

# **Act on Specified Commercial Transactions**

(Act No. 57 of June 4, 1976)

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## **Chapter I General Provisions**

(Purpose)

Article 1 The purpose of this Act is to protect the interests of purchasers, etc. and to achieve appropriate and smooth distribution of goods, etc. and offer of services by ensuring fairness in Specified Commercial Transactions (transactions of Door-to-Door Sales, Mail Order Sales, and Telemarketing Sales, Multilevel Marketing Transactions, transactions of Specified Continuous Service Offers, and Business Opportunity Related Sales Transactions; hereinafter the same) and preventing damages that may be caused to the purchasers, etc., so as to contribute to the sound development of the national economy.

## **Chapter II Door-to-Door Sales, Mail Order Sales, and Telemarketing Sales**

### **Section 1 Definitions**

(Definitions)

Article 2 (1) The term "Door-to-Door Sales" as used in this chapter shall mean the following:

- (i) sales of Designated Goods or Designated Rights or offer of Designated Services, where a seller or a party that provides services as a business

- (hereinafter referred to as a "Service Provider") receives an application for entering into a sales contract or a contract for offer of services for value (hereinafter referred to as a "Service Contract") or concludes a sales contract or a Service Contract at a place other than its place of business or its agency's office or a place specified by an Ordinance of the Ministry of Economy, Trade and Industry (hereinafter referred to as a "Place of Business, etc."); and
- (ii) sales of Designated Goods or Designated Rights or offer of Designated Services, where a seller or a Service Provider calls a person to stop at a place other than its Place of Business, etc. and takes him/her to the Place of Business, etc. or induces a person by a method specified by a Cabinet Order (such person is hereinafter referred to as a Specified Customer), and thereby receives an application for entering into a sales contract or a Service Contract from the Specified Customer or concludes a sales contract or a Service Contract with the Specified Customer at its Place of Business, etc.
- (2) The term "Mail Order Sales" as used in this chapter and in Article 66 (3) shall mean sales of Designated Goods or Designated Rights or offer of Designated Services, where a seller or a Service Provider receives an application for entering into a sales contract or a Service Contract by postal mail or by a method specified by an Ordinance of the Ministry of Economy, Trade and Industry (hereinafter referred to as "Postal Mail, etc.") and which do not fall under Telemarketing Sales.
- (3) The term "Telemarketing Sales" as used in this chapter shall mean, sales of Designated Goods or Designated Rights or offer of Designated Services, where a seller or a Service Provider makes a telephone call to a person or urges a person to make a telephone call to it by a method specified by an Ordinance of the Ministry of Economy, Trade and Industry and solicits the person to conclude a sales contract or a Service Contract in that telephone call (hereinafter referred to as an "Act of Telemarketing"), and thereby receives an application for entering into said sales contract or said Service Contract from the solicited person (hereinafter referred to as a "Telemarketing Target") by Postal Mail, etc. or concludes said sales contract or said Service Contract with the Telemarketing Target by Postal Mail, etc.
- (4) As used in this chapter and in Article 67 (1), the term "Designated Goods" shall mean the articles sold in transactions pertaining to the daily lives of citizens, which are specified by a Cabinet Order, and the term "Designated Rights" shall mean the rights to use a facility or to receive offer of services sold in transactions pertaining to the daily lives of citizens, which are specified by a Cabinet Order, and the term "Designated Services" shall mean the services offered for value in transactions pertaining to the daily lives of citizens, which are specified by a Cabinet Order.

## **Section 2 Door-to-Door Sales**

(Clear indication of name, etc. in Door-to-Door Sales)

Article 3 Where a seller or a Service Provider intends to conduct Door-to-Door Sales, it shall clearly indicate to the person solicited, prior to the solicitation, the name of the seller or the Service Provider, the fact that its purpose is to solicit a sales contract or a Service Contract, and the type of the goods, rights, or services pertaining to said solicitation.

(Delivery of document in Door-to-Door Sales)

Article 4 Where a seller or a Service Provider receives an application for entering into a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services at a place other than its Place of Business, etc., or receives an application for entering into a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services from a Specified Customer at its Place of Business, etc., the seller or the Service Provider shall immediately deliver a document containing the details of the application with respect to the following matters pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry; however, this does not apply when the seller or the Service Provider has concluded the sales contract or the Service Contract upon receiving the application for it:

- (i) the selling price of the goods or rights or the consideration for the services;
- (ii) the time and method of payment of the charge for the goods or rights or the consideration for the services;
- (iii) the time of delivery of the goods, the time of transfer of the rights, or the time of offering the services;
- (iv) matters concerning withdrawal of the application for the sales contract or the Service Contract or rescission of the sales contract or the Service Contract prescribed in Article 9 (1) (including matters concerning the provisions of Paragraphs 2 to 7 of the same article); and
- (v) in addition to the matters listed in the preceding items, any matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

Article 5 (1) Where a seller or a Service Provider falls under any of the following items, it shall, except in the cases prescribed in the following paragraph, deliver to the purchaser or the service recipient a document that clarifies the details of the sales contract or the Service Contract with respect to the matters referred to in the respective items of the preceding article (limited to the matters concerning rescission of the sales contract or the Service Contract with

respect to the matters referred to in Item 4 of the same article) without delay (immediately, if falling under the case prescribed in the proviso to the same article), pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

- (i) where the seller or the Service Provider concluded a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services at a place other than its Place of Business, etc. (except where it received an application from a customer other than a Specified Customer at its Place of Business, etc. and concluded a sales contract or a Service Contract at a place other than its Place of Business, etc.);
  - (ii) where the seller or the Service Provider received an application for a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services at a place other than its Place of Business, etc. and concluded the sales contract or the Service Contract at the Place of Business, etc.; and
  - (iii) where the seller or the Service Provider concluded a sales contract for Designated Goods or Designated Rights or concluded a Service Contract for Designated Services with a Specified Customer at its Place of Business, etc.
- (2) Where a seller or a Service Provider falls under any of the items in the preceding paragraph and, upon concluding the sales contract or the Service Contract, it delivered the Designated Goods, transferred the Designated Rights, or offered the Designated Services as well as received the total amount of the charge for the Designated Goods or the Designated Rights or the consideration for the Designated Services, it shall immediately deliver to the purchaser or the service recipient a document containing the matters referred to in Item 1 of the preceding article, the matters concerning rescission of the sales contract or the Service Contract among those referred to in Item 4 of the preceding article, and matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibited acts)

Article 6 (1) A seller or a Service Provider shall not misrepresent information on the following matters in soliciting a sales contract or a Service Contract pertaining to Door-to-Door Sales or for preventing withdrawal of an application for entering into a sales contract or a Service Contract pertaining to Door-to-Door Sales or rescission of such contract:

- (i) the type and performance or quality of the goods, or the type and details of the rights or services, and other similar matters specified by an Ordinance of the Ministry of Economy, Trade and Industry;
- (ii) the selling price of the goods or rights, or the consideration for the services;
- (iii) the time and method of payment of the charge for the goods or rights or the

- consideration for the services;
- (iv) the time of delivery of the goods, the time of transfer of the rights, or the time of offering the services;
  - (v) matters concerning withdrawal of the application for entering into the sales contract or the Service Contract or rescission of the sales contract or the Service Contract (including matters concerning the provisions of Article 9 (1) to (7));
  - (vi) matters concerning the circumstances based on which the customer needs to conclude the sales contract or the Service Contract; and
  - (vii) in addition to the matters listed in the preceding items, important matters concerning the sales contract or the Service Contract, which affect the decision of the customer, the purchaser, or the service recipient.
- (2) A seller or a Service Provider shall not intentionally fail to disclose facts with respect to the matters listed in Items 1 to 5 of the preceding paragraph in soliciting a sales contract or a Service Contract pertaining to Door-to-Door Sales.
- (3) A seller or a Service Provider shall not intimidate and disturb a person in order to make him/her conclude a sales contract or a Service Contract pertaining to Door-to-Door Sales or to prevent him/her from withdrawing an application for entering into a sales contract or a Service Contract pertaining to Door-to-Door Sales or rescinding such a contract.
- (4) A seller or a Service Provider shall not solicit a sales contract or a Service Contract at a place other than publicly accessed places from a person it has induced by calling him/her to stop at a place other than its Place of Business, etc. and bringing him/her over or by a method specified by a Cabinet Order, without informing the person that the purpose is to solicit a sales contract or a Service Contract pertaining to Door-to-Door Sales.

(Submission of materials indicating reasonable grounds)

Article 6-2 Where the competent minister finds it necessary for determining whether or not a seller or a Service Provider has misrepresented information on the matters listed in Paragraph 1, Item 1 of the preceding article, he/she may require the seller or the Service Provider to submit materials indicating reasonable grounds that support the matters conveyed to the person within a specific time limit. Where the seller or the Service Provider fails to submit the materials in this case, it shall be deemed to have misrepresented information on the matters listed in the same Item with respect to application of the provisions of the following article or Article 8 (1).

(Order)

Article 7 Where a seller or a Service Provider violates any of the provisions of

Articles 3 to 6 or conducts any of the following acts, if the competent minister finds the act to involve the risk of impairing the fairness of the transaction pertaining to Door-to-Door Sales or harming the interests of the purchaser or the service recipient, he/she may order the seller or the Service Provider to take necessary measures:

- (i) an act of refusing to perform or unjustly delaying performance of the obligations under the sales contract or the Service Contract pertaining to Door-to-Door Sales or the obligations that occur through rescission of the sales contract or the Service Contract pertaining to Door-to-Door Sales in whole or in part;
- (ii) an act of intentionally failing to disclose important matters concerning the sales contract or the Service Contract, which affect the decision of the customer, the purchaser, or the service recipient (excluding the matters listed in Article 6 (1) (i) to (v)) in soliciting a sales contract or a Service Contract pertaining to Door-to-Door Sales or in order to prevent withdrawal of an application for entering into a sales contract or Service Contract pertaining to Door-to-Door Sales or rescinding such a contract; and
- (iii) in addition to the acts listed in the preceding two items, acts concerning Door-to-Door Sales, which are specified by an Ordinance of the Ministry of Economy, Trade and Industry as acts that involve the risk of impairing the fairness of the transaction pertaining to Door-to-Door Sales and harming the interests of the purchaser or the service recipient.

(Suspension of business, etc.)

Article 8 (1) Where a seller or a Service Provider violates any of the provisions of Articles 3 to 6 or conducts any of the acts listed in the respective items of the preceding article, if the competent minister finds the act to considerably harm the fairness of the transaction pertaining to Door-to-Door Sales or the interests of the purchaser or the service recipient, or if the seller or the Service Provider does not follow the order under the provision of the same article, he/she may order the seller or the Service Provider to suspend its business concerning Door-to-Door Sales in whole or in part by specifying a time limit of no longer than one year.

(2) When giving the order pursuant to the provision of the preceding paragraph, the competent minister shall make the order public.

(Withdrawal/Rescission of contract in Door-to-Door Sales)

Article 9 (1) Where a seller or a Service Provider receives an application for entering into a sales contract for Designated Goods (excluding Designated Goods specified by a Cabinet Order as goods that are normally transacted by negotiating the conditions of sale between the seller and the purchaser over a

reasonable period; hereinafter the same shall apply in this paragraph) or Designated Rights or a Service Contract for Designated Services at a place other than its Place of Business, or where a seller or a Service Provider receives an application for entering into a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services from a Specified Customer at its Place of Business, or where a seller or a Service Provider concludes a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services at a place other than its Place of Business (except where the seller or the Service Provider has received an application at its Place of Business and concludes a sales contract or a Service Contract at a place other than its Place of Business) or where a seller or a Service Provider concludes a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services with a Specified Customer at its Place of Business, the person who made such an application or the purchaser or the service recipient (hereinafter referred to as the "Purchasing Party" in this article and the following article) may withdraw such application for a sales contract or a Service Contract or rescind such sales contract or Service Contract (hereinafter referred to as the "Withdrawal/Rescission" in this article) in writing, except when:

- (i) eight days have passed from the date on which the Purchasing Party received the document referred to in Article 5 (or from the date of receipt of the document referred to in Article 4 where the Purchasing Party has received such document on an earlier date); however, if the Purchasing Party had not made Withdrawal/Rescission by said time limit due to being misled by the seller's or the Service Provider's act of misrepresenting information concerning Withdrawal/Rescission in violation of the provision of Article 6 (1), or due to being disturbed by the seller's or the Service Provider's act of intimidating the Purchasing Party in violation of the provision of Paragraph 3 of the same article, it shall be when eight days have passed from the date on which the Purchasing Party received a document, which has been issued by the seller or the Service Provider pursuant to an Ordinance of the Ministry of Economy, Trade and Industry and contains a notice to the effect that the Purchasing Party may make Withdrawal/Rescission with respect to said sales contract or Service Contract;
- (ii) in spite of receiving the document referred to in Article 4 or 5, the Purchasing Party had used or consumed in whole or in part such Designated Goods as specified by a Cabinet Order as goods of which the value is likely to decline significantly through their use or consumption in whole or in part (except where the seller had induced the Purchasing Party to use or consume in whole or in part said goods); or
- (iii) in the cases prescribed in Article 5 (2), the total amount of the charge for

- the Designated Goods or the Designated Rights pertaining to said sales contract or the consideration for the Designated Services pertaining to the Service Contract does not reach the amount specified by a Cabinet Order.
- (2) The Withdrawal/Rescission takes effect when a document pertaining to Withdrawal/Rescission has been issued.
  - (3) When Withdrawal/Rescission has been made, the seller or the Service Provider may not claim damages or demand payment of a penalty pertaining to the Withdrawal/Rescission.
  - (4) When Withdrawal/Rescission has been made, the seller shall bear the costs required for taking back or returning any goods already delivered or any rights already transferred under the sales contract.
  - (5) When Withdrawal/Rescission has been made for a Service Contract or a sales contract for Designated Rights, the Service Provider or the seller of Designated Rights may not demand that the Purchasing Party pays a consideration or any other money for the services pertaining to said Service Contract or money equivalent to the interests gained through exercising said rights, even if services have been offered based on said Service Contract or facilities have been used or services have been offered through exercise of said rights already.
  - (6) When Withdrawal/Rescission has been made for a Service Contract, the Service Provider shall promptly return any money it has received in relation to said Service Contract to the Purchasing Party.
  - (7) Where the Purchasing Party of a Service Contract or a sales contract for Designated Rights has made Withdrawal/Rescission of the Service Contract or the sales contract, if the existing state of the Purchasing Party's land, building, or other structure has been changed due to offer of the services pertaining to said Service Contract or said Designated Rights, he/she may demand that the Service Provider or the seller of the Designated Rights takes necessary measures for returning it to the original state without charge.
  - (8) Any special provisions that run counter to the provisions of the preceding paragraphs, which are disadvantageous to the Purchasing Party, shall be invalid.

(Rescission of application for contract or manifestation of intention to enter into contract in Door-to-Door Sales)

Article 9-2 (1) Where a Purchasing Party has been misled as specified in the following items as a result of the seller or the Service Provider conducting acts listed in said items in soliciting a sales contract or a Service Contract pertaining to Door-to-Door Sales, and thereby makes an application for said sales contract or said Service Contract or manifests his/her intention to enter into such contract, he/she may rescind the application or the manifestation of intention:

- (i) an act of misrepresenting information in violation of the provision of Article 6 (1) being misled into believing that the misrepresented information was true; or
  - (ii) an act of intentionally failing to disclose information in violation of the provision of Article 6 (2) being misled into believing that the nondisclosed information did not exist.
- (2) The rescission of an application for a sales contract or Service Contract pertaining to Door-to-Door Sales or the rescission of manifestation of intention to enter into such contract under the provision of the preceding paragraph is not effective against third parties without knowledge.
- (3) The provision of Paragraph 1 shall not preclude application of the provision of Article 96 of the Civil Code (Act No. 89 of 1896) to the application for the sales contract or Service Contract pertaining to Door-to-Door Sales or to the manifestation of intention to enter into such contract prescribed in said paragraph.
- (4) The right to rescind under the provision of Paragraph 1 becomes extinct by prescription if it is not exercised within six months from the time when the contract may be ratified. The same shall apply when five years have passed since the time of conclusion of said sales contract or said Service Contract.

