

# Money Lending Business Act

(Act No. 32 of May 13, 1983)

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## Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is, in light of the role of the money lending business in Japan's economy and society, to implement a system for registration of persons who engage in the money lending business and to enforce the necessary regulations on their business, and also to establish a system for authorization of associations organized by money lenders and to promote proper business activities thereby, as well as to establish a system for

designated credit bureaus, thereby ensuring the proper management of business operations performed by persons who engage in the money lending business, so as to protect the interests of persons Seeking funds, etc. and contribute to the proper management of the national economy.

(Definitions)

- Article 2 (1) The term "the Money Lending Business" as used in this Act means the business of loaning money or acting as an intermediary for the lending or borrowing of money (including acting as an intermediary for delivering money through discounts of negotiable instruments, mortgage by sale, or any other method similar thereto, or for providing or receiving money through the method; hereinafter collectively referred to as a "Loan(s)") on a regular basis; provided, however, that the following Loans are excluded:
- (i) loans made by the State or by local public entities;
  - (ii) loans made by persons governed by special provisions of other Acts for making Loans on a regular basis;
  - (iii) loans made by persons engaged in the business of buying and selling, transporting, or storing goods, or who act as intermediaries in the buying and selling of goods, in the course of their transactions;
  - (iv) loans made by employers to their workers; and
  - (v) beyond what is listed in the preceding items, Loans made by persons specified by a Cabinet Order who make Loans that are found to be unlikely to harm the interests of Persons Seeking Funds, etc.
- (2) The term "Money Lender" as used in this Act means a person who has been registered under paragraph (1) of the following Article.
- (3) The term "Contract for a Loan" as used in this Act means a loan contract or a guarantee contract pertaining thereto.
- (4) The term "Customer, etc." as used in this Act means a customer who is a person seeking funds or a person seeking to become a guarantor.
- (5) The term "Obligor, etc." as used in this Act means an obligor or guarantor.
- (6) The term "Person Seeking Funds, etc." as used in this Act means a Customer, etc. or Obligor, etc.
- (7) The term "Basic Contract for a Revolving Credit Loan" as used in this Act means a loan contract which is based on a promise that Loans are to be made for a customer who is a person seeking funds upon the customer's request, within the limit of the maximum amount, on the condition that the customer is to repay the Loans according to the predetermined terms.
- (8) The term "Revolving Credit Loan" as used in this Act means a Loan made under a Basic Contract for a Revolving Credit Loan.
- (9) The term "Contract for a Revolving Guarantee" as used in this Act means a guarantee contract, the principal obligation of which is one or more

- unidentified obligations under a Basic Contract for a Revolving Credit Loan.
- (10) The term "Money Lenders' Association" as used in this Act means a corporation established under the provisions of Chapter III, Section 1.
- (11) The term "Electronic or Magnetic Record" as used in this Act means a record in an electronic form, a magnetic form, or any other form not recognizable to human perception, which is used in information processing by computers and is specified by a Cabinet Office Order.
- (12) The term "Electronic or Magnetic Means" as used in this Act means a means of using an electronic data processing system or other means of using information and communications technology that is specified by a Cabinet Office Order.
- (13) The term "Credit Information" as used in this Act means information concerning the capacity of a customer who is a person seeking funds or of an obligor, to repay their borrowings.
- (14) The term "Personal Credit Information" as used in this Act means matters listed in the items of Article 41-35, paragraph (1) with regard to a loan contract concluded with an individual (excluding Basic Contract for a Revolving Credit Loan and any other contracts specified by a Cabinet Office Order).
- (15) The term "Credit Information Service" as used in this Act means a service to collect Credit Information and to provide it to Money Lenders.
- (16) The term "Designated Credit Bureau" as used in this Act means an association designated under the provisions of Article 41-13, paragraph (1).
- (17) The term "Home Loan Contract" as used in this Act means a loan contract for the funds necessary for building or purchasing housing (including funds necessary for acquisition of lands for housing or for acquisition of lease-holding rights) or fund necessary for improvements to housing.
- (18) The term "Designated Dispute Resolution Organization" as used in this Act means an association designated under the provisions of Article 41-39, paragraph (1).
- (19) The term "Money Lending Operations" as used in this Act means the operations of the Money Lending Business conducted by a Money Lender.
- (20) The term "Complaint Processing Procedures" as used in this Act means procedures for processing Complaints Related to Money Lending Operations (meaning complaints related to Money Lending Operations; the same applies in Article 41-44, Article 41-45 and Article 41-49).
- (21) The term "Dispute Resolution Procedures" as used in this Act means procedures to resolve Disputes Related to Money Lending Operations (meaning disputes related to Money Lending Operations that can be settled between the parties; the same applies in Article 41-44, Article 41-45 and Articles 41-50 through 41-52) without using court proceedings.
- (22) The term "Dispute Resolution Services" as used in this Act means a service

