Former Act on Deposits that are concluded or renewed before the Enforcement Date.
- (6) The provisions of Article 19, paragraph (1), Article 20, paragraphs (1) and (2), and Article 21, paragraphs (1) through (3) of the New Act on Deposits apply to acts prescribed in the items in Article 19, paragraph (1) of the New Act on Deposits that are done by a depository service provider prescribed in Article 2, paragraph (2) of the New Act on Deposits on or after the Enforcement Date and acts done by a solicitor prescribed in Article 2, paragraph (3) of the New Act on Deposits on or after the Enforcement Date that are in violation of the provisions of Article 4 or 5 of the New Act on Deposits or prescribed in Article 19, paragraph (1), item (ii) of the New Act on Deposits, and the prior laws continue to govern acts done by a depository service provider prescribed in Article 2, paragraph (2) of the Former Act on Deposits before the Enforcement Date that are in violation of the provisions of Articles 3 to 5 of the Former Act on Deposits and acts done by a solicitor prescribed in Article 2, paragraph (3) of the Former Act on Deposits before the Enforcement Date that are in violation of the provisions of Article 4, paragraph (1) or Article 5 of the Former Act on Deposits.
- (7) With regard to the application of the provisions of Article 28 of the New Act on Deposits, the term "paragraph (2), Article 3, paragraph (3)" in the same paragraph is deemed to be replaced with "paragraph (2)" during the period between the effective date and the Enforcement Date prescribed in item (iii),

(Transitional Measures Concerning Penal Provisions)

Article 4 With regard to the application of the penal provisions against conduct engaged in after the Day of Enforcement where the provisions then in force are to remain applicable pursuant to the provisions of the preceding two Articles, the provisions then in force shall remain applicable.

(Delegation to Cabinet Order)

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

(Reviews)

Article 6 (1) The government shall, when two years have passed since the enforcement of the provisions set forth in Article 1, item (iii) of the Supplementary Provisions, review the status of enforcement of the provisions after revision pursuant to the revised provisions set forth in (a) and (b) of the same item, and if it finds it to be necessary, take any necessary measures based on the results of its review.

(2) In addition to what is set forth in the preceding paragraph, the government shall, when five years have passed since the enforcement of this Act, review the status of enforcement of the provisions after revision pursuant to this Act, and if it finds it to be necessary, take any necessary measures based on the results of its review.

Supplementary Provisions [Act No. 48 of May 25, 2022] [Extract]

(Effective Date)

Article 1 This Act shall come into effect as of the date specified by Cabinet Order within a period not exceeding four years from the date of its promulgation; provided, however, that the provisions listed in the following items come into effect as of the day provided for respectively in those items:

(i) the provisions of Article 3, the revised provisions of Article 52, paragraph (2) of the Commercial Registration Act (Act No. 125 of 1963) in Article 60 of the Supplementary Provisions, and the provisions of Article 125 of the Supplementary Provisions: the day of promulgation.

(Delegation to Cabinet Order)

Article 125 Beyond what is provided for in these Supplementary Provisions, any transitional measure necessary for the enforcement of this Act is specified by Cabinet Order.

Supplementary Provisions [Act No. 48 of May 25, 2022] [Extract]

(Effective Date)

(1) This Act comes into effect as from the date of enforcement of the Act for Partial Revision of the Penal Code, etc.; provided, however, that the provisions listed in the following items come into effect as of the day provided for

respectively in those items:

(i) the provisions of Article 509: the date of promulgation;