(Limitation to the amount of damages, etc. pertaining to rescission or default of contract in Door-to-Door Sales)

Article 10 (1) Where a seller or a Service Provider has concluded a sales contract or a Service Contract falling under any of the items in Article 5 (1), if the sales contract or the Service Contract was rescinded, it may not demand that the purchaser or the service recipient pays an amount of money that exceeds the total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:

- (i) if the goods or the rights were returned the amount of an ordinary royalty for the goods or the amount equivalent to the interest that can normally be gained through exercising the rights (when an amount deducting the market value for the goods or the rights at the time of their return from the amount equivalent to their selling price exceeds the amount of an ordinary royalty or the amount equivalent to the interests that can normally be gained through exercising the rights, such amount shall apply);
- (ii) if the goods or the rights are not returned the amount equivalent to the selling price of the goods or the rights;
- (iii) if the Service Contract was rescinded after the start of the offering of the services the amount equivalent to the consideration for the offered services;

and

- (iv) if the contract was rescinded prior to the start of the delivery of the goods or the transfer of the rights or the offering of the services the amount of the costs normally required for concluding and performing a contract.
- (2) Where a seller or a Service Provider has concluded a sales contract or a Service Contract falling under any of the items in Article 5 (1), if the obligation to pay the charge under the sales contract or the consideration under the Service Contract fails to be performed in whole or in part (excluding a case where the sales contract or the Service Contract has been rescinded), it may not demand that the purchaser or the service recipient pays an amount of money that exceeds a total of the amount equivalent to the selling price of the goods or the rights or the consideration for the services excluding the already paid amount of the charge for the goods or the rights or the consideration for the services and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty.

### **Section 3 Mail Order Sales**

(Advertisements of Mail Order Sales)

Article 11 (1) When advertising terms and conditions for selling Designated Goods or Designated Rights or for offering Designated Services through Mail Order Sales, a seller or a Service Provider shall indicate the following matters concerning said goods, said rights, or said services in the advertisement pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry. However, the seller or the Service Provider may partially omit indication of these matters pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry if it indicates on the advertisement that it will deliver a document or provide an electromagnetic record (a record created in an electronic form, magnetic form, or any other form that cannot be recognized by human perception that is provided for use of information processing by a computer) containing these matters without delay upon request:

- (i) the selling price of the goods or rights or the consideration for the services (if the shipping charge for the goods is not included in the selling price, it shall be the selling price and the shipping charge for the goods);
- (ii) the time and method of payment of the charge for the goods or rights or the consideration for the services;
- (iii) the time of delivery of the goods, the time of transfer of the rights, or the time of offering the services;
- (iv) matters concerning special provisions on the taking back or returning of

the goods or rights after the delivery of the goods or the transfer of the rights (if there are no such special provisions, a statement to that effect); and  
(v) in addition to the matters listed in the preceding items, matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(2) When advertising by an electromagnetic means (a means of using an electronic data processing system or other means of using information and communications technology that is specified by an Ordinance of the Ministry of Economy, Trade and Industry; the same shall apply hereinafter) terms and conditions for selling Designated Goods or Designated Rights or for offering Designated Services through Mail Order Sales (except when advertising in response to a request by the advertising target or in other cases specified by an Ordinance of the Ministry of Economy, Trade and Industry), a seller or a Service Provider shall, in addition to the matters listed in the respective items of the preceding paragraph, indicate in the advertisement a method for the advertising target to manifest his/her intention of not wishing to receive advertisements by an electromagnetic means from the seller or Service Provider pertaining to said advertisement, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibition of misleading advertising, etc.)

Article 12 When advertising terms and conditions for selling Designated Goods or Designated Rights or for offering Designated Services through Mail Order Sales, a seller or a Service Provider may not make an indication of the performance of the goods or the contents of the right or the service, the special provisions on the taking back or returning of the goods or rights after the delivery of the goods or the transfer of the rights, or other matters specified by an Ordinance of the Ministry of Economy, Trade and Industry with respect to Mail Order Sales that differs vastly from the truth or misleads people into believing that it is vastly better or more advantageous than it is in reality.

(Submission of materials indicating reasonable grounds)

Article 12-2 Where the competent minister finds it necessary for determining whether or not an indication falls under the indication prescribed in the preceding article, he/she may require the seller or the Service Provider that made the indication to submit materials indicating reasonable grounds that support the said indication within a specific time limit. Where the seller or the Service Provider fails to submit the materials in this case, said indication shall be deemed to be the indication prescribed in the preceding article with respect to application of the provisions of Sections 14 and 15 (1).

(Prohibition of providing advertisements to targets who have manifested the

intention of not wishing to receive advertisements by an electromagnetic means)

Article 12-3 When advertising by an electromagnetic means terms and conditions for selling Designated Goods or Designated Rights or for offering Designated Services through Mail Order Sales, a seller or a Service Provider shall not provide advertisements by an electromagnetic means to any target who has manifested his/her intention of not wishing to receive advertisements by an electromagnetic means pursuant to the provision of Article 11 (2).

(Notification of acceptance, etc. in Mail Order Sales)

Article 13 (1) Where a seller or a Service Provider intends to receive a charge for goods or rights or a consideration for services in whole or in part from a person who has made an application for entering into a sales contract for the Designated Goods or Designated Rights or a Service Contract for the Designated Services, prior to the delivery of the goods, the transfer of the rights, or the offering of the services in conducting Mail Order Sales, when it receives the application for entering into a sales contract for the goods or rights or a Service Contract for the services by Postal Mail, etc. and receives the charge for the goods or rights or the consideration for the services in whole or in part, it shall notify said person in writing of its acceptance or non-acceptance of the application (when it has notified the person who made the application about the acceptance or non-acceptance of the application prior to the receipt of the application, it shall be a statement to the effect) or other matters specified by an Ordinance of the Ministry of Economy, Trade and Industry without delay, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry. However, this does not apply when the seller or the Service Provider sent the goods, transferred the rights, or offered the services without delay after receiving the charge for the goods or rights or the consideration for the services in whole or in part.

(2) In place of the notification in writing prescribed in the main clause of the preceding paragraph, a seller or a Service Provider may provide the matters to be notified by an electromagnetic means or other means specified by an Ordinance of the Ministry of Economy, Trade and Industry by gaining the consent of the person who made the application, pursuant to a Cabinet Order. In this case, the seller or the Service Provider shall be deemed to have made the notification in writing.

(Order)

Article 14 Where a seller or a Service Provider violates any of the provisions of Article 11, 12, 12-3, or 13 (1) or conducts an act of causing a customer to make an application for a sales contract or a Service Contract against his/her will

that is specified by an Ordinance of the Ministry of Economy, Trade and Industry, if the competent minister finds the act to involve the risk of impairing the fairness of the transaction pertaining to Mail Order Sales or harming the interests of the purchaser or the service recipient, he/she may order the seller or the Service Provider to take necessary measures.

(Suspension of business, etc.)

Article 15 (1) Where a seller or a Service Provider violates any of the provisions of Article 11, 12, 12-3, or 13 (1), if the competent minister finds the act to considerably harm the fairness of the transaction pertaining to Mail Order Sales or the interests of the purchaser or the service recipient, or if the seller or the Service Provider does not follow the order under the provision of the preceding article, he/she may order the seller or the Service Provider to suspend its business concerning Mail Order Sales in whole or in part by specifying a time limit of no longer than one year.

(2) When giving the order pursuant to the provision of the preceding paragraph, the competent minister shall make the order public.

#### **Section 4 Telemarketing Sales**

(Clear indication of name, etc. in Telemarketing Sales)

Article 16 Where a seller or a Service Provider intends to conduct Telemarketing Sales, it shall tell the person solicited, prior to the solicitation, the name of the seller or the Service Provider and the name of the solicitor, the type of the goods, rights, or services, and the fact that the purpose of the telephone call is to solicit a sales contract or a Service Contract.

(Prohibition of soliciting contract from person who has manifested the intention of not concluding contract)

Article 17 A seller or a Service Provider shall not solicit a sales contract or a Service Contract relating to Telemarketing Sales from a person who has manifested his/her intention of not concluding the sales contract or the Service Contract.

(Delivery of document in Telemarketing Sales)

Article 18 Where a seller or a Service Provider receives an application for entering into a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services from a Telemarketing Target by Postal Mail, etc. as a result of an Act of Telemarketing, the seller or the Service Provider shall deliver a document containing the details of the application with respect to the following matters without delay pursuant to the

provisions of an Ordinance of the Ministry of Economy, Trade and Industry; however, this does not apply when the seller or the Service Provider has concluded the sales contract or the Service Contract upon receiving the application for it:

- (i) the selling price of the goods or rights or the consideration for the services;
- (ii) the time and method of payment of the charge for the goods or rights or the consideration for the services;
- (iii) the time of delivery of the goods, the time of transfer of the rights, or the time of offering the services;
- (iv) matters concerning withdrawal of the application for the sales contract or the Service Contract or rescission of the sales contract or the Service Contract prescribed in Article 24 (including matters concerning the provisions of Paragraphs 2 to 7 of the same article); and
- (v) in addition to the matters listed in the preceding items, the matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

Article 19 (1) Where a seller or a Service Provider falls under any of the following items, it shall, except in the cases prescribed in the following paragraph, deliver to the purchaser or the service recipient a document that clarifies the details of the sales contract or the Service Contract with respect to the matters referred to in the respective items of the preceding article (limited to the matters concerning rescission of the sales contract or the Service Contract with respect to the matters referred to in Item 4 of the same article) without delay, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

- (i) where the seller or the Service Provider concluded a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services with a Telemarketing Target by Postal Mail, etc. as a result of an Act of Telemarketing; and
  - (ii) where the seller or the Service Provider received an application for a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services from a Telemarketing Target by Postal Mail, etc. as a result of an Act of Telemarketing.
- (2) Where a seller or a Service Provider falls under Item 2 of the preceding paragraph and, upon concluding the sales contract or the Service Contract, it delivered the Designated Goods, transferred the Designated Rights, or offered the Designated Services as well as received the total amount of the charge for the Designated Goods or the Designated Rights or the consideration for the Designated Services, it shall immediately deliver to the purchaser or the service recipient a document containing the matters referred to in Item 1 of the preceding article, the matters concerning rescission of the sales contract or the

Service Contract among those referred to in Item 4 of the preceding article, and matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(Notification of acceptance, etc. in Telemarketing Sales)

Article 20 Where a seller or a Service Provider intends to receive a charge for goods or rights or a consideration for services in whole or in part from a person who has made an application for entering into a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services, prior to the delivery of the goods, the transfer of the rights, or the offering of the services in conducting Telemarketing Sales, when it receives an application for entering into a sales contract for the goods or rights or a Service Contract for the services by Postal Mail, etc. and receives the charge for the goods or rights or the consideration for the services in whole or in part, it shall notify said person in writing of its acceptance or non-acceptance of the application (when it has notified the person who made the application about the acceptance or non-acceptance of the application prior to the receipt of the application, it shall be a statement to that effect) or other matters specified by an Ordinance of the Ministry of Economy, Trade and Industry without delay, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry. However, this does not apply when the seller or the Service Provider sent the goods, transferred the rights, or offered the services without delay after receiving the charge for the goods or rights or the consideration for the services in whole or in part.

(Prohibited acts)

Article 21 (1) A seller or a Service Provider shall not misrepresent information on the following matters in soliciting a sales contract or a Service Contract pertaining to Telemarketing Sales or for preventing withdrawal of an application for entering into a sales contract or a Service Contract pertaining to Telemarketing Sales or rescission of such contract:

- (i) the type and performance or quality of the goods, or the type and details of the rights or services, and other similar matters specified by an Ordinance of the Ministry of Economy, Trade and Industry;
- (ii) the selling price of the goods or rights, or the consideration for the services;
- (iii) the time and method of payment of the charge for the goods or rights or the consideration for the services;
- (iv) the time of delivery of the goods, the time of transfer of the rights, or the time of offering the services;
- (v) matters concerning withdrawal of the application for entering into the sales contract or the Service Contract or rescission of the sales contract or the

Service Contract (including matters concerning the provisions of Article 24 (1) to (7));

- (vi) matters concerning the circumstances based on which the Telemarketing Target needs to conclude the sales contract or the Service Contract; and
  - (vii) in addition to the matters listed in the preceding items, important matters concerning the sales contract or the Service Contract, which affect the decision of the Telemarketing Target, the purchaser, or the service recipient.
- (2) A seller or a Service Provider shall not intentionally fail to disclose facts with respect to the matters listed in Items 1 to 5 of the preceding paragraph in soliciting a sales contract or a Service Contract pertaining to Telemarketing Sales.
- (3) A seller or a Service Provider shall not intimidate and disturb a person in order to make him/her conclude a sales contract or a Service Contract pertaining to Telemarketing Sales or to prevent him/her from withdrawing an application for entering into a sales contract or a Service Contract pertaining to Telemarketing Sales or rescinding such a contract.

(Submission of materials indicating reasonable grounds)

Article 21-2 Where the competent minister finds it necessary for determining whether or not a seller or a Service Provider has misrepresented information on the matters listed in Paragraph 1, Item 1 of the preceding article, he/she may require the seller or the Service Provider to submit materials indicating reasonable grounds that support the matters conveyed to the person within a specific time limit. Where the seller or the Service Provider fails to submit the materials in this case, it shall be deemed to have misrepresented information on the matters listed in the same item with respect to application of the provisions of the following article or Article 23 (1).

(Order)

Article 22 Where a seller or a Service Provider violates any of the provisions of Articles 16 to 21 or conducts any of the following acts, if the competent minister finds the act to involve the risk of impairing the fairness of the transaction pertaining to Telemarketing Sales or harming the interests of the purchaser or the service recipient, he/she may order the seller or the Service Provider to take necessary measures:

- (i) an act of refusing to perform or unjustly delaying performance of the obligations under the sales contract or the Service Contract pertaining to Telemarketing Sales or the obligations that occur through rescission of the sales contract or the Service Contract pertaining to Telemarketing Sales in whole or in part;
- (ii) an act of intentionally failing to disclose important matters concerning the

sales contract or the Service Contract, which affect the decision of the Telemarketing Target, the purchaser, or the service recipient (excluding the matters listed in Article 21 (1) (i) to (v)) in soliciting a sales contract or a Service Contract pertaining to Telemarketing Sales or in order to prevent withdrawal of an application for entering into a sales contract or Service Contract pertaining to Telemarketing Sales or rescinding such a contract; and

(iii) in addition to the acts listed in the preceding two items, acts concerning Telemarketing Sales, which are specified by an Ordinance of the Ministry of Economy, Trade and Industry as acts that involve the risk of impairing the fairness of the transaction pertaining to Telemarketing Sales and harming the interests of the purchaser or the service recipient.

(Suspension of business, etc.)

Article 23 (1) Where a seller or a Service Provider violates any of the provisions of Articles 16 to 21 or conducts any of the acts listed in the respective items of the preceding article, if the competent minister finds the act to considerably harm the fairness of the transaction pertaining to Telemarketing Sales or the interests of the purchaser or the service recipient, or if the seller or the Service Provider does not follow the order under the provision of the same article, he/she may order the seller or the Service Provider to suspend its business concerning Telemarketing Sales in whole or in part by specifying a time limit no longer than one year.

(2) When giving the order pursuant to the provision of the preceding paragraph, the competent minister shall make the order public.

(Withdrawal/Rescission of contract in Telemarketing Sales)

Article 24 (1) Where a seller or a Service Provider receives an application for entering into a sales contract for Designated Goods (excluding Designated Goods specified by a Cabinet Order as goods that are normally transacted by negotiating the conditions of sale between the seller and the purchaser over a reasonable period; hereinafter the same shall apply in this paragraph) or Designated Rights or a Service Contract for Designated Services from a Telemarketing Target by Postal Mail, etc. as a result of an Act of Telemarketing, or where a seller or a Service Provider concludes a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services with a Telemarketing Target by Postal Mail, etc. as a result of an Act of Telemarketing, the person who made such application or the purchaser, or the service recipient (hereinafter referred to as the "Purchasing Party" in this article and the following article) may withdraw such application for a sales contract or a Service Contract or rescind such sales contract or

Service Contract (hereinafter referred to as "Withdrawal/Rescission" in this article) in writing, except when:

- (i) eight days have passed from the date on which the Purchasing Party received the document referred to in Article 19 (or from the date of receipt of the document referred to in Article 18 where the Purchasing Party has received such document on an earlier date); however, if the Purchasing Party had not made Withdrawal/Rescission by said time limit due to being misled by the seller's or the Service Provider's act of misrepresenting information concerning Withdrawal/Rescission in violation of the provision of Article 21 (1), or due to being disturbed by the seller's or the Service Provider's act of intimidating the Purchasing Party in violation of the provision of Paragraph 3 of the same article, it shall be when eight days have passed from the date on which the Purchasing Party received a document, which has been issued by the seller or the Service Provider pursuant to an Ordinance of the Ministry of Economy, Trade and Industry and contains a notice to the effect that the Purchasing Party may make Withdrawal/Rescission with respect to said sales contract or Service Contract;
  - (ii) in spite of receiving the document referred to in Article 18 or 19, the Purchasing Party had used or consumed in whole or in part such Designated Goods as specified by a Cabinet Order as goods of which the value is likely to decline significantly through their use or consumption in whole or in part (except where the seller had induced the Purchasing Party to use or consume in whole or in part said goods); or
  - (iii) in the cases prescribed in Article 19 (2), the total amount of the charge for the Designated Goods or the Designated Rights pertaining to said sales contract or the consideration for the Designated Services pertaining to the Service Contract does not reach the amount specified by a Cabinet Order.
- (2) The Withdrawal/Rescission takes effect when a document pertaining to Withdrawal/Rescission has been issued.
  - (3) When Withdrawal/Rescission has been made, the seller or the Service Provider may not claim damages or demand payment of a penalty pertaining to the Withdrawal/Rescission.
  - (4) When Withdrawal/Rescission has been made, the seller shall bear the costs required for taking back or returning any goods already delivered or any rights already transferred under the sales contract.
  - (5) When Withdrawal/Rescission has been made for a Service Contract or a sales contract for Designated Rights, the Service Provider or the seller of Designated Rights may not demand the Purchasing Party to pay the consideration or any other money for the services pertaining to said Service Contract or money equivalent to the interests gained through exercising said rights, even if services have been offered based on said Service Contract or facilities have

- been used or services have been offered through exercise of said rights already.
- (6) When Withdrawal/Rescission has been made for a Service Contract, the Service Provider shall promptly return any money it has received in relation to said Service Contract to the Purchasing Party.
- (7) Where the Purchasing Party of a Service Contract or a sales contract for Designated Rights has made Withdrawal/Rescission of the Service Contract or the sales contract, if the existing state of the Purchasing Party's land, building, or other structure has been changed due to offer of the services pertaining to said Service Contract or said Designated Rights, he/she may demand the Service Provider or the seller of the Designated Rights to take necessary measures for recovering the original state without charge.
- (8) Any special provisions that run counter to the provisions of the preceding paragraphs, which are disadvantageous to the Purchasing Party, shall be invalid.