pertaining to Complaint Processing Procedures and Dispute Resolution Procedures as well as services incidental thereto.

- (23) The term "Basic Contract for Implementation of Dispute Resolution Procedures" as used in this Act means a contract concluded between a Designated Dispute Resolution Organization and a Money Lender with regard to the implementation of Dispute Resolution Services.

## **Chapter II Money Lenders**

### **Section 1 Registration**

(Registration)

Article 3 (1) A person who intends to engage in the Money Lending Business, where the person intends to engage in business and establishes business offices or other offices within two or more prefectural areas, must be registered by the Prime Minister, or where the person intends to engage in business and establishes a business office or other office within only one prefectural area, be registered by the prefectural governor who has jurisdiction over the locations of the business office or other office.

- (2) The registration set forth in the preceding paragraph, unless it is renewed every three years, ceases to be effective upon the expiration of the relevant period.

- (3) A person who wishes to be registered by the Prime Minister under paragraph (1) is to pay registration and licensing taxes pursuant to the provisions of the Registration and Licensing Tax Act (Act No. 35 of 1967), and a person who wishes to have their registration renewed by the Prime Minister under the preceding paragraph must pay the necessary fees pursuant to the provisions of a Cabinet Order.

(Application for Registration)

Article 4 (1) A person who wishes to be registered under paragraph (1) of the preceding Article, where the person intends to engage in business and establishes business offices or other offices within two or more prefectural areas, must submit a written application for registration stating the following matters to the Prime Minister, or where the person intends to engage in business and establishes a business office(s) or other office(s) within only one prefectural area, submit the written application for registration to the prefectural governor who has jurisdiction over the locations of the business office or other office:

- (i) the trade name, name, and address;
- (ii) in the case of a corporation (including an association or foundation without legal personality having a representative person or administrator);

- hereinafter the same applies in this Section, Article 24-6-6, paragraph (1), item (i), Article 24-27, paragraph (1), item (iii), and Article 31, item (viii)), the name of the corporation's Officer (meaning a member in charge of executing business, a director, an executive officer, a representative person, an administrator, or any other person equivalent thereto, and including a person specified by a Cabinet Office Order who, irrespective of their title, is found to have control over the corporation which is equivalent to or greater than that of any of those listed herein; the same applies hereinafter except for under Article 24-6-4, paragraph (2) and from the following Chapter to Chapter III-3), the Officer's name or trade name, and where the corporation also has an employee specified by a Cabinet Order, that employee's name;
- (iii) in the case of an individual who has an employee specified by a Cabinet Order, that employee's name;
  - (iv) in the case of a minor, the name or trade name of their statutory agent;
  - (v) the name and location of the business office or other office;
  - (vi) the name and registration number of the Chief of Money Lending Operations (meaning a chief of money lending operations who has been registered as prescribed in Article 24-25, paragraph (1); the same applies hereinafter) assigned to each business office or other office;
  - (vii) the telephone number or other point of contact, etc. of the business office or other office that is to be indicated when conducting advertising or solicitation in relation to the applicant's business operations, which is specified by a Cabinet Office Order;
  - (viii) the type and method of the operations; and
  - (ix) where the applicant engages in any other business, the type of the business.
- (2) The following documents are to be attached to the written application set forth in the preceding paragraph as provided by a Cabinet Office Order:
- (i) a document pledging that the applicant does not fall under any of the items of Article 6, paragraph (1);
  - (ii) in the case of a corporation, a copy of the driver's license, passport, or any other document specified by a Cabinet Office Order as identification with regard to the corporation's Officer and its employee specified by a Cabinet Order;
  - (iii) in the case of an individual, a copy of their driver's license, passport, or any other document specified by a Cabinet Office Order as identification with regard to the individual and their employee specified by a Cabinet Order;
  - (iv) a document proving the location of the business office or other office, or a copy thereof; and
  - (v) beyond what is listed in the preceding items, any other document specified by a Cabinet Office Order.