(Rescission of application for contract or manifestation of intention to enter into contract in Telemarketing Sales)

Article 24-2 (1) Where a Purchasing Party has been misled as specified in the following items as a result of the seller or the Service Provider conducting acts listed in those items in soliciting a sales contract or a Service Contract pertaining to Telemarketing Sales, and thereby makes an application for said sales contract or said Service Contract or manifests his/her intention to enter into such contract, he/she may rescind the application or the manifestation of intention:

- (i) an act of misrepresenting information in violation of the provision of Article 21 (1) being misled to believing that the misrepresented information was true; or
- (ii) an act of intentionally failing to disclose information in violation of the provision of Article 21 (2) being misled to believing that the nondisclosed information did not exist.
- (2) The provisions of Section 9-2 (2) to (4) shall apply mutatis mutandis to the rescission of an application for a sales contract or Service Contract pertaining to Telemarketing Sales or the rescission of manifestation of intention to enter into such contract under the provision of the preceding paragraph.

(Limitation to the amount of damages, etc. pertaining to rescission or default of contract in Telemarketing Sales)

Article 25 (1) Where a seller or a Service Provider has concluded a sales contract or a Service Contract falling under any of the items in Article 19 (1), if the sales contract or the Service Contract was rescinded, it may not demand the purchaser or the service recipient to pay an amount of money that exceeds the

total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:

- (i) if the goods or rights were returned the amount of an ordinary royalty for the goods or the amount equivalent to the interests that can normally be gained through exercising the rights (when an amount deducting the market value for the goods or rights at the time of their return from the amount equivalent to their selling price exceeds the amount of an ordinary royalty or the amount equivalent to the interests that can normally be gained through exercising the rights, such amount shall apply);
  - (ii) if the goods or rights are not returned the amount equivalent to the selling price of the goods or rights;
  - (iii) if the Service Contract was rescinded after the start of the offering of the services the amount equivalent to the consideration for the offered services; and
  - (iv) if the contract was rescinded prior to the start of the delivery of the goods or the transfer of the rights or the offering of the services the amount of costs normally required for concluding and performing a contract.
- (2) Where a seller or a Service Provider has concluded a sales contract or a Service Contract falling under any of the items in Article 19 (1), if the obligation to pay the charge under the sales contract or the consideration under the Service Contract fails to be performed in whole or in part (excluding a case where the sales contract or the Service Contract has been rescinded), it may not demand the purchaser or the service recipient to pay an amount of money that exceeds a total of the amount equivalent to the selling price of the goods or rights or the consideration for the services excluding the already paid amount of the charge for the goods or rights or the consideration for the services and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty.

## **Section 5 Miscellaneous Provisions**

(Exclusion from application)

Article 26 (1) The provisions of the preceding three sections shall not apply to the following sales or offer of services that fall under Door-to-Door Sales, Mail Order Sales, or Telemarketing Sales:

- (i) sales or offer of services pertaining to a sales contract or a Service Contract concluded by a person who made an application for it, the purchaser, or the service recipient for the purpose of business or as business;

- (ii) sales of goods or rights or offer of services to persons residing outside Japan;
  - (iii) sales or offer of services by the national or a local government;
  - (iv) sales or offer of services by the following organizations to their direct or indirect members (when the organization is capable of making the business or facility available to its non-members, it includes sales or offer of services to such non-members):
    - (a) partnerships established based on a special act and their federation or central association;
    - (b) organizations under Article 108-2 of the National Public Service Act (Act No. 120 of 1947) or Article 52 of the Local Public Service Act (Act No. 261 of 1950);
    - (c) labor unions; and
  - (v) sales or offer of services by a business operator to its employees.
- (2) The provisions of Articles 4 to 10 shall not apply to the following Door-to-Door Sales:
- (i) Door-to-Door Sales to a person who made an application for entering into a sales contract or a Service Contract or made a request to conclude such contract at his/her residence; and
  - (ii) Door-to-Door Sales that fall under a mode of transaction specified by a Cabinet Order where a seller or a Service Provider normally receives an application for or concludes a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services at a place other than its Place of Business, etc. and which is usually found to involve no risk of harming the interests of the purchaser or the service recipient.
- (3) The provisions of Articles 18, 19, and 21 to 25 shall not apply to the following Telemarketing Sales:
- (i) Telemarketing Sales to a person who requested a telephone call in order to make an application for or conclude a sales contract or a Service Contract (excluding a person who made such a request as a result of an Act of Telemarketing or an act specified by a Cabinet Order); and
  - (ii) Telemarketing Sales that fall under a mode of transaction specified by a Cabinet Order where a seller or a Service Provider normally receives an application for or concludes a sales contract for Designated Goods or Designated Rights or a Service Contract for Designated Services by Postal Mail, etc. as a result of an Act of Telemarketing and which is usually found to involve no risk of harming the interests of the purchaser or the service recipient.
- (4) The provisions of Article 10 and the preceding article shall not apply to installment sales (installment sales prescribed in Article 2 (1) of the Installment Sales Act (Act No. 159 of 1961); the same shall apply hereinafter)

that fall under Door-to-Door Sales or Telemarketing Sales.

- (5) The provisions of Articles 11 (1) and 13 shall not apply to installment sales, etc. (installment sales, sales on the affiliated loan prescribed in Article 2 (2) of the Installment Sales Act, or third party sales credit prescribed in Paragraph 3 of the same article; the same shall apply in the following paragraph) that fall under Mail Order Sales.
- (6) The provisions of Article 20 shall not apply to installment sales, etc. that fall under Telemarketing Sales.

(Door-to-Door Sales Associations)

Article 27 A person engaged in Door-to-Door Sales as business may establish a corporation prescribed in Article 34 of the Civil Code (Act No. 89 of 1954) that consists of members that engage in Door-to-Door Sales as business and has the words "Door-to-Door Sales Association" included in its name, in order to ensure fairness of transactions pertaining to Door-to-Door Sales and to protect the interests of the purchasers or the service recipients, as well as to contribute to the sound development of the business of Door-to-Door Sales.

(Limitations to use of the name)

- Article 28 (1) A person who is not a corporation prescribed in the preceding article (hereinafter referred to as a "Door-to-Door Sales Association") may not use the words "Door-to-Door Sales Association" in its name.
- (2) A person who is not a member of a Door-to-Door Sales Association may not use the words "Door-to-Door Sales Association member" in its name.

(Settlement of complaints)

- Article 29 (1) When a Door-to-Door Sales Association is requested by a purchaser, a service recipient, or other relevant person to help with settlement of a complaint on the business of Door-to-Door Sales operated by its member, it shall hold consultation on the matter, provide necessary advice to the requester, and investigate the circumstances pertaining to the complaint, as well as notify the details of the complaint to the member to seek prompt processing of the matter.
- (2) When a Door-to-Door Sales Association finds it necessary for the settling of the complaint pertaining to the request in the preceding paragraph, it may demand written or oral explanations or submission of materials from said member.
  - (3) A member may not refuse a demand made by a Door-to-Door Sales Association pursuant to the provision of the preceding paragraph without a justifiable ground.
  - (4) A Door-to-Door Sales Association shall fully inform its members about the

request under Paragraph 1, the circumstances pertaining to said complaint, and the result of settlement of the complaint.

(Mail Order Sales Association)

Article 30 A person engaged in Mail Order Sales as business may establish a corporation prescribed in Article 34 of the Civil Code that consists of members that engage in Door-to-Door Sales as business and has the words "Mail Order Sales Association" included in its name, in order to ensure fairness of transactions pertaining to Door-to-Door Sales and to protect the interests of the purchasers or the service recipients, as well as to contribute to the sound development of the business of Mail Order Sales.

(Limitations to use of the name)

Article 31 (1) A person who is not a corporation prescribed in the preceding article (hereinafter referred to as a "Mail Order Sales Association") may not use the words "Mail Order Sales Association" in its name.  
(2) A person who is not a member of a Mail Order Sales Association may not use the words "Mail Order Sales Association member" in its name.

(Settlement of complaints)

Article 32 (1) When a Mail Order Sales Association is requested by a purchaser, a service recipient, or other relevant person to help with settlement of a complaint on the business of Mail Order Sales operated by its member, it shall hold consultation on the matter, provide necessary advice to the requester, and investigate the circumstances pertaining to the complaint, as well as notify the details of the complaint to the member to seek prompt processing of the matter.  
(2) When a Mail Order Sales Association finds it necessary for the settling of the complaint pertaining to the request in the preceding paragraph, it may demand written or oral explanations or submission of materials from said member.  
(3) A member may not refuse a demand made by a Mail Order Sales Association pursuant to the provision of the preceding paragraph without a justifiable ground.  
(4) A Mail Order Sales Association shall fully inform its members about the request under Paragraph 1, the circumstances pertaining to said complaint, and the result of settlement of the complaint.

### **Chapter III Multilevel Marketing Transactions**

(Definitions)

Article 33 (1) The term "Multilevel Marketing" as used in this chapter and Articles 66 (1) and 67 (1) shall mean sales of articles (such articles include

rights to use a facility or to receive offer of services; the same shall apply hereinafter) (including mediation of such sales) or offer of services for value (including mediation of such offers) where the seller, the service provider, or their mediator induces a person to conduct resale of the articles that are the subject matter of sales (such articles are hereinafter referred to as the "Goods" in this chapter) (such resale means that the counterparty purchases and sells the Goods; the same shall apply hereinafter), consignment sale of the Goods (which means that the counterparty sells the Goods on consignment; the same shall apply hereinafter), or mediation of sales of the Goods, or induces a person to conduct offer of the same kind of services (which means that the counterparty offers services that are of the same kind as such services; the same shall apply hereinafter), or mediation of offers of such services by telling said person that he/she may receive a specified profit (all or part of the transaction fee provided by another person engaged in the resale, consignment sale, or mediation of sales of the Goods or another person engaged in offering the same kind of services, or mediation of offers of such services, or other profits that satisfy the requirements specified by an Ordinance of the Ministry of Economy, Trade and Industry; hereinafter the same shall apply in this chapter), and conducts with such person transactions pertaining to sales or mediation of sales of the Goods or offer or mediation of offers of the services that involve a specified burden (which means purchase of the Goods, payment of the consideration for the services, or provision of a transaction fee; hereinafter the same shall apply in this chapter) (such transactions include change in the terms of transactions; hereinafter referred to as the "Multilevel Marketing Transactions").

- (2) The term "Supervisor" as used in this chapter and Articles 66 (1) and 67 (1) shall mean a person who practically supervises a series of Multilevel Marketing activities, such as attaching his/her own trademark to the Goods pertaining to Multilevel Marketing or having his/her own trade name or other specific indication used for offering the services pertaining to Multilevel Marketing, stipulating a covenant on Multilevel Marketing Transactions, or continuously providing guidance on operations of the persons engaged in Multilevel Marketing.
- (3) The term "transaction fee" as used in this chapter shall mean a transaction fee, a membership fee, a security deposit, or other money or goods provided upon conducting a transaction or upon changing the terms of transactions, irrespective of the name given to it.

(Clear indication of name, etc. in Multilevel Marketing Transactions)

Article 33-2 Where a Supervisor, a solicitor (which means a person who is caused by a Supervisor to solicit Multilevel Marketing Transactions pertaining

to a series of Multilevel Marketing activities supervised by said Supervisor; the same shall apply hereinafter), or a general multilevel marketing distributor (which means a person other than a Supervisor or a solicitor who conducts Multilevel Marketing; the same shall apply hereinafter) intends to conduct Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by said Supervisor, he/she shall clearly indicate to the counterparty, prior to the solicitation, the name of the Supervisor, the solicitor, or the general multilevel marketing distributor (in the case of the solicitor or the general multilevel marketing distributor, also the name of the Supervisor), the fact that its purpose is to solicit a contract on transactions involving a specified burden, and the type of the Goods or services pertaining to said solicitation.

(Prohibited acts)

Article 34 (1) A Supervisor or a solicitor shall not intentionally fail to disclose facts on or misrepresent information on the following matters in soliciting a contract on Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by the Supervisor (limited to a contract concluded with an individual who sells or mediates sales of the Goods pertaining to the Multilevel Marketing or offers or mediates offers of the services pertaining to the Multilevel Marketing by means other than through a store or other similar facility [hereinafter referred to as a "Store, etc."]; hereinafter the same shall apply in this chapter) or for preventing rescission of such contract on Multilevel Marketing Transactions pertaining to Multilevel Marketing:

(i) the type and performance or quality of the Goods (excluding rights to use a facility or to receive offer of services), or the type and details of the rights to use a facility or to receive offer of services or those of the services, and other similar matters specified by an Ordinance of the Ministry of Economy, Trade and Industry;

(ii) matters concerning the specified burden involved in said Multilevel Marketing Transactions;

(iii) matters concerning rescission of said contract (including matters concerning the provisions of Article 40 (1) to (3) and Article 40-2 (1) to (5));

(iv) matters concerning the specified profit pertaining to the Multilevel Marketing;

(v) in addition to the matters listed in the preceding items, important matters concerning the Multilevel Marketing, which affect the decision of the counterparty of the Multilevel Marketing Transactions.

(2) A general multilevel marketing distributor shall not misrepresent information with respect to the matters listed in the respective items of the

preceding paragraph in soliciting a contract on Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by the Supervisor or for preventing rescission of such contract on Multilevel Marketing Transactions pertaining to Multilevel Marketing.

- (3) A Supervisor, a solicitor, or a general multilevel marketing distributor shall not intimidate and disturb a person in order to make him/her conclude a contract on Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by the Supervisor or to prevent him/her from rescinding such contract on Multilevel Marketing Transactions pertaining to Multilevel Marketing.
- (4) A Supervisor, a solicitor, or a general multilevel marketing distributor shall not solicit said contract at a place other than publicly accessed places from a person it has induced by calling him/her to stop at a place other than its place of business or its agency's office or a place specified by an Ordinance of the Ministry of Economy, Trade and Industry and bringing him/her over or by a method specified by a Cabinet Order, without informing the person that the purpose is to solicit a contract on transactions involving a specified burden.

(Submission of materials indicating reasonable grounds)

Article 34-2 Where the competent minister finds it necessary for determining whether or not a Supervisor, a solicitor, or a general multilevel marketing distributor has misrepresented information on the matters listed in Article 34 (1) (i) or (iv), he/she may require them to submit materials indicating reasonable grounds that support the matters conveyed to such other person within a specific time limit. Where the Supervisor, the solicitor, or the general multilevel marketing distributor fails to submit the materials in this case, he/she shall be deemed to have misrepresented information on the matters listed in Article 34 (1) (i) or (iv) with respect to application of the provisions of Articles 38 and 39 (1).

(Advertisements of Multilevel Marketing Transactions)

Article 35 (1) When advertising Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by a Supervisor, the Supervisor, a solicitor, or a general multilevel marketing distributor shall indicate the following matters concerning the Multilevel Marketing Transactions services in the advertisement pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

- (i) the type of Goods or services;
- (ii) matters concerning the specified burden involved in said Multilevel Marketing Transactions;
- (iii) if advertising the specified profits pertaining to such Multilevel Marketing

Transactions, the method of calculating such profits;  
(iv) in addition to the matters listed in the preceding three items, matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(2) When advertising by an electromagnetic means Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by the Supervisor (except when advertising in response to a request by the advertising target or in other cases specified by an Ordinance of the Ministry of Economy, Trade and Industry), a Supervisor, a solicitor, or a general multilevel marketing distributor shall, in addition to the matters listed in the respective items of the preceding paragraph, indicate in the advertisement a method for the advertising target to manifest his/her intention of not wishing to receive advertisements by an electromagnetic means from the Supervisor, the solicitor, or the general multilevel marketing distributor pertaining to said advertisement, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibition of misleading advertising, etc.)

Article 36 When advertising Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by a Supervisor, the Supervisor, a solicitor, or a general multilevel marketing distributor may not make an indication of the performance or quality of the goods (excluding rights to use a facility or to receive offer of services) or the contents of the right to use a facility or to receive offer of services or those of the services pertaining to the Multilevel Marketing, the specified burden involved in said Multilevel Marketing Transactions, the specified profit pertaining to said Multilevel Marketing, or other matters specified by an Ordinance of the Ministry of Economy, Trade and Industry that differs vastly from the truth or misleads people into believing that it is vastly better or more advantageous than it is in reality.

(Submission of materials indicating reasonable grounds)

Article 36-2 Where the competent minister finds it necessary for determining whether an indication falls under the indication prescribed in the preceding article, he/she may require the Supervisor, the solicitor, or the general multilevel marketing distributor who made said indication to submit materials indicating reasonable grounds that support said indication within a specific time limit. Where the Supervisor, the solicitor, or the general multilevel marketing distributor fails to submit the materials in this case, said indication shall be deemed to fall under the indication prescribed in the preceding article with respect to application of the provisions of Articles 38 and 39 (1).

(Prohibition of providing advertisements to targets who have manifested the intention of not wishing to receive advertisements by an electromagnetic means)

Article 36-3 pertaining to a series of Multilevel Marketing activities supervised by a Supervisor, the Supervisor, a solicitor, or a general multilevel marketing distributor shall not provide advertisements by an electromagnetic means to any target who has manifested his/her intention of not wishing to receive advertisements by an electromagnetic means pursuant to the provision of Article 35 (2).

(Delivery of document in Multilevel Marketing Transactions)

Article 37 (1) Where a person conducting Multilevel Marketing (if a person other than the person conducting Multilevel Marketing concludes a contract concerning the specified burden involved in the Multilevel Marketing Transactions pertaining to such Multilevel Marketing, such person concluding the contract) intends to conclude a contract concerning the specified burden involved in Multilevel Marketing Transactions with a person who intends to bear such specified burden (limited to an individual who sells or mediates sales of Goods or offers or mediates offers of services pertaining to such Multilevel Marketing by means other than through a Store, etc.), he/she shall deliver a document containing the outline of the Multilevel Marketing pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry before concluding the contract.

(2) Where a person conducting Multilevel Marketing has concluded a contract concerning Multilevel Marketing Transactions pertaining to such Multilevel Marketing (hereinafter referred to as a "Multilevel Marketing Contract" in this chapter), and the counterparty of the Multilevel Marketing Contract is an individual who sells or mediates sales of Goods or offers or mediates offers of services pertaining to such Multilevel Marketing by means other than through a Store, etc., he/she shall deliver a document containing the details of the Multilevel Marketing Contract with respect to the following matters without delay pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

- (i) the type and performance or quality of the Goods (excluding rights to use a facility or to receive offer of services), or the type and details of the rights to use a facility or to receive offer of services or those of the services;
- (ii) matters concerning resale, consignment sale, or mediation of sales of the Goods or offering of the same kind of services, or mediation of offers of such services;
- (iii) matters concerning the specified burden involved in said Multilevel Marketing Transactions;

- (iv) matters concerning rescission of said Multilevel Marketing Contract (including matters concerning the provisions of Section 40 (1) to (3) and Section 40-2 (1) to (5)); and
- (v) in addition to the matters listed in the preceding items, matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(Order)

Article 38 (1) Where a Supervisor violates any of the provisions of Article 33-2, Article 34 (1), (3), or (4), Article 35, Article 36, Article 36-3, or Article 37 or conducts any of the following acts, or where a solicitor violates any of the provisions of Article 33-2, Article 34 (1), (3), or (4), Article 35, Article 36, or Article 36-3 or conducts any of the acts listed in Items 2 to 4 of this paragraph, if the competent minister finds the act to involve the risk of impairing the fairness of the Multilevel Marketing Transactions or harming the interests of the counterparty of the Multilevel Marketing Transactions, he/she may order the Supervisor to take necessary measures:

- (i) an act of refusing to perform or unjustly delaying performance of the obligations under the Multilevel Marketing Contract pertaining to the Multilevel Marketing or the obligations that occur through rescission of such contract in whole or in part;
- (ii) an act of soliciting the Multilevel Marketing Contract pertaining to Multilevel Marketing (limited to an individual who sells or mediates sales of Goods or offers or mediates offers of services pertaining to such Multilevel Marketing by means other than through a Store, etc.; hereinafter the same shall apply in the following item) by providing assertive determination that misleads people into believing that interests will definitely arise from the Multilevel Marketing Transactions pertaining to a series of Multilevel Marketing activities supervised by the Supervisor;
- (iii) where a person has indicated his/her intention of not concluding the Multilevel Marketing Contract pertaining to a series of Multilevel Marketing activities supervised by the Supervisor, an act of soliciting the Multilevel Marketing Contract from such person in a way that that makes such person feel annoyed; and
- (iv) in addition to the acts listed in the preceding three items, acts concerning the Multilevel Marketing Contract pertaining to a series of Multilevel Marketing activities supervised by the Supervisor, which are specified by an Ordinance of the Ministry of Economy, Trade and Industry as acts that involve the risk of impairing the fairness of the Multilevel Marketing Transactions and harming the interests of the counterparty of the Multilevel Marketing Transactions.

(2) Where a solicitor violates any of the provisions of Article 33-2, Article 34 (1),

(3), or (4), Article 35, Article 36, Article 36-3, or Article 37 or conducts any of the acts listed in the respective items of the preceding paragraph, if the competent minister finds the act to involve the risk of impairing the fairness of the Multilevel Marketing Transactions or harming the interests of the counterparty of the Multilevel Marketing Transactions, he/she may order the solicitor to take necessary measures.

(3) Where a general multilevel marketing distributor violates any of the provisions of Article 33-2, Article 34 (2) to (4), Article 35, Article 36, Article 36-3, or Article 37 or conducts any of the acts listed in the respective items of Paragraph 1, if the competent minister finds the act to involve the risk of impairing the fairness of the Multilevel Marketing Transactions or harming the interests of the counterparty of the Multilevel Marketing Transactions, he/she may order the general multilevel marketing distributor to take necessary measures.

(Suspension of Multilevel Marketing Transactions, etc.)

Article 39 (1) Where a Supervisor violates any of the provisions of Article 33-2, Article 34 (1), (3), or (4), Article 35, Article 36, Article 36-3, or Article 37 or conducts any of the acts listed in the respective items of Article 38 (1), or where a solicitor violates any of the provisions of Article 33-2, Article 34 (1), (3), or (4), Article 35, Article 36, or Article 36-3 or conducts any of the acts listed in Article 38 (1) (ii) to (iv), if the competent minister finds the act to involve the risk of impairing the fairness of the Multilevel Marketing Transactions or harming the interests of the counterparty of the Multilevel Marketing Transactions or if the Supervisor does not follow the order under the provision of Article 38 (1), he/she may order the Supervisor to suspend from soliciting or having a solicitor solicit said Multilevel Marketing Transactions pertaining to Multilevel Marketing or to suspend the Supervisor's Multilevel Marketing Transactions in whole or in part by specifying a time limit of no longer than one year.

(2) Where a solicitor violates any of the provisions of Article 33-2, Article 34 (1), (3), or (4), Article 35, Article 36, Article 36-3, or Article 37 or conducts any of the acts listed in the respective items of Article 38 (1), if the competent minister finds the act to involve the risk of impairing the fairness of the Multilevel Marketing Transactions or harming the interests of the counterparty of the Multilevel Marketing Transactions or if the solicitor does not follow the order under the provision of Article 38 (2), he/she may order the solicitor to suspend from soliciting said Multilevel Marketing Transactions pertaining to Multilevel Marketing or to suspend the solicitor's Multilevel Marketing Transactions in whole or in part by specifying a time limit of no longer than one year.

- (3) Where a general multilevel marketing distributor violates any of the provisions of Article 33-2, Article 34 (2) to (4), Article 35, Article 36, Article 36-3, or Article 37 or conducts any of the acts listed in the respective items of Article 38 (1), if the competent minister finds the act to involve the risk of impairing the fairness of the Multilevel Marketing Transactions or harming the interests of the counterparty of the Multilevel Marketing Transactions or if the general multilevel marketing distributor does not follow the order under the provision of Article 38 (3), he/she may order the general multilevel marketing distributor to suspend from soliciting said Multilevel Marketing Transactions pertaining to Multilevel Marketing or to suspend the general multilevel marketing distributor's Multilevel Marketing Transactions in whole or in part by specifying a time limit of no longer than one year.
- (4) When giving the order pursuant to the provision of the preceding three paragraphs, the competent minister shall make the order public.

(Withdrawal/Rescission of Multilevel Marketing Contract)

Article 40 (1) Where a person conducting Multilevel Marketing concludes a Multilevel Marketing Contract pertaining to the Multilevel Marketing, the counterparty of such Multilevel Marketing Contract (limited to an individual who sells or mediates sales of Goods or offers or mediates offers of services pertaining to such Multilevel Marketing by means other than through a Store, etc.; hereinafter referred to as a "New Multilevel Marketing Distributor") may rescind such Multilevel Marketing Contract in writing, except when 20 days have passed from the date on which the New Multilevel Marketing Distributor received the document referred to in Article 37 (2) (where the specified burden involved in such Multilevel Marketing Contract is the purchase of the Goods [excluding rights to use a facility or to receive offers of services; hereinafter the same shall apply in this item] to be resold and if the date of the first delivery of the Goods purchased based on such Multilevel Marketing Contract is after such date of receipt, it shall be such date of first delivery; the same shall apply in Article 41 (1)) (if the New Multilevel Marketing Distributor had not rescinded the Multilevel Marketing Contract pursuant to this paragraph by said time limit due to being misled by the Supervisor's or the solicitor's act, in violation of the provision of Article 34 (1), or the general multilevel marketing distributor's act, in violation of Article 34 (2), of misrepresenting information concerning rescission of Multilevel Marketing Contract pursuant to the provision of this paragraph, or due to being disturbed by the Supervisor's, the solicitor's, or the general multilevel marketing distributor's act of intimidating the New Multilevel Marketing Distributor in violation of the provision of Article 34 (3), it shall be when 20 days have passed from the date on which the New Multilevel Marketing Distributor received a document, which has been

issued by Supervisor, the solicitor, or the general multilevel marketing distributor pertaining to such Multilevel Marketing pursuant to an Ordinance of the Ministry of Economy, Trade and Industry and contains a notice to the effect that the New Multilevel Marketing Distributor may rescind said Multilevel Marketing Contract pursuant to the provision of this paragraph). In this case, the person conducting such Multilevel Marketing may not claim damages or demand payment of a penalty pertaining to the rescission of such Multilevel Marketing Contract.

- (2) The rescission of a Multilevel Marketing Contract under the preceding paragraph takes effect when a document containing the intention to rescind the Multilevel Marketing Contract has been issued.
- (3) When a Multilevel Marketing Contract has been rescinded pursuant to Paragraph 1, the person conducting the Multilevel Marketing shall bear the costs required for taking back any Goods that have already been delivered under the Multilevel Marketing Contract.
- (4) Any special provisions that run counter to the provisions of the preceding three paragraphs, which are disadvantageous to the New Multilevel Marketing Distributor, shall be invalid.

Article 40-2 (1) Where 20 days have passed from the date on which the New Multilevel Marketing Distributor received the document referred to in Article 37 (2), he/she may terminate the Multilevel Marketing Contract (if the New Multilevel Marketing Distributor had not rescinded the Multilevel Marketing Contract pursuant to the provision of Article 40 (1) by said time limit due to being misled by the Supervisor's or the solicitor's act, in violation of the provision of Article 34 (1), or the general multilevel marketing distributor' act, in violation of Article 34 (2), of misrepresenting information concerning rescission of Multilevel Marketing Contract pursuant to the provision of this paragraph, or due to being disturbed by the Supervisor's, the solicitor's, or the general multilevel marketing distributor's act of intimidating the New Multilevel Marketing Distributor in violation of the provision of Article 34 (3), it shall be when 20 days have passed from the date on which the New Multilevel Marketing Distributor received a document, which has been issued by Supervisor, the solicitor, or the general multilevel marketing distributor pertaining to such Multilevel Marketing pursuant to an Ordinance of the Ministry of Economy, Trade and Industry and contains a notice to the effect that the New Multilevel Marketing Distributor may rescind said Multilevel Marketing Contract pursuant to the provision of Article 40 (1)).

- (2) Where a Multilevel Marketing Contract has been rescinded pursuant to the preceding paragraph, if the person conducting the Multilevel Marketing had already sold (including mediation of sales) the Goods pertaining to the

Multilevel Marketing to the New Multilevel Marketing Distributor (limited to a person who has concluded said Multilevel Marketing Contract [excluding a Multilevel Marketing Contract on a change in the terms of transactions] within the past one year; herein after the same shall apply in this article), the New Multilevel Marketing Distributor may rescind the Contract pertaining to said sales of Goods (including the part of said Multilevel Marketing Contract concerning sales of Goods pertaining to the specified burden involved in said Multilevel Marketing Transactions; hereinafter referred to as the "Sales Contract on Goods" in this chapter), except in the following cases:

(i) where 90 days have passed from the date of delivery of said Goods (where said Goods are the rights to use a facility or to receive offers of services, the date of transfer of such rights; hereinafter the same shall apply in this article);

(ii) where said Goods have been resold;

(iii) where said Goods have been used or consumed in whole or in part (except where the person who sold the Goods pertaining said Multilevel Marketing induced the New Multilevel Marketing Distributor to use or consume in whole or in part said Goods); or

(iv) in other cases specified by a Cabinet Order.

(3) Where a Multilevel Marketing Contract has been rescinded pursuant to Paragraph 1, the person conducting Multilevel Marketing may not demand that the New Multilevel Marketing Distributor pays an amount of money that exceeds the total of the amount of costs normally required for concluding and performing a contract (where the case falls under any of the following items, said amount plus the amount specified in the following items according to the respective cases listed therein) and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:

(i) if said Multilevel Marketing Contract was rescinded after delivery of the Goods pertaining to the specified burden involved in the Multilevel Marketing Transactions the total of the following amounts:

(a) the amount equivalent to the selling price of the delivered Goods (limited to those sold under said Multilevel Marketing Contract and excluding those for which Sales Contract on Goods has been rescinded pursuant to the provision of the preceding paragraph); and

(b) the amount equivalent to the specified profit or other money and goods offered (limited to those concerning the Goods pertaining to the Sales Contract on Goods that was rescinded pursuant to the provision of the preceding paragraph); and

(ii) if said Multilevel Marketing Contract was rescinded after the start of the offering of the services pertaining to the specified burden involved in said

Multilevel Marketing Transactions the amount equivalent to consideration for the services offered (limited to those offered under said Multilevel Marketing Contract).

- (4) Where a Sales Contract on Goods has been rescinded pursuant to the provision of Paragraph 2, the person conducting the sales of Goods pertaining to Multilevel Marketing may not demand that the New Multilevel Marketing Distributor pays an amount of money that exceeds the total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:
  - (i) if the Goods were returned or if rescission of said Sales Contract on Goods was before the delivery of the Goods the amount equivalent to one-tenth of the selling price of the Goods; and
  - (ii) if the Goods were not returned the amount equivalent to the selling price of the Goods.
- (5) Where a Sales Contract on Goods has been rescinded pursuant to the provision of Paragraph 2, the Supervisor of the series of Multilevel Marketing activities pertaining to said Goods shall be jointly and severally liable to performance of the obligations of the person who sold said Goods that have arisen from such rescission.
- (6) Any special provisions that run counter to the provisions of the preceding paragraphs, which are disadvantageous to the New Multilevel Marketing Distributor, shall be invalid.
- (7) The provisions of Paragraphs 3 and 4 shall not apply to Goods or services pertaining to Multilevel Marketing that are sold or offered through installment sales.