(Implementation of Registration)

Article 5 (1) The Prime Minister or prefectural governor, where an application for registration has been filed under Article 3, paragraph (1), must register the matters listed in the following items in a money lenders' registry, except in the case where registration is refused pursuant to the provisions of paragraph (1) of the following Article:

- (i) the matters listed in the items of paragraph (1) of the preceding Article; and
- (ii) the date of registration and the registration number.

(2) when the Prime Minister or the prefectural governor has carried out the registration under the provisions of the preceding paragraph, the Prime Minister must notify the applicant to that effect without delay.

(Refusal of Registration)

Article 6 (1) The Prime Minister or prefectural governor must refuse to register a person who wishes to be registered under Article 3, paragraph (1) when the relevant person falls under any of the following items, or when a written application for registration or the documents attached thereto contain any false statement about important matters or lack statements about material facts:

- (i) an adult ward or a person under curatorship;
- (ii) a bankrupt person who has not had their rights restored;
- (iii) a person whose registration has been rescinded pursuant to the provisions of Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1), or Article 24-6-6, paragraph (1) (limited to the part concerning item (i)) and for whom five years have not elapsed since the date of rescission (in the case where the person whose registration has been rescinded is a corporation, this also applies to a person who was the corporation's Officer within 30 days prior to the date of rescission and for whom five years have not elapsed since the date of rescission);
- (iv) a person who has been sentenced to imprisonment without work or a severer punishment and for whom five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
- (v) a person who has been sentenced to a fine for having violated the provisions of this Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates (Act No. 195 of 1954), the Former Act on Facilitating Self-Regulation by Money Lenders (Act No. 102 of 1972), or the Act on the Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act), or having violated the provisions of Article 12 of the Price Control Order (Imperial Order No. 118 of

- 1946), or having committed a crime prescribed in the Penal Code (Act No. 45 of 1907) or the Act on Punishment of Violence and Other Acts (Act No. 60 of 1926) in the course of concluding a Contract for a Loan or collecting a claim under the contract, and for whom five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
- (vi) an organized crime group member as prescribed in Article 2, item (vi) of the Act on the Prevention of Unjust Acts by Organized Crime Group Members (hereinafter referred to as an "Organized Crime Group Member" in this item) or a person for whom five years have not elapsed since the day on which the person ceased to be an Organized Crime Group Member (hereinafter collectively referred to as an "Organized Crime Group Member, etc.");
  - (vii) a person specified by a Cabinet Office Order as a person for whom there are reasonable grounds to find that the specified person is likely to commit a wrongful or untrustworthy act in relation to the Money Lending Business;
  - (viii) a minor who does not have the same legal capacity as an adult with regard to business and whose statutory agent (including an officer of a statutory agent where the relevant statutory agent is a corporation) falls under any category of the persons listed in the preceding items;
  - (ix) a corporation whose Officers or employees specified by a Cabinet Order include a person who falls under any category of the persons listed in item (i) through item (vii);
  - (x) an individual whose employees specified by a Cabinet Order include a person who falls under any category of the persons listed in item (i) through item (vii);
  - (xi) a person whose business activities are controlled by an Organized Crime Group Member, etc.;
  - (xii) a person who is likely to engage an Organized Crime Group Member, etc. in their business operations or to use an Organized Crime Group Member, etc. as an assistant in those operations;
  - (xiii) a person who fails to satisfy the requirements prescribed in Article 12-3 with regard to the business office or other office;
  - (xiv) a person whose amount of net assets is less than the amount specified by a Cabinet Order as those necessary and appropriate to properly operate in the Money Lending Business (excluding a person who is, for the grounds specified by a Cabinet Office Order, regarded as being unlikely to harm the interests of Persons Seeking Funds, etc.);
  - (xv) a person who is not found to have developed the infrastructure necessary for carrying out the Money Lending Business properly; or
  - (xvi) a person who also engages in another business that is found to be