(Rescission of application for Multilevel Marketing Contract or manifestation of intention to enter into Multilevel Marketing Contract)

Article 40-3 (1) Where a New Multilevel Marketing Distributor has been misled as specified in Item 1 or 2 as a result of a Supervisor or a solicitor conducting acts listed in said items in soliciting a Multilevel Marketing Contract pertaining to a series of Multilevel Marketing activities supervised by the Supervisor, or has been misled as specified in Item 3 as a result of a general multilevel marketing distributor conducting the act listed in said item in soliciting a Multilevel Marketing Contract pertaining to the Multilevel Marketing, and thereby makes an application for said Multilevel Marketing Contract or manifests his/her intention to enter into such contract, he/she may rescind the application or the manifestation of intention; however, this shall not apply when the counterparty of said Multilevel Marketing Contract was

unaware of such act by said Supervisor, said solicitor, or said general multilevel marketing distributor at the time of concluding said Multilevel Marketing Contract:

- (i) an act of misrepresenting information in violation of the provision of Article 34 (1) being misled into believing that the misrepresented information was true;
  - (ii) an act of intentionally failing to disclose information in violation of the provision of Article 34 (1) being misled into believing that the nondisclosed information did not exist; or
  - (iii) an act of misrepresenting information in violation of the provision of Article 34 (2) being misled into believing that the misrepresented information was true.
- (2) The provisions of Section 9-2 (2) to (4) shall apply mutatis mutandis to the rescission of an application for a Multilevel Marketing Contract or the rescission of manifestation of intention to enter into such contract under the provision of the preceding paragraph.

#### **Chapter IV Specified Continuous Service Offers**

(Definitions)

- Article 41 (1) The term "Specified Continuous Service Offers" as used in this chapter shall mean the following:
- (i) offer of Specified Continuous Services, where a Service Provider concludes a contract under which it promises to offer Specified Continuous Services for a period exceeding the periods specified by a Cabinet Order for the respective Specified Continuous Services, and the counterparty promises to pay an amount of money that exceeds the amount specified by a Cabinet Order in response (hereinafter referred to as a "Specified Continuous Service Contract" in this chapter); and
  - (ii) sales of rights to receive offer of Specified Continuous Services (limited to those offered for a period exceeding the periods specified by the Cabinet Order under the preceding item), where a seller concludes a contract for selling the rights to receive offer of Specified Continuous Services by receiving an amount of money that exceeds the amount specified by the Cabinet Order under the preceding item (hereinafter referred to as a "Specified Right Sales Contract" in this chapter).
- (2) The term "Specified Continuous Services" as used in this chapter and Article 67 (1) shall mean services that are continuously offered for value in transactions pertaining to the daily lives of citizens, which are specified by a Cabinet Order as services falling under both of the following items:
- (i) services where a service recipient is induced for increasing his/her physical

- beauty, increasing his/her knowledge or skills, or attaining any other purposes related to his/her mind, body or circumstances; and
- (ii) services where, due to their nature, the attainability of the purposes prescribed in the preceding item is uncertain.

(Delivery of document in Specified Continuous Service Offers)

- Article 42 (1) Where a Service Provider or a seller intends to conclude a Specified Continuous Service Contract or a Specified Right Sales Contract (hereinafter referred to as a Contract on Specified Continuous Service Offers, etc. in this chapter) with a person who intends to receive offer of Specified Continuous Services or a person who intends to purchase rights to receive offer of Specified Continuous Services, the Service Provider or the seller shall deliver a document containing the outline of said Contract on Specified Continuous Service Offers, etc. prior to the conclusion of said Contract on Specified Continuous Service Offers, etc., pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry.
- (2) Where a Service Provider concludes a Specified Continuous Service Contract, it shall immediately deliver a document containing the details of said Specified Continuous Service Contract with respect to the following matters pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:
- (i) matters specified by an Ordinance of the Ministry of Economy, Trade and Industry concerning the details of the services, and if there are goods that need to be purchased by the service recipient upon offering of said services, the name of such goods;
  - (ii) the consideration for the services and any other amount of money that must be paid by the service recipient;
  - (iii) the time and method of payment of the money listed in the preceding item;
  - (iv) the time of offering the services;
  - (v) matters concerning rescission of the Specified Continuous Service Contract pursuant to the provisions of Article 48 (1) (including matters concerning the provisions of Paragraphs 2 to 7 of the same article);
  - (vi) matters concerning rescission of the Specified Continuous Service Contract pursuant to the provisions of Article 49 (1) (including matters concerning the provisions of Paragraphs 2, 5, and 6 of the same article); and
  - (vii) in addition to the matters listed in the preceding items, any matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.
- (3) Where a seller concludes a Specified Right Sales Contract, it shall immediately deliver a document containing the details of said Specified Right Sales Contract with respect to the following matters pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

- (i) matters specified by an Ordinance of the Ministry of Economy, Trade and Industry concerning the details of the rights, and if there are goods that need to be purchased by the purchaser of the right to receive offer of said services upon offering of said services, the name of such goods;
- (ii) the selling price of the rights and any other amount of money that must be paid by the purchaser of the rights to receive offer of said services;
- (iii) the time and method of payment of the money listed in the preceding item;
- (iv) the time of offering the services that are available through exercise of the rights;
- (v) matters concerning rescission of the Specified Continuous Service Contract pursuant to the provisions of Article 48 (1) (including matters concerning the provisions of Paragraphs 2 to 7 of the same article);
- (vi) matters concerning rescission of the Specified Right Sales Contract pursuant to the provisions of Article 49 (3) (including matters concerning the provisions of Paragraphs 4 to 6 of the same article); and
- (vii) in addition to the matters listed in the preceding items, any matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibition of misleading advertising, etc.)

Article 43 When advertising terms and conditions for offering Specified Continuous Services or selling rights to receive offer of Specified Continuous Services in conducting Specified Continuous Service Offers, a Service Provider or a seller may not make an indication of the contents, effects, or any other matter specified by Specified Continuous Services concerning said Specified Continuous Services that differs vastly from the truth or misleads people into believing that it is vastly better or more advantageous than it is in reality.

(Submission of materials indicating reasonable grounds)

Article 43-2 Where the competent minister finds it necessary for determining whether or not an indication falls under the indication prescribed in the preceding article, he/she may require the Service Provider or the seller that made the indication to submit materials indicating reasonable grounds that support the said indication within a specific time limit. Where the Service Provider or the seller fails to submit the materials in this case, said indication shall be deemed to be the indication prescribed in the preceding article with respect to application of the provisions of Sections 46 and 47 (1).

(Prohibited acts)

Article 44 (1) A Service Provider or a seller shall not misrepresent information on the following matters in soliciting a Contract on Specified Continuous Service Offers, etc. or for preventing rescission of a Contract on Specified

Continuous Service Offers, etc.:

- (i) the type and details or effects of the services or the rights to receive offer of the services (in the case of the rights, the effects of the services pertaining to said rights), and other similar matters specified by an Ordinance of the Ministry of Economy, Trade and Industry;
  - (ii) if there are goods that need to be purchased by a service recipient or a purchaser of said rights upon offering the services or offering the services through exercise of the rights, the type and performance or quality of the goods, and other similar matters specified by an Ordinance of the Ministry of Economy, Trade and Industry;
  - (iii) the consideration for the services or the selling price of the rights, and any other amount of money that must be paid by the service recipient or the purchaser of the rights to receive offer of the services;
  - (iv) the time and method of payment of the money listed in the preceding items;
  - (v) the time of offering the services or the time of offering the services available through exercise of the rights;
  - (vi) matters concerning rescission of said Contract on Specified Continuous Service Offers, etc. (including matters concerning the provisions of Article 49 (1) to (6));
  - (vii) matters concerning the circumstances based on which the customer needs to conclude said Contract on Specified Continuous Service Offers, etc.; and
  - (viii) in addition to the matters listed in the preceding items, important matters concerning said Contract on Specified Continuous Service Offers, etc., which affect the decision of the customer, the recipient of the Specified Continuous Services, or the purchaser of the rights to receive offer of Specified Continuous Services.
- (2) A Service Provider or a seller shall not intentionally fail to disclose facts with respect to the matters listed in Items 1 to 6 of the preceding paragraph in soliciting a Contract on Specified Continuous Service Offers, etc.
- (3) A Service Provider or a seller shall not intimidate and disturb a person in order to make him/her conclude a Contract on Specified Continuous Service Offers, etc. or to prevent him/her from rescinding a Contract on Specified Continuous Service Offers, etc.

(Submission of materials indicating reasonable grounds)

Article 44-2 Where the competent minister finds it necessary for determining whether or not a Service Provider or a seller has misrepresented information on the matters listed in Paragraph 1, Item 1 or 2 of the preceding article, he/she may require the Service Provider or the seller to submit materials indicating reasonable grounds that support the matters conveyed to the person

within a specific time limit. Where the Service Provider or the seller fails to submit the materials in this case, it shall be deemed to have misrepresented information on the matters listed in Paragraph 1, Item 1 or 2 of the preceding article with respect to application of the provisions of Articles 46 and 47 (1).

(Keeping and inspecting documents)

Article 45 (1) Where a Service Provider or a seller conducts a prepaid transaction pertaining to Specified Continuous Service Offers (a transaction pertaining to Specified Continuous Service Offers where the Service Provider or the seller receives an amount of money exceeding the amount specified by a Cabinet Order from the counterparty prior to the Specified Continuous Service Offers; the same shall apply in the following paragraph), it shall keep documents describing the state of its business and property at an office where the business pertaining to the Contract on Specified Continuous Service Offers, etc. is conducted, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry.

(2) The counterparty of a prepaid transaction pertaining to Specified Continuous Service Offers may demand to inspect the documents prescribed in the preceding paragraph or demand delivery of a full or extract copy of the documents by paying a fee specified by the Service Provider or the seller under the preceding paragraph.

(Order)

Article 46 Where a Service Provider or a seller violates any of the provisions of Article 42, 43, 44, or 45 or conducts any of the following acts, if the competent minister finds the act to involve the risk of impairing the fairness of the transaction pertaining to Specified Continuous Service Offers or harming the interests of the person who receives offer of Specified Continuous Services by concluding a Specified Continuous Service Contract or the person who purchases the rights to receive offer of Specified Continuous Services by concluding a Specified Continuous Services (hereinafter referred to as the "Specified Continuous Service Recipient, etc." in this chapter), he/she may order the Service Provider or the seller to take necessary measures:

- (i) an act of refusing to perform or unjustly delaying performance of the obligations under the Contract on Specified Continuous Service Offers, etc. or the obligations that occur through rescission of such contract in whole or in part;
- (ii) an act of intentionally failing to disclose important matters concerning the Contract on Specified Continuous Service Offers, etc., which affect the decision of the customer or the Specified Continuous Service Recipient, etc. (excluding the matters listed in Article 44 (1) (i) to (vi)) in soliciting a

Contract on Specified Continuous Service Offers, etc. or in order to prevent rescission of a Contract on Specified Continuous Service Offers, etc.; and (iii) in addition to the acts listed in the preceding two items, acts concerning Specified Continuous Service Offers, which are specified by an Ordinance of the Ministry of Economy, Trade and Industry as acts that involve the risk of impairing the fairness of the transaction pertaining to Specified Continuous Service Offers and harming the interests of the Specified Continuous Service Recipient, etc.

(Suspension of business, etc.)

Article 47 (1) Where a Service Provider or a seller violates any of the provisions of Article 42, 43, 44, or 45 or conducts any of the acts listed in the respective items of the preceding article, if the competent minister finds the act to considerably harm the fairness of the transaction pertaining to Specified Continuous Service Offers or the interests of the Specified Continuous Service Recipient, etc., or if the Service Provider or the seller does not follow the order under the provision of the same article, he/she may order the Service Provider or the seller to suspend its business concerning Specified Continuous Service Offers in whole or in part by specifying a time limit of no longer than one year. (2) When giving the order pursuant to the provision of the preceding paragraph, the competent minister shall make the order public.

(Rescission of Contract on Specified Continuous Service Offers, etc.)

Article 48 (1) Where a Service Provider or a seller concludes a Contract on Specified Continuous Service Offers, etc., the Specified Continuous Service Recipient, etc. may rescind such Contract on Specified Continuous Service Offers, etc. in writing, except when eight days have passed from the date on which he/she received the document referred to in Article 42 (2) or (3) (if the Specified Continuous Service Recipient, etc. had not rescinded the Contract on Specified Continuous Service Offers, etc. pursuant to this paragraph by said time limit due to being misled by the Service Provider's or the seller's act of misrepresenting, in violation of the provision of Article 44 (1), information concerning rescission of the Contract on Specified Continuous Service Offers, etc. pursuant to the provision of this paragraph, or due to being disturbed by the Service Provider's or the seller's act of intimidating the Specified Continuous Service Recipient, etc. in violation of the provision of Article 44 (3), it shall be when eight days have passed from the date on which the Specified Continuous Service Recipient, etc. received a document, which has been issued by the Service Provider or the seller pursuant to an Ordinance of the Ministry of Economy, Trade and Industry and contains a notice to the effect that the Specified Continuous Service Recipient, etc. may rescind said Contract on

Specified Continuous Service Offers, etc. pursuant to the provision of this paragraph).

- (2) Where a Contract on Specified Continuous Service Offers, etc. has been rescinded pursuant to the provision of the preceding paragraph, if the Service Provider or the seller sells, acts as an agent for sale, or mediates the sale of the goods specified by a Cabinet Order as goods that need to be purchased by the Specified Continuous Service Recipient, etc. upon offering of Specified Continuous Services (hereinafter referred to as "Related Goods" in this chapter and Article 66 (2)), the provision of the preceding paragraph shall also apply to the contract pertaining to the sales of said goods (hereinafter referred to as a "Sales Contract on Related Goods" in this and the following articles). However, this does not apply when, in spite of receiving the document referred to in Article 42 (2) or (3), the Specified Continuous Service Recipient, etc. had used or consumed in whole or in part such Related Goods as specified by a Cabinet Order as goods of which the value is likely to decline significantly through their use or partial consumption (except where the Service Provider or the seller had induced the Specified Continuous Service Recipient, etc. to use or consume in whole or in part said goods).
- (3) The rescission of a Contract on Specified Continuous Service Offers, etc. and the rescission of a Sales Contract on Related Goods pursuant to the preceding two paragraphs shall respectively take effect when a document on said rescission has been issued.
- (4) When a Contract on Specified Continuous Service Offers, etc. has been rescinded pursuant to the provision of Paragraph 1 or a Sales Contract on Related Goods has been rescinded pursuant to the provision of Paragraph 2, the Service Provider or the seller may not claim damages or demand payment of a penalty pertaining to the rescission.
- (5) When a Contract on Specified Continuous Service Offers, etc. has been rescinded pursuant to the provision of Paragraph 1 or a Sales Contract on Related Goods has been rescinded pursuant to the provision of Paragraph 2, the seller or the person who sold the Related Goods shall bear the costs required for taking back or returning any rights already transferred under the Specified Right Sales Contract or any Related Goods already delivered under the Sales Contract on Related Goods.
- (6) When a Contract on Specified Continuous Service Offers, etc. has been rescinded pursuant to the provision of Paragraph 1, the Service Provider or the seller may not demand that the Specified Continuous Service Recipient, etc. pays a consideration or any other money for the Specified Continuous Services pertaining to said Contract on Specified Continuous Service Offers, etc., even if Specified Continuous Services have already been offered based on said Contract on Specified Continuous Service Offers, etc.

- (7) When a Specified Continuous Service Contract has been rescinded pursuant to the provision of Paragraph 1, the Service Provider shall promptly return any money it has received in relation to said Specified Continuous Service Contract to the recipient of the Specified Continuous Services.
- (8) Any special provisions that run counter to the provisions of the preceding paragraphs, which are disadvantageous to the Specified Continuous Service Recipient, etc., shall be invalid.

Article 49 (1) Where a Service Provider concludes a Specified Continuous Service Contract, the recipient of the Specified Continuous Services may terminate said contract when eight days have passed from the date on which he/she received the document referred to in Article 42 (2) (if the recipient of the Specified Continuous Services had not rescinded the Specified Continuous Service Contract pursuant to the provision of Article 48 (1) by said time limit due to being misled by the Service Provider's act of misrepresenting, in violation of the provision of Article 44 (1), information concerning the rescission of the Specified Continuous Service Contract pursuant to the provision of this paragraph, or due to being disturbed by the Service Provider's act of intimidating the recipient of the Specified Continuous Services in violation of the provision of Article 44 (3), it shall be when eight days have passed from the date on which the recipient of the Specified Continuous Services received a document, which has been issued by the Service Provider pursuant to an Ordinance of the Ministry of Economy, Trade and Industry under the same paragraph and contains a notice to the effect that the recipient of the Specified Continuous Services may rescind said Specified Continuous Service Contract pursuant to the provision of the same paragraph).

(2) Where a Specified Continuous Service Contract has been rescinded pursuant to the preceding paragraph, the Service Provider may not demand that the recipient of the Specified Continuous Services pays an amount of money that exceeds the total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:

- (i) if said Specified Continuous Service Contract was rescinded after the start of the offering of the Specified Continuous Services the total of the following amounts:
  - (a) the amount equivalent to the consideration for the Specified Continuous Services offered; and
  - (b) the amount specified by the Cabinet Order referred to in Article 41 (2) according to the respective services specified therein as an amount of damages that are normally caused by rescission of said Specified

- Continuous Service Contract; and
- (ii) if said Specified Continuous Service Contract was rescinded prior to the start of the offering of the Specified Continuous Services the amount specified by the Cabinet Order referred to in Article 41 (2) according to the respective services specified therein as an amount of costs normally required for concluding and performing a contract.
- (3) Where a seller concludes a Specified Right Sales Contract, the purchaser of the rights to receive offer of the Specified Continuous Services may terminate the Specified Right Sales Contract when eight days have passed from the date on which he/she received the document referred to in Article 42 (3) (if the purchaser of the rights to receive offer of the Specified Continuous Services had not rescinded the Specified Right Sales Contract pursuant to the provision of Article 48 (1) by said time limit due to being misled by the seller's act of misrepresenting, in violation of the provision of Article 44 (1), information concerning the rescission of the Specified Right Sales Contract pursuant to the provision of Paragraph 1 of this article, or due to being disturbed by the seller's act of intimidating the purchaser of the rights to receive offers of the Specified Continuous Services in violation of the provision of Article 44 (3), it shall be when eight days have passed from the date on which the purchaser of the rights to receive offers of the Specified Continuous Services received a document, which has been issued by the Service Provider pursuant to an Ordinance of the Ministry of Economy, Trade and Industry referred to in the same paragraph and contains a notice to the effect that the purchaser of the rights to receive offers of the Specified Continuous Services may rescind said Specified Right Sales Contract pursuant to the provision of the same paragraph).
- (4) Where a Specified Right Sales Contract has been rescinded pursuant to the preceding paragraph, the seller may not demand that the purchaser of the rights to receive offers of the Specified Continuous Services pays an amount of money that exceeds the total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:
- (i) if the rights were returned the amount equivalent to the interests that can normally be gained through exercising the rights (when an amount deducting the market value for the rights at the time of their return from the amount equivalent to their selling price exceeds the amount equivalent to the interests that can normally be gained through exercising the rights, such amount shall apply);
  - (ii) if the rights are not returned the amount equivalent to the selling price of the rights;

- (iii) if the contract was rescinded prior to the transfer of the rights the amount of costs normally required for concluding and performing a contract.
- (5) Where a Contract on Specified Continuous Service Offers, etc. has been rescinded pursuant to the provision of Paragraph 1 or 3, if the Service Provider or the seller sells, acts as an agent for sale, or mediates the sale of the Related Goods to the Specified Continuous Service Recipient, etc., the Specified Continuous Service Recipient, etc. may rescind said Sales Contract on Related Goods.
- (6) Where a Sales Contract on Related Goods has been rescinded pursuant to the preceding paragraph, the seller of the Related Goods may not demand that the Specified Continuous Service Recipient, etc. pays an amount of money that exceeds the total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:
  - (i) if the Related Goods were returned the amount equivalent to an ordinary royalty for the Related Goods (when an amount deducting the market value for the Related Goods at the time of their return from the amount equivalent to their selling price exceeds the amount equivalent to an ordinary royalty, such amount shall apply);
  - (ii) if the Related Goods are not returned the amount equivalent to the selling price of the Related Goods;
  - (iii) if the contract was rescinded prior to the transfer of the Related Goods the amount of costs normally required for concluding and performing a contract.
- (7) Any special provisions that run counter to the provisions of the preceding paragraphs, which are disadvantageous to the Specified Continuous Service Recipient, etc., shall be invalid.

(Rescission of application for Contract on Specified Continuous Service Offers, etc. or manifestation of intention to enter into such contract)

Article 49-2 (1) Where a Specified Continuous Service Recipient, etc. has been misled as specified in the following items as a result of the Service Provider or the seller conducting acts listed in said items in soliciting a Contract on Specified Continuous Service Offers, etc., and thereby makes an application for said Contract on Specified Continuous Service Offers, etc. or manifests his/her intention to enter into such contract, he/she may rescind the application or the manifestation of intention:

- (i) an act of misrepresenting information in violation of the provision of Article 44 (1) being misled into believing that the misrepresented information was true; or
- (ii) an act of intentionally failing to disclose information in violation of the

provision of Article 44 (2) being misled into believing that the nondisclosed information did not exist.

- (2) The provisions of Article 9-2 (2) to (4) shall apply mutatis mutandis to rescission of an application for a Contract on Specified Continuous Service Offers, etc. or manifestation of intention to enter into such contract pursuant to the provision of the preceding paragraph.
- (3) The provisions of Article 49 (5) to (7) shall apply mutatis mutandis to cases where an application for a Contract on Specified Continuous Service Offers, etc. or manifestation of intention to enter into such contract has been rescinded pursuant to the provision of Paragraph 1.

(Exclusion from application)

Article 50 (1) The provisions of this chapter shall not apply to the following Specified Continuous Service Offers:

- (i) Specified Continuous Service Offers pertaining to a Contract on Specified Continuous Service Offers, etc. concluded by a Specified Continuous Service Recipient, etc. for the purpose of business or as business;
  - (ii) Specified Continuous Service Offers to people residing outside Japan;
  - (iii) Specified Continuous Service Offers by the national or a local government;
  - (iv) Specified Continuous Service Offers by the following organizations to their direct or indirect members (when the organization is capable of making the business or facility available to its non-members, it includes Specified Continuous Service Offers to such non-members):
    - (a) partnerships established based on a special act and their federation or central association;
    - (b) organizations under Article 108-2 of the National Public Service Act or Article 52 of the Local Public Service Act;
    - (c) labor unions; and
  - (v) Specified Continuous Service Offers by a business operator to its employees.
- (2) The provisions of Article 49 (2), (4), and (6) (including the cases where it is applied mutatis mutandis pursuant to Article 49-2 (3)) shall not apply to Specified Continuous Services or Related Goods offered or sold through installment sales.

## **Chapter V Business Opportunity Related Sales Transactions**

(Definitions)

Article 51 (1) The term "Business Opportunity Related Sales" as used in this chapter, Article 66 (1), and Article 67 (1) shall mean sales of articles (including mediation of such sales) or offer of services for value (including mediation of such offers) where the seller, the service provider, or their mediator induces

the counterparty by telling him/her that he/she may receive a profit (hereinafter referred to as "Business Opportunity Profit" in this chapter) through engaging in a business that uses the articles that are the subject matter of sales (such articles are hereinafter referred to as the "Goods" in this chapter) or the services offered (such business is limited to a business directly made available by or mediated by the person selling or mediating sales of the Goods or offering or mediating offer of the services), and conducts with such person transactions pertaining to sales or mediation of sales of the Goods or offers or mediation of offer of the services that involve a specified burden (which means purchase of the Goods, payment of the consideration for the services, or provision of a transaction fee; hereinafter the same shall apply in this chapter) (such transactions include change in the terms of transactions; hereinafter referred to as the "Business Opportunity Related Sales Transactions").

- (2) The term "transaction fee" as used in this chapter shall mean a transaction fee, a membership fee, a security deposit, or other money or goods provided upon conducting a transaction or upon changing the terms of transactions, irrespective of the name given to it.

(Clear indication of name, etc. in Business Opportunity Related Sales Transactions)

Article 51-2 Where a person conducting Business Opportunity Related Sales intends to conduct Business Opportunity Related Sales Transactions pertaining to such Business Opportunity Related Sales, he/she shall clearly indicate to the counterparty, prior to the solicitation, the name of the person conducting the Business Opportunity Related Sales, the fact that its purpose is to solicit a contract on transactions involving a specified burden, and the type of Goods or services pertaining to said solicitation.

(Prohibited acts)

Article 52 (1) A person conducting Business Opportunity Related Sales shall not intentionally fail to disclose facts on or misrepresent information on the following matters in soliciting a contract on Business Opportunity Related Sales Transactions pertaining to such Business Opportunity Related Sales (limited to a contract concluded with an individual who conducts the business made available or mediated in relation to such Business Opportunity Related Sales at a place other than a business establishment or other similar facility [hereinafter referred to as a "Business Establishment, etc."]; hereinafter the same shall apply in this chapter) or for preventing rescission of such contract on Business Opportunity Related Sales Transactions pertaining to such Business Opportunity Related Sales:

- (i) the type and performance or quality of the Goods (excluding rights to use a facility or to receive offer of services), or the type and details of the rights to use a facility or to receive offer of services or those of the services, and other similar matters specified by an Ordinance of the Ministry of Economy, Trade and Industry;
  - (ii) matters concerning the specified burden involved in said Business Opportunity Related Sales Transactions;
  - (iii) matters concerning rescission of said contract (including matters concerning the provisions of Article 58 (1) to (3));
  - (iv) matters concerning the Business Opportunity Profit pertaining to the Business Opportunity Related Sales;
  - (v) in addition to the matters listed in the preceding items, important matters concerning the Business Opportunity Related Sales, which affect the decision of the counterparty of the Business Opportunity Related Sales Transactions.
- (2) A person conducting Business Opportunity Related Sales shall not intimidate and disturb a person in order to make him/her conclude a contract on Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales or to prevent him/her from rescinding such contract on Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales.
- (3) A person conducting Business Opportunity Related Sales shall not solicit a contract on Business Opportunity Related Sales Transactions pertaining to said Business Opportunity Related Sales at a place other than publicly accessed places from a person it induced by calling him/her to stop at a place other than its place of business or its agency's office or a place specified by an Ordinance of the Ministry of Economy, Trade and Industry and bringing him/her over or by a method specified by a Cabinet Order, without informing the person that the purpose is to solicit a contract on transactions involving a specified burden.

(Submission of materials indicating reasonable grounds)

Article 52-2 Where the competent minister finds it necessary for determining whether or not a person conducting Business Opportunity Related Sales has misrepresented information on the matters listed in Article 52 (1) (i) or (iv), he/she may require said person to submit materials indicating reasonable grounds that support the matters conveyed to such other person within a specific time limit. Where the person conducting Business Opportunity Related Sales fails to submit the materials in this case, he/she shall be deemed to have misrepresented information on the matters listed in Article 52 (1) (i) or (iv) with respect to application of the provisions of Articles 56 and 57 (1).

(Advertisements of Business Opportunity Related Sales Transactions)

Article 53 (1) When advertising Business Opportunity Related Sales

Transactions pertaining to the Business Opportunity Related Sales, a person conducting Business Opportunity Related Sales shall indicate the following matters concerning the Business Opportunity Related Sales in the advertisement pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

(i) the type of Goods or services;

(ii) matters concerning the specified burden involved in said Business Opportunity Related Sales Transactions;

(iii) if advertising the business made available or mediated in relation to the Business Opportunity Related Sales, the conditions for making the business available;

(iv) in addition to the matters listed in the preceding three items, matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(2) When advertising by an electromagnetic means Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales (except when advertising in response to a request by the advertising target or in other cases specified by an Ordinance of the Ministry of Economy, Trade and Industry), a person conducting Business Opportunity Related Sales shall, in addition to the matters listed in the respective items of the preceding paragraph, indicate in the advertisement a method for the advertising target to manifest his/her intention of not wishing to receive advertisements by an electromagnetic means from the person conducting the Business Opportunity Related Sales pertaining to said advertisement, pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibition of misleading advertising, etc.)

Article 54 When advertising Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales, a person conducting Business Opportunity Related Sales may not make an indication of the specified burden involved in said Business Opportunity Related Sales Transactions, the Business Opportunity Profit pertaining to said Business Opportunity Related Sales, or other matters specified by an Ordinance of the Ministry of Economy, Trade and Industry that differs vastly from the truth or misleads people into believing that it is vastly better or more advantageous than it is in reality.

(Submission of materials indicating reasonable grounds)

Article 54-2 Where the competent minister finds it necessary for determining whether an indication falls under the indication prescribed in the preceding

article, he/she may require the person conducting Business Opportunity Related Sales who made said indication to submit materials indicating reasonable grounds that support said indication within a specific time limit. Where the person conducting Business Opportunity Related Sales fails to submit the materials in this case, said indication shall be deemed to fall under the indication prescribed in the preceding article with respect to application of the provisions of Articles 56 and 57 (1).

(Prohibition of providing advertisements to targets who have manifested the intention of not wishing to receive advertisements by an electromagnetic means)

Article 54-3 When advertising by an electromagnetic means Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales, a person conducting Business Opportunity Related Sales shall not provide advertisements by an electromagnetic means to any target who has manifested his/her intention of not wishing to receive advertisements by an electromagnetic means pursuant to the provision of Article 53 (2).

(Delivery of document in Business Opportunity Related Sales Transactions)

Article 55 (1) Where a person conducting Business Opportunity Related Sales intends to conclude a contract concerning the specified burden involved in the Business Opportunity Related Sales Transactions with a person who intends to bear such specified burden (limited to an individual who conducts business made available or mediated in relation to such Business Opportunity Related Sales at a place other than a Business Establishment, etc.), he/she shall deliver a document containing the outline of the Business Opportunity Related Sales pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry before concluding the contract.

(2) Where a person conducting Business Opportunity Related Sales has concluded a contract concerning Business Opportunity Related Sales Transactions pertaining to such Business Opportunity Related Sales (hereinafter referred to as a "Business Opportunity Related Sales Contract" in this chapter), and the counterparty of the Business Opportunity Related Sales Contract is an individual who conducts business made available or mediated in relation to such Business Opportunity Related Sales at a place other than a Business Establishment, etc., he/she shall deliver a document containing the details of the Business Opportunity Related Sales Contract with respect to the following matters without delay pursuant to the provisions of an Ordinance of the Ministry of Economy, Trade and Industry:

(i) the type and performance or quality of the Goods (excluding rights to use a

- facility or to receive offer of services), or the type and details of the rights to use a facility or to receive offer of services or those of the services;
- (ii) matters concerning the conditions for making available or mediating the business using the Goods or the services offered;
  - (iii) matters concerning the specified burden involved in said Business Opportunity Related Sales Transactions;
  - (iv) matters concerning rescission of said Business Opportunity Related Sales Contract (including matters concerning the provisions of Section 58 (1) to (3)); and
  - (v) in addition to the matters listed in the preceding items, matters specified by an Ordinance of the Ministry of Economy, Trade and Industry.

(Order)

Article 56 Where a person conducting Business Opportunity Related Sales violates any of the provisions of Article 51-2, 52, 53, 54, 54-3, or 55 or conducts any of the following acts, if the competent minister finds the act to involve the risk of impairing the fairness of the Business Opportunity Related Sales Transactions or harming the interests of the counterparty of the Business Opportunity Related Sales Transactions, he/she may order the person conducting Business Opportunity Related Sales to take necessary measures:

- (i) an act of refusing to perform or unjustly delaying performance of the obligations under the Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales or the obligations that occur through rescission of such contract in whole or in part;
- (ii) an act of soliciting a Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales (limited to a contract with an individual who conducts business made available or mediated in relation to such Business Opportunity Related Sales at a place other than a Business Establishment, etc.; hereinafter the same shall apply in the following item) by providing assertive determination that misleads people into believing that interests will definitely arise from the Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales;
- (iii) where a person has indicated his/her intention of not concluding the Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales, an act of soliciting the Business Opportunity Related Sales Contract from such person in a way that that makes such person feel annoyed; and
- (iv) in addition to the acts listed in the preceding three items, acts concerning the Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales, which are specified by an Ordinance of the

Ministry of Economy, Trade and Industry as acts that involve the risk of impairing the fairness of the Business Opportunity Related Sales Transactions and harming the interests of the counterparty of the Business Opportunity Related Sales Transactions.

(Suspension of Business Opportunity Related Sales Transactions, etc.)

Article 57 (1) Where a person conducting Business Opportunity Related Sales violates any of the provisions of Article 51-2, 52, 53, 54, 54-3, or 55 or conducts any of the acts listed in the respective items of the preceding article, if the competent minister finds the act to involve the risk of impairing the fairness of the Business Opportunity Related Sales Transactions or harming the interests of the counterparty of the Business Opportunity Related Sales Transactions or if the person conducting Business Opportunity Related Sales does not follow the order under the provision of the same article, he/she may order the person conducting Business Opportunity Related Sales to suspend from soliciting said Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales in whole or in part by specifying a time limit of no longer than one year.

(2) When giving the order pursuant to the provision of the preceding paragraph, the competent minister shall make the order public.