contrary to the public interest.

- (2) When the Prime Minister or prefectural governor has refused registration pursuant to the provisions of the preceding paragraph, the Prime Minister must notify the applicant to that effect and indicate the reason therefor without delay.
- (3) The amount specified by a Cabinet Order as set forth in item (xiv) of paragraph (1) must not be less than 50 million yen.
- (4) The amount of net assets prescribed in item (xiv) of paragraph (1) is to be calculated pursuant to the provisions of a Cabinet Office Order.

(Effectiveness of Prior Registration in the Case of Transferred Registration)

Article 7 Where a Money Lender, after being registered under Article 3, paragraph (1), falls under any of the cases listed in the following items but intends to continue to engage in the Money Lending Business, and newly receives a registration from the Prime Minister or prefectural governor pursuant to the provisions of Article 3, paragraph (1), the registration pertaining to the Money Lender previously received from the Prime Minister or prefectural governor ceases to be effective:

- (i) when a Money Lender who was previously registered by the Prime Minister has come to maintain business offices or other offices within only one prefectural area;
- (ii) when a Money Lender who was previously registered by a prefectural governor has abolished the business office or other office within the relevant prefectural area and has established a business office or other office within another prefectural area; or
- (iii) when a Money Lender who was previously registered by a prefectural governor has come to maintain business offices or other offices within two or more prefectural areas.

(Notification of Changes)

Article 8 (1) Where there has been a change to any of the matters listed in the items of Article 4, paragraph (1) (excluding item (v) and item (vii)) or where the Money Lender intends to make a change to any of the matters listed Article 4, paragraph (1), item (v) or item (vii) (except in any of the cases listed in the items of the preceding Article), the Money Lender must notify the Prime Minister or prefectural governor who registered the Money Lender to that effect within two weeks from the day on which the change took place in the former case or before making a change in the latter case.

- (2) When the Prime Minister or prefectural governor has accepted the notification given under the provisions of the preceding paragraph, the Prime Minister must register the matters reported in the notification in a money



lenders' registry, except in the case where the matters to which the notification pertains are any of the matters listed in Article 6, paragraph (1), item (viii) through item (x), item (xiii), or item (xvi).

(3) The document specified by a Cabinet Office Order must be attached to the notification under the provisions of paragraph (1).

(Inspection of the Money Lenders' Registry)

Article 9 The Prime Minister or prefectural governor must make the money lenders' registry available for public inspection.