(Rescission of Business Opportunity Related Sales Contract)

Article 58 (1) Where a person conducting Business Opportunity Related Sales concludes a Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales, the counterparty of the contract (limited to an individual who conducts business made available or mediated in relation to such Business Opportunity Related Sales at a place other than a Business Establishment, etc.; hereinafter referred to as the "Counterparty" in this article to Article 58-3) may rescind such Business Opportunity Related Sales Contract in writing, except when 20 days have passed from the date on which he/she received the document referred to in Article 55 (2) (if the Counterparty had not rescinded the Business Opportunity Related Sales Contract pursuant to this paragraph by said time limit due to being misled by an act of the person conducting Business Opportunity Related Sales of misrepresenting, in violation of the provision of Article 52 (1), information concerning rescission of a Business Opportunity Related Sales Contract pursuant to the provision of this paragraph, or due to being disturbed by an act of the person conducting Business Opportunity Related Sales of intimidating the Counterparty in violation of the provision of Article 52 (2), it shall be when 20 days have passed from the date on which the Counterparty received a document, which has been issued by the person conducting Business Opportunity Related Sales pursuant

to an Ordinance of the Ministry of Economy, Trade and Industry and contains a notice to the effect that the Counterparty may rescind said Business Opportunity Related Sales Contract pursuant to the provision of this paragraph). In this case, the person conducting Business Opportunity Related Sales may not claim damages or demand payment of a penalty pertaining to the rescission of the Business Opportunity Related Sales Contract.

- (2) The rescission of a Business Opportunity Related Sales Contract pursuant to the preceding paragraph shall take effect when a document on said rescission has been issued.
- (3) When a Business Opportunity Related Sales Contract has been rescinded pursuant to the provision of Paragraph 1, the person conducting Business Opportunity Related Sales shall bear the costs required for taking back any goods already delivered under the Business Opportunity Related Sales Contract.
- (4) Any special provisions that run counter to the provisions of the preceding three paragraphs, which are disadvantageous to the Counterparty, shall be invalid.

(Rescission of application for Business Opportunity Related Sales Contract or manifestation of intention to enter into such contract)

Article 58-2 (1) Where a Counterparty has been misled as specified in the following items as a result of the person conducting Business Opportunity Related Sales conducting acts listed in said items in soliciting a Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales, and thereby makes an application for said Business Opportunity Related Sales Contract or manifests his/her intention to enter into such contract, he/she may rescind the application or the manifestation of intention:

- (i) an act of misrepresenting information in violation of the provision of Article 52 (1) being misled into believing that the misrepresented information was true; or
- (ii) an act of intentionally failing to disclose information in violation of the provision of Article 52 (1) being misled into believing that the nondisclosed information did not exist.

- (2) The provisions of Article 9-2 (2) to (4) shall apply mutatis mutandis to rescission of an application for a Business Opportunity Related Sales Contract or manifestation of intention to enter into such contract pursuant to the provision of the preceding paragraph.

(Limitation to the amount of damages, etc. pertaining to rescission or default of Business Opportunity Related Sales Contract)

Article 58-3 (1) Where a seller or a person conducting Business Opportunity

Related Sales has concluded a Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales, if the Business Opportunity Related Sales Contract was rescinded, it may not demand that the Counterparty pays an amount of money that exceeds the total of the amount specified in the following items according to the respective cases listed therein and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty:

- (i) if the goods (excluding rights to use a facility or to receive offer of services; hereinafter the same shall apply in this paragraph) or the rights were returned the amount of an ordinary royalty for the goods or the amount equivalent to the interest that can normally be gained through exercising the rights (when an amount deducting the market value for the goods or the rights at the time of their return from the amount equivalent to their selling price exceeds the amount of an ordinary royalty or the amount equivalent to the interests that can normally be gained through exercising the rights, such amount shall apply);
  - (ii) if the goods or the rights are not returned the amount equivalent to the selling price of the goods or the rights;
  - (iii) if the Business Opportunity Related Sales Contract was rescinded after the start of the offering of the services the amount equivalent to the consideration for the offered services; and
  - (iv) if the Business Opportunity Related Sales Contract was rescinded prior to the start of the delivery of the goods or the transfer of the rights or the offering of the services the amount of costs normally required for concluding and performing a contract.
- (2) Where a person conducting Business Opportunity Related Sales has concluded a Business Opportunity Related Sales Contract pertaining to the Business Opportunity Related Sales, if the obligation to pay the charge for the goods or the consideration for the services under the Business Opportunity Related Sales Contract fails to be performed in whole or in part (excluding a case where the Business Opportunity Related Sales Contract has been rescinded), he/she may not demand that the Counterparty pays an amount of money that exceeds a total of the amount equivalent to the selling price of the goods or the rights or the consideration for the services excluding the already paid amount of the charge for the goods or the consideration for the services and the amount of the relevant delay damages based on the statutory interest rate, even when there is an agreement for liquidated damages or a provision on a penalty.
- (3) The provisions of the preceding two paragraphs shall not apply to goods or services pertaining to Business Opportunity Related Sales Transactions that

are sold or offered through installment sales.

## **Chapter VI Miscellaneous Provisions**

(Goods sent unrelated to existing sales contract or application thereof)

Article 59 (1) Where a seller makes an application for a sales contract and sends goods pertaining to such application to a person other than the person who made an application for a sales contract in the case the seller has received such application or the purchaser in the case the seller has concluded a sales contract (hereinafter referred to as the "Purchasing Party" in this paragraph) or makes to the Purchasing Party an application for a sales contract on goods other than the goods pertaining to the relevant sales contract and sends the goods pertaining to such application to the Purchasing Party, the seller may not claim return of the sent goods if the person who received the sent goods does not consent to accepting the application and the seller does not take back the goods before the day on which 14 days have passed from the date of sending the goods (if the person who received the sent goods has requested the seller to take back such goods, and said day comes after the day on which seven days have passed from the date of such request, it shall be the day on which seven days have passed from the date of the request).

(2) The provision of the preceding paragraph shall not apply to an application for a sales contract where the sales contract corresponds to a commercial transaction for the person who received the sent goods.

(Notification to the competent minister)

Article 60 (1) On finding the risk of impairing the fairness of the Specified Commercial Transactions or harming the interests of the purchaser, etc., any person may notify the competent minister to the effect and seek an appropriate measure.

(2) Where the competent minister receives a notification under the provision of the preceding paragraph, he/she shall conduct necessary investigation and take a measure under this Act or other appropriate measure if he/she finds the content of the notification to be true.

(Designated corporation)

Article 61 (1) The competent minister may, pursuant to the provisions of an Ordinance of the Competent Ministry, designate a corporation prescribed in Article 34 of the Civil Code that is found do be capable of conducting the affairs prescribed in the following paragraph (hereinafter referred to as "Affairs for Ensuring Appropriate Specified Commercial Transactions" in this paragraph and Article 66 (2)) appropriately without fail as an entity conducting Affairs for

Ensuring Appropriate Specified Commercial Transactions (hereinafter referred to as a "Designated Corporation") based on application by such corporation.

(2) A Designated Corporation shall conduct the following affairs:

- (i) provide guidance or advice to a person who intends to make a notification to the competent minister pursuant to the provision of Paragraph 1 of the preceding article;
- (ii) conduct investigation on the fact relevance of the notification under Paragraph 2 of the preceding article when so requested by the competent minister;
- (iii) collect and provide information or materials on Specified Commercial Transactions; and
- (iv) train persons who will take charge of affairs concerning handling complaints or providing advice on Specified Commercial Transactions.

(Order for improvement)

Article 62 Where the competent minister finds it necessary to improve the Designated Corporation's operation of the affairs prescribed in Paragraph 2 of the preceding article, he/she may order the Designated Corporation to take necessary measures for the improvement.

(Cancellation of designation)

Article 63 The competent minister may cancel the designation of a Designated Corporation if the Designated Corporation has violated the order prescribed in the preceding article.

(Consultation with Consumer Affairs Council)

Article 64 (1) When the competent minister intends to propose enactment, revision, or abolishment of a Cabinet Order under Article 2 (4), Article 9 (1) (excluding Item 3), Article 24 (1) (excluding Item 3), Article 26 (2) (ii) or (3) (ii), Article 41 (1) (i) (limited to the provisions pertaining to the period) or (2), or Article 48 (2), he/she shall consult with the Consumer Affairs Council.

(2) When the Minister of Economy, Industry and Trade intends to propose enactment, revision, or abolishment of a Cabinet Order under Article 2 (1) (ii) or (3), Article 6 (4), Article 9 (1) (iii), Article 24 (1) (iii), Article 26 (3) (i), Article 34 (4), Article 40-2 (2) (iv), Article 41 (1) (i) (limited to the provisions pertaining to the amount of money), Article 49 (2) (i) (b) or (ii), Article 52 (3), or Article 66 (2), he/she shall consult with the Consumer Affairs Council.

(Transitional measures)

Article 65 When enacting, revising, or abolishing an order based on the provisions of this Act, transitional measures required (including transitional

measures concerning the penal provisions) may be prescribed by such order to an extent that is judged reasonably necessary for the enactment, revision, or abolishment.

(Reports and On-site Inspections)

Article 66 (1) Where the competent ministry finds it necessary for enforcing this Act, he/she may require a seller, a Service Provider, a Supervisor, a solicitor, a general multilevel marketing distributor, or a person conducting Business Opportunity Related Sales (hereinafter referred to as the "Seller, etc." in this article) to make a report, or have government officials enter the store or other place of business of the Seller, etc. and inspect books, documents, or other articles.

(2) Where the competent minister finds it specially necessary for enforcing this Act, he/she may require a person selling the Related Goods or any other person who is specified by a Cabinet Order as a person closely related with a Seller, etc. (hereinafter referred to as a "Closely Related Person" in this paragraph) to make a report, or have government officials enter the store or other place of business of the Closely Related Person and inspect books, documents, or other articles.

(3) Where the competent minister finds it specially necessary for enforcing this Act, he/she may require a person dealing with a Seller, etc. concerning Specified Commercial Transactions (excluding transactions pertaining to Mail Order Sales; hereinafter the same shall apply in this paragraph) to submit a report or materials that will serve as a reference on the obligations of the Seller, etc. under a contract pertaining to Specified Commercial Transactions or the obligations of the Seller, etc. that occur through rescission of a contract pertaining to Specified Commercial Transactions.

(4) The competent minister may, to an extent necessary for securing appropriate operation of Affairs for Ensuring Appropriate Specified Commercial Transactions, require the Designated Corporation to make a necessary report on the state of its Affairs for Ensuring Appropriate Specified Commercial Transactions or its property, or have government officials enter the place of business of the Designated Corporation and inspect the state of the Affairs for Ensuring Appropriate Specified Commercial Transactions or inspect books, documents, or other articles.

(5) The government official who enters and inspects pursuant to the provisions of Paragraph 1, 2, or 4 shall carry a certificate for identification and produce it to the people concerned.

(6) The authority on the entry and inspection pursuant to the provisions of Paragraph 1, 2, and 4 shall not be construed as an authority for the purpose of criminal investigation.

(Competent minister, etc.)

Article 67 (1) In this Act, the competent minister shall be as follows:

- (i) with respect to matters concerning a seller pertaining to Designated Goods, matters concerning a Supervisor, a solicitor, or a general multilevel marketing distributor engaged in a series of Multilevel Marketing activities pertaining to Goods, and matters concerning a person conducting Business Opportunity Related Sales pertaining to Goods, the Minister of Economy, Trade and Industry and the minister having jurisdiction over physical distribution of said Goods;
- (ii) with respect to matters concerning a seller pertaining to Designated Rights, matters concerning a Supervisor, a solicitor, or a general multilevel marketing distributor engaged in a series of Multilevel Marketing activities pertaining to rights to use a facility or to receive offer of services, matters concerning a seller pertaining to rights to receive offer of Specified Continuous Services, and matters concerning a person conducting Business Opportunity Related Sales pertaining to rights to use a facility or to receive offer of services, the Minister of Economy, Trade and Industry and the minister having jurisdiction over businesses that offer the facility or the services pertaining to said rights;
- (iii) with respect to matters concerning a Service Provider pertaining to Designated Services, matters concerning a Supervisor, a solicitor, or a general multilevel marketing distributor engaged in a series of Multilevel Marketing activities pertaining to services, matters concerning a Service Provider pertaining to Specified Continuous Services, and matters concerning a person conducting Business Opportunity Related Sales pertaining to services, the Minister of Economy, Trade and Industry and the minister having jurisdiction over businesses that offer said services;
- (iv) with respect to matters concerning a Designated Corporation, the Minister of Economy, Trade and Industry, the minister having jurisdiction over physical distribution of Designated Goods, the minister having jurisdiction over businesses that offer the facility or the services pertaining to said rights, the minister having jurisdiction over businesses that offer Designated Services, and the minister having jurisdiction over businesses that offer Specified Continuous Services; and
- (v) with respect to matters concerning consultation with the Consumer Affairs Council prescribed in Article 64 (1), the Minister of Economy, Trade and Industry, the minister having jurisdiction over physical distribution of said Goods, the minister having jurisdiction over businesses that offer the facility or the services pertaining to said rights, or the minister having jurisdiction over businesses that offer said services.

(2) In this Act, an Ordinance of the Competent Ministry shall be an order issued by the competent minister specified by Item 4 of the preceding paragraph.

(Affairs processed by prefectural governments)

Article 68 Part of the affairs prescribed in this Act that are under the authority of the competent minister may be undertaken by a prefectural governor pursuant to the provisions of a Cabinet Order.

(Delegation of authority)

Article 69 The competent minister may have the head of a Local Branch Office undertake matters that are placed under his/her authority by this Act, pursuant to the provisions of a Cabinet Order.

## **Chapter VII Penal Provisions**

Article 70 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than two years or a fine of not more than three million yen, or both:

- (i) a person who violates any provision of Article 6 (1) to (3), Article 21, Article 34 (1) to (3), Article 44, or Article 52 (1) or (2); or
- (ii) a person who violates the order prescribed in Article 8 (1), Article 15 (1), Article 23 (1), Article 39 (1) to (3), Article 47 (1), or Article 57 (1).

Article 71 Any person who falls under any of the following items shall be punished by imprisonment with work for not more than six months or a fine of not more than one million yen, or both:

- (i) a person who violates any provision of Article 6 (4), Article 34 (4), or Article 52 (3); or
- (ii) a person who, in violation of the provision of Article 37 or Article 55, fails to deliver a document or delivers a document that does not contain the matters prescribed in said provision or contains false statements.

Article 72 Any person who falls under any of the following items shall be punished by a fine of not more than one million yen:

- (i) a person who, in violation of the provision of Article 4, Article 5, Article 18, Article 19, or Article 42, fails to deliver a document or delivers a document that does not contain the matters prescribed in said provision or contains false statements;
- (ii) a person who violates the order prescribed in Article 7, Article 14, Article 22, Article 38, Article 46, or Article 56;
- (iii) a person who, in violation of the provision of Article 12, Article 36, Article

- 43, or Article 54, makes an indication that differs vastly from the truth or misleads people into believing that a matter is vastly better or more advantageous than it is in reality;
- (iv) a person who, in violation of the provision of Article 13 (1) or Article 20, does not make notification;
  - (v) a person who, in violation of the provision of Article 35 (1) or Article 53 (1), does not make indication;
  - (vi) a person who, in violation of the provision of Article 45 (1), does not keep the documents specified by the same paragraph or who makes unlawful statements in the documents;
  - (vii) a person who, in violation of the provision of Article 45 (2), refuses to allow inspection of the documents or refuses to deliver a full or extract copy of the documents without a justifiable ground; or
  - (viii) a person who fails to make the report prescribed in Article 66 (1) or (2) or makes a false report, or who refuses, obstructs, or evades the inspection prescribed in said provision.

Article 73 Any person who falls under any of the following items shall be punished by a fine of not more than 300,000 yen:

- (i) a person who, in violation of the provision of Article 28 (2) or Article 31 (2), uses the words "Door-to-Door Sales Association member" or "Mail Order Sales Association member" in its name;
- (ii) a person who fails to make the report prescribed in Article 66 (3) or makes a false report, or who fails to submit the report prescribed in the same paragraph or submits false materials; or
- (iii) a person who fails to make the report prescribed in Article 66 (4) or makes a false report, or who refuses, obstructs, or evades the inspection prescribed in the provision of the same paragraph.

Article 74 When a representative of a juridical person, or an agent, employee or any other worker of a juridical person or an individual commits a violation prescribed in any of the provisions of the following items with regard to the business of said juridical person or said individual, not only the offender shall be punished, but also said juridical person shall be punished by the fine specified by the respective items, or said individual shall be punished by the fine prescribed in the relevant articles:

- (i) Article 70 (ii) a fine of not more than 30 million yen; and
- (ii) Article 70 (i) or Article 71 to 73 the fine prescribed in the relevant articles.

Article 75 A person who, in violation of the provision of Article 28 (1) or Article 31 (1), uses the words "Door-to-Door Sales Association" or "Mail Order Sales

Association" in its name shall be punished by a fine of not more than 100,000 yen.

### **Supplementary Provisions [Extract]**

(Effective date)

Article 1 This Act shall come into force as from the date specified by a Cabinet Order within a period not exceeding six months from the date of promulgation. However, the provisions of Article 19 and Article 21 (ii) of the Act and Article 3 and Article 4 of the Supplementary Provisions shall come into force as from the date of promulgation.

(Transitional measures)

- Article 2 (1) The provisions of Article 4 and Article 9 shall not apply to an application for a sales contract that was received by a seller prior to the enforcement of this Act.
- (2) The provisions of Article 5 (1) to (3) and Article 7 shall not apply to a sales contract that was concluded prior to the enforcement of this Act.
- (3) The provision of Article 6 shall not apply to an application for a sales contract that was received by a seller prior to the enforcement of this Act or, where the sales contract pertaining to such application is concluded after the enforcement of this Act, such sales contract, or a sales contract concluded prior to the enforcement of this Act.
- (4) The provisions of Article 15 (2) and Article 16 shall not apply to a contract for transactions equivalent to the Multilevel Marketing Transactions prescribed in Article 11 (1) that was concluded by a person conducting business equivalent to the Multilevel Marketing prescribed in the same paragraph prior to the enforcement of this Act.
- (5) With regard to the application of the provision of Article 18 to the sending of goods by a seller prior to the enforcement of this Act, "the date of sending the goods" in Article 18 (1) shall be deemed to be "the effective date of this Act."

### **Supplementary Provisions [Extract from Act No. 49 of 1984] [Extract]**

(Transitional measure pertaining to partial revision of the Act on Door-to-Door Sales, etc.)

- (12) With regard to a sales contract concluded prior to the enforcement of this Act or an application for a sales contract that a seller received prior to the enforcement of this Act or, where the sales contract pertaining to said application is concluded after the enforcement of this Act, such sales contract, the provisions then in force shall remain applicable, notwithstanding the

provision of Article 6 of the Act on Door-to-Door Sales, etc. as revised by the provision of the preceding paragraph.

**Supplementary Provisions [Extract from Act No. 43 of 1988] [Extract]**

(Effective date, etc.)

Article 1 This Act shall come into force as from the date specified by a Cabinet Order within a period not exceeding six months from the date of promulgation. However, the provisions of the following articles shall come into force as from the date of promulgation.

Article 2 When planning to enact the Cabinet Order referred to in Article 2 (1) (ii) and (3), Article 6 (1), Article 10 (2) (ii), or Article 11 (1) of the revised Act on Door-to-Door Sales, etc. (hereinafter referred to as the "New Act") prior to the effective date of this Act, the provision of Article 19 of the Act on Door-to-Door Sales before the revision (hereinafter referred to as the "Old Act") shall apply.

(Transitional measures, etc.)

- Article 3 (1) The provision of Article 4 of the New Act shall apply to an application for a sales contract or a Service Contract that a seller or a Service Provider receives after the enforcement of this Act, but with regard to an application for a sales contract on Designated Goods prescribed in Article 2 (3) of the New Act that fall under the Designated Goods prescribed in Article 2 (3) of the Old Act (hereinafter referred to as the "Specified Designated Goods"), which a seller received prior to the enforcement of this Act, the provisions then in force shall remain applicable.
- (2) The provision of Article 5 of the New Act shall apply to a sales contract or a Service Contract that was concluded after the enforcement of this Act, but with regard to a sales contract on Specified Designated Goods that was concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable.
- (3) The provision of Article 6 of the New Act shall apply to an application for a sales contract or a Service Contract that a seller or a Service Provider receives after the enforcement of this Act or a sales contract or a Service Contract that is concluded after the enforcement of this Act (excluding such contract for which application was received prior to the enforcement of this Act), but with regard to an application for a sales contract on Specified Designated Goods that a seller received prior to the enforcement of this Act or, where the sales contract pertaining to such an application is concluded after the enforcement of this Act, such sales contract, or a sales contract on Specified Designated Goods

that was concluded prior to the enforcement of this Act, the provisions before the enforcement of this Act shall remain applicable.

- (4) The provision of Article 7 (1) of the New Act shall apply to a sales contract or a Service Contract that is concluded after the enforcement of this Act, but with regard to a sales contract on Specified Designated Goods that was concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable.
- (5) The provision of Article 7 (2) of the New Act shall not apply to a sales contract or a Service Contract that was concluded prior to the enforcement of this Act.
- (6) The provision of Article 9 of the New Act shall not apply to a sales contract or a Service Contract on Designated Rights prescribed in Article 2 (3) of the New Act that a seller or a Service Provider received prior to the enforcement of this Act.
- (7) The provisions of Article 14 (2) and Article 17 of the New Act shall apply to a contract on Multilevel Marketing Transactions prescribed in Article 11 (1) of the New Act that is concluded by a person conducting Multilevel Marketing prescribed in the same paragraph after the enforcement of this Act, but with regard to a contract on Multilevel Marketing Transactions prescribed in Article 11 (1) of the Old Act that was concluded by a person conducting Multilevel Marketing prescribed in the same paragraph prior to the enforcement of this Act, the provisions then in force shall remain applicable.
- (8) With regard to the application of the provision of Article 18 (1) of the New Act to the sending of goods by a seller prior to the enforcement of this Act, "the date on which 14 days have passed from the date of sending the goods (if such date comes after the date on which seven days have passed from the date of the request where the person receiving the sent goods has requested the seller to take back such goods, it shall be the date on which seven days have passed from the date of the request)" shall be deemed to be "the date on which 14 days have passed from the effective date of the Act for Partial Revision of the Act on Door-to-Door Sales, etc. (Act No. 43 of 1988), the date on which three days have passed from the date of sending the goods, or where the person receiving the sent goods has requested the seller to take back such goods, the date on which one month has passed from the date of the request, whichever comes the earliest."
- (9) With regard to the application of the penal provisions against acts committed prior to the enforcement of this Act and against acts committed after the enforcement of this Act in cases where the provisions before the enforcement of this Act are to remain applicable pursuant to the provisions of Paragraph 1, Paragraph 2, and Paragraph 7, the provisions before the enforcement of this Act shall remain applicable.

Article 4 (1) If the Japan Direct Selling Association established on April 1, 1980 satisfies the requirements prescribed in Article 10-2 of the New Act on the effective date of this Act, it shall be deemed to be the corporation prescribed in Article 10-2 of the New Act that has been established on the effective date of this Act with respect to the application of the provisions of Article 10-3 and Article 10-4 of the New Act.

(2) If the Japan Direct Marketing Association established on October 11, 1983 satisfies the requirements prescribed in Article 10-5 of the New Act on the effective date of this Act, it shall be deemed to be the corporation prescribed in Article 10-5 of the New Act that has been established on the effective date of this Act with respect to the application of the provisions of Article 10-6 and Article 10-7 of the New Act.

### **Supplementary Provisions [Extract from Act No. 44 of 1996] [Extract]**

(Effective date)

Article 1 This Act shall come into force as from the date specified by a Cabinet Order within a period not exceeding six months from the date of promulgation. However, among the provisions of Article 1, those revising Article 19 and Article 21 of the Act on Door-to-Door Sales, etc., the provision of Article 2, among the provisions of Article 3 of the Supplementary Provisions, those revising Article 37 (1) of the Installment Sales Act, and the provisions of Article 4 and Article 5 of the Supplementary Provisions shall come into force as from the date of promulgation.

(Transitional measures)

Article 2 (1) The provisions of Article 9-6 and Article 9-8 of the Act on Door-to-Door Sales, etc. as revised by the provision of Article 1 (hereinafter referred to as the "New Act") shall not apply to an application for a sales contract or a Service Contract that a seller or a Service Provider received prior to the enforcement of this Act.

(2) The provisions of Article 9-7 and Article 9-13 of the New Act shall not apply to a sales contract or a Service Contract that was concluded prior to the enforcement of this Act or, where the sales contract or the Service Contract pertaining to an application that a seller or a Service Provider that was received prior to the enforcement of this Act is concluded after the enforcement of this Act, such sales contract or Service Contract.

(3) The provision of Article 9-12 of the New Act shall not apply to an application for a sales contract or a Service Contract that was received by a seller or a Service Provider prior to the enforcement of this Act or, where the sales contract or the Service Contract pertaining to such application is concluded

after the enforcement of this Act, such sales contract or Service Contract, or a sales contract or a Service Contract concluded prior to the enforcement of this Act.

(4) With regard to a contract on Multilevel Marketing Transactions pertaining to the Multilevel Marketing that was concluded by a person conducting Multilevel Marketing prior to the enforcement of this Act, the provisions then in force shall remain applicable, notwithstanding the provision of Article 17 of the New Act.

(5) With regard to the application of the penal provisions against acts committed prior to the enforcement of this Act, the provisions then in force shall remain applicable.

#### **Supplementary Provisions [Extract from Act No. 34 of 1999] [Extract]**

(Effective date)

Article 1 This Act shall come into force as from the date specified by a Cabinet Order within a period not exceeding six months from the date of promulgation.

(Transitional measure concerning penal provisions)

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

(Delegation to Cabinet Order)

Article 4 In addition to the matters specified by the preceding two articles, the transitional measures necessary for enforcement of this Act shall be specified by a Cabinet Order.

#### **Supplementary Provisions [Extract from Act No. 120 of 2000] [Extract]**

(Effective date)

Article 1 This Act shall come into force as from June 1, 2001.

(Transitional measure pertaining to partial revision of the Act on Door-to-Door Sales, etc.)

Article 2 (1) The provisions of Article 37 (2) and Article 40 of the Act on Specified Commercial Transactions as revised by the provision of Article 1 (hereinafter referred to as the "Specified Commercial Transaction Act") shall apply to a contract on Multilevel Marketing Transactions prescribed in Article 33 (1) of the Specified Commercial Transaction Act that is concluded by a person conducting Multilevel Marketing prescribed in the same paragraph

after the enforcement of this Act, but with regard to a contract on Multilevel Marketing Transactions prescribed in Article 11 (1) of the Act on Door-to-Door Sales, etc. before the revision by the provision of Article 1 that was concluded by a person conducting Multilevel Marketing prescribed in the same paragraph prior to the enforcement of this Act, the provisions then in force shall remain applicable.

- (2) The provisions of Article 55 (2) and Article 58 of the Specified Commercial Transaction Act shall not apply to a contract on transactions equivalent to the transactions of Sales Related to Business Opportunity Programs prescribed in Article 51 (1) of the Specified Commercial Transaction Act that was concluded by a person conducting business equivalent to the Sales Related to Business Opportunity Programs prescribed in the same paragraph prior to the enforcement of this Act.

(Transitional measure concerning penal provisions)

Article 4 With regard to the application of the penal provisions against acts committed prior to the enforcement of this Act and against acts committed after the enforcement of this Act in cases where the provisions before the enforcement of this Act are to remain applicable pursuant to the provisions of Article 2 (1) of the Supplementary Provisions, the provisions before the enforcement of this Act shall remain applicable.

(Delegation to Cabinet Order)

Article 5 In addition to the matters specified by the preceding three articles, the transitional measures necessary for enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 6 The government shall review the provisions of the Specified Commercial Transaction Act according to the changes in the situation of commercial transactions pertaining to daily lives of citizens and other economic and social conditions, and take necessary measures based on the results of the review.

### **Supplementary Provisions [Extract from Act No. 28 of 2002]**

(Effective date)

Article 1 This Act shall come into force as from the date specified by a Cabinet Order within a period not exceeding three months from the date of promulgation.

(Review)

Article 2 The government shall, after approximately three years from the enforcement of this Act, review the measures on advertisements by electromagnetic means that are based on the provisions of the Act on Specified Commercial Transactions as revised by this Act in accordance with the situation of commercial transactions using information technology, the status of the offering of advertisements by electromagnetic means in Specified Commercial Transactions, and other conditions after the enforcement of this Act, and take necessary measures based on the results of the review.

**Supplementary Provisions [Extract from Act No. 44 of 2004] [Extract]**

(Effective date)

Article 1 This Act shall come into force as from the date specified by a Cabinet Order within a period not exceeding six months from the date of promulgation.

(Transitional measure pertaining to partial revision of the Act on Specified Commercial Transactions)

Article 2 (1) The provisions of Article 6-2, Article 21-2, Article 34-2, Article 44-2, and Article 52-2 of the Act on Specified Commercial Transactions as revised by the provision of Article 1 of this Act (hereinafter referred to as the "New Specified Commercial Transaction Act") shall not apply to acts done prior to the enforcement of this Act.

(2) The provisions of Article 9 and Article 24 of the New Specified Commercial Transaction Act shall apply to an application for a sales contract or a Service Contract that a seller or a Service Provider receives after the enforcement of this Act and a sales contract or a Service Contract that is concluded after the enforcement of this Act (excluding such contract for which application was received prior to the enforcement of this Act), but with regard to an application for a sales contract or a Service Contract that a seller or a Service Provider received prior to the enforcement of this Act or, where a sales contract or a Service Contract pertaining to such application is concluded after the enforcement of this Act, such sales contract or Service Contract, or a sales contract or a Service Contract that was concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(3) The provisions of Article 9-2 and Article 24-2 of the New Specified Commercial Transaction Act shall not apply to an application for a sales contract or a Service Contract or manifestation of intention to enter into such contract that was made prior to the enforcement of this Act.

(4) The provisions of Article 40-3, Article 49-2, and Article 58-2 of the New Specified Commercial Transaction Act shall not apply to an application for a

contract on Multilevel Marketing Transactions pertaining to Multilevel Marketing prescribed in Article 33 (1) of the Act on Specified Commercial Transactions (hereinafter referred to as a "Multilevel Marketing Contract"), a Contract on Specified Continuous Service Offers prescribed in Article 41 (1) (i) of the same Act (hereinafter simply referred to as a "Contract on Specified Continuous Service Offers"), a Specified Right Sales Contract prescribed in Article 41 (1) (ii) of the same Act (hereinafter simply referred to as a "Specified Right Sales Contract"), or a contract on Business Opportunity Related Sales Transactions pertaining to the Business Opportunity Related Sales prescribed in Article 51 (1) of the same Act (hereinafter referred to as a "Business Opportunity Related Sales Contract") or manifestation of intention to enter into such contract that was made prior to the enforcement of this Act.

- (5) The provisions of Article 12-2, Article 36-2, Article 43-2, and Article 54-2 of the New Specified Commercial Transaction Act shall not apply to an indication that was made prior to the enforcement of this Act.
- (6) The provision of Article 37-2 of the New Specified Commercial Transaction Act shall apply to a Multilevel Marketing Contract that is concluded after the enforcement of this Act, but with regard to a Multilevel Marketing Contract that was concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable.
- (7) The provisions of Article 40, Article 48, and Article 58 of the New Specified Commercial Transaction Act shall apply to a Multilevel Marketing Contract, a Contract on Specified Continuous Service Offers or a Specified Right Sales Contract, or a Business Opportunity Related Sales Contract that was concluded after the enforcement of this Act, but with regard to a Multilevel Marketing Contract, a Contract on Specified Continuous Service Offers or a Specified Right Sales Contract, or a Business Opportunity Related Sales Contract concluded prior to the enforcement of this Act, the provisions then in force shall remain applicable.
- (8) The provision of Article 40-2 of the New Specified Commercial Transaction Act shall not apply to a Multilevel Marketing Contract that was concluded prior to the enforcement of this Act.
- (9) The provision of Article 50 (2) of the New Specified Commercial Transaction Act shall apply to a Contract on Specified Continuous Service Offers, a Specified Right Sales Contract, or a Sales Contract on Related Goods prescribed in Article 48 (2) of the Act on Specified Commercial Transactions (hereinafter simply referred to as a "Sales Contract on Related Goods") that is rescinded after the enforcement of this Act, but with regard to a Contract on Specified Continuous Service Offers, a Specified Right Sales Contract, or a Sales Contract on Related Goods that was rescinded prior to the enforcement of this Act, the provisions then in force shall remain applicable.

(10) The provision of Article 58-3 of the New Specified Commercial Transactions shall not apply to a Business Opportunity Related Sales Contract that was concluded prior to the enforcement of this Act.

(Delegation to Cabinet Order)

Article 4 In addition to the matters specified by the preceding two articles, the transitional measures necessary for enforcement of this Act shall be specified by a Cabinet Order.

(Review)

Article 5 The government shall, after approximately five years from the enforcement of this Act, review the provisions of the New Specified Commercial Transaction Act according to the changes in the situation of commercial transactions pertaining to daily lives of citizens and other economic and social conditions, and take necessary measures based on the results of the review.