(Notification of Discontinuance of Business)

Article 10 (1) Where a Money Lender has come to fall under any of the following items, the person prescribed in each item must notify the Prime Minister or prefectural governor who registered the Money Lender to that effect within 30 days from the day on which the event set forth therein took place (or in the case of item (i), within 30 from the day on which the person became aware of the event):

(i) if the Money Lender has died: their heir;

(ii) when the corporation was extinguished due to a merger (in the case of an association or foundation without legal personality, any other act equivalent to a merger; the same applies in item (iv)): The person who was an officer who represented the corporation;

(iii) when a ruling to commence bankruptcy proceedings was made in regard to the Money Lender: The bankruptcy trustee for the Money Lender;

(iv) when the corporation was dissolved by a reason other than a merger or ruling to commence bankruptcy proceedings (in the case of an association or foundation without legal personality, any other act equivalent to dissolution): The liquidator for the corporation (in the case of an association or foundation without legal personality, the person who was its representative person or administrator); or

(v) when the Money Lender has discontinued the Money Lending Business: The individual who was the Money Lender or the officer who represented the corporation that was the Money Lender.

(2) Where the Money Lender has come to fall under any of the items of the preceding paragraph, the registration under Article 3, paragraph (1) ceases to be effective.

(3) Where the Money Lender has died, their heir (where there are two or more heirs and where an heir to succeed to the business has been selected by the consent of all heirs, the relevant person; hereinafter the same applies in this Article) may continue to conduct the Money Lending Business for 60 days after the death of the decedent (if registration has been refused pursuant to the

provisions of Article 6, paragraph (1) within that period, the period up to the day when registration is refused). In the case where the heir has filed an application for registration under Article 3, paragraph (1) within that period and when such a period has elapsed, the same applies to the period until the registration or the refusal of the registration with regard to the relevant filing is determined. In this case, with regard to the business conducted during the relevant period, the heir is deemed to be the Money Lender.

(Prohibition of Unregistered Business Operation)

Article 11 (1) A person who does is not registered under Article 3, paragraph (1) must not engage in the Money Lending Business.

(2) A person who is not registered under Article 3, paragraph (1) must not conduct the following acts:

(i) indicating or advertising to the effect that the person engages in the Money Lending Business; and

(ii) soliciting to conclude Contracts Related to Loans for the purpose of engaging in the Money Lending Business.

(3) A Money Lender must not engage in the Money Lending Business having established a business office or office other than those registered in the money lenders' registry.

(Prohibition of Name Lending)

Article 12 A person who has been registered under Article 3, paragraph (1) must not have another person engage in the Money Lending Business under the Money Lender's name.

## **Section 2 Operations**

(Measures Concerning Operational Management)

Article 12-2 Pursuant to the provisions of a Cabinet Office Order, a Money Lender is to take the necessary measures to ensure the appropriate handling of information pertaining to Persons Seeking Funds, etc. obtained in the course of its money lending operations, the appropriate execution of money lending operations by third parties in the case of entrustment thereof, and must take other measures to ensure the appropriate management of money lending operations.

(Obligation to Conclude a Contract with a Designated Dispute Resolution Organization)

Article 12-2-2 (1) A Money Lender must take the measures specified in the following items according to the category of cases set forth in the respective

items:

- (i) if there is a Designated Dispute Resolution Organization: Measures to conclude a Basic Contract for Implementation of Dispute Resolution Procedure with a single Designated Dispute Resolution Organization; and
  - (ii) if there is no Designated Dispute Resolution Organization: Complaint Processing Measures (meaning measures to have the person set forth in Article 41-50, paragraph (3), item (iii) provide advice or guidance to an employee or any other worker engaged in the business of processing complaints from Persons Seeking Funds, etc. (including persons who were Obligors, etc.; hereinafter the same applies in this item) or any other measures specified by a Cabinet Office Order as being equivalent thereto) and Dispute Resolution Measures (meaning measures for seeking to resolve a dispute with a Person Seeking Funds, etc. through Certified Dispute Resolution Procedures (meaning the Certified Dispute Resolution Procedures prescribed in Article 2, item (iii) of the Act on Promotion of Use of Alternative Dispute Resolution (Act No. 151 of 2004)) or any other measures specified by a Cabinet Office Order as being equivalent thereto) concerning Money Lending Operations.
- (2) When a Money Lender has taken measures to conclude a Basic Contract for Implementation of Dispute Resolution Procedures pursuant to the provisions of the preceding paragraph, it is to make public the trade name or name of the Designated Dispute Resolution Organization that is the counterparty to the relevant Basic Contract for Implementation of Dispute Resolution Procedures.
- (3) The provisions of paragraph (1) is not to apply for the periods specified in the following items according to the category of cases set forth in the respective items:
- (i) when the relevant case which had fallen under the case set forth in paragraph (1), item (i) has come to fall under the case set forth in item (ii) of that paragraph: The period specified by the Prime Minister as the period necessary to take the measures specified in paragraph (1), item (ii) at the time of granting authorization for abolition of Dispute Resolution Services under Article 41-60, paragraph (1) or rescinding the designation under Article 41-61, paragraph (1);
  - (ii) when the relevant case had fallen under the case set forth in paragraph (1), item (i), and the abolition of the Dispute Resolution Services of a single Designated Dispute Resolution Organization prescribed in that item has been authorized under Article 41-61, paragraph (1) or the designation under Article 41-39, paragraph (1) of the single Designated Dispute Resolution Organization prescribed in that item has been rescinded pursuant to Article 41-61, paragraph (1) (excluding the case set forth in the preceding item): The period specified by the Prime Minister as the period necessary for taking the

measures specified in paragraph (1), item (i) at the time of granting the authorization or making the rescission; and

- (iii) when the relevant case which had fallen under the cases set forth in paragraph (1), item (ii) has come to fall under the cases set forth in item (i) of that paragraph: The period specified by the Prime Minister as the period necessary to take the measures specified in paragraph (1), item (i) at the time of designation under Article 41-39, paragraph (1).

(Placement of Chiefs of Money Lending Operations)

Article 12-3 (1) As provided by a Cabinet Office Order, a Money Lender is to assign the number of Chiefs of Money Lending Operations specified by a Cabinet Office Order, in consideration of the size and other matters of its money lending operations, and must have them give the necessary advice or guidance to the Money Lender's employees and other workers who engage in money lending operations at the business office or other office so that these employees and workers carry out money lending operations properly in compliance with laws and regulations (including prefectural or municipal ordinances; the same is to apply in Article 20-2) concerning the Money Lending Business.

- (2) A Money Lender are to give due consideration so as to enable a Chief of Money Lending Operations to properly perform their duties in relation to the advice or guidance set forth in the preceding paragraph, and the Money Lender's employees and other workers who engage in the money lending operations must respect the advice given by the Chief of Money Lending Operations under that paragraph as well as following the guidance given under that paragraph.
- (3) When the number of Chiefs of Money Lending Operations assigned to a business office or other office has become lower than the number specified by a Cabinet Office Order set forth in paragraph (1) due to any unforeseeable reasons, a Money Lender must take the necessary measures to satisfy the provisions of that paragraph within two weeks.
- (4) When requested by a Person Seeking Funds, etc. in the course of carrying out money lending operations, a Money Lender must disclose the name of the Chief of Money Lending Operations who carries out the business affairs at the business office or other office.

(Carrying of Identification Cards)

Article 12-4 (1) As provided by a Cabinet Office Order, a Money Lender is not to allow its employees and other workers who engage in money lending operations to actually engage in operations without carrying identification cards that certify that they are the Money Lender's employees or workers.

(2) Pursuant to the provisions of a Cabinet Office Order, a Money Lender must prepare and preserve a roster of employees for each business office or other office that contains the employees' names, addresses, the numbers from the identification cards as prescribed in the preceding paragraph, and other matters specified by a Cabinet Office Order.

(Prohibition of the Use of Organized Crime Group Members)

Article 12-5 A Money Lender is not to allow an Organized Crime Group Member, etc. to engage in the Money Lender's business operations nor is a Money Lender to use that member as an assistant in its operations.

(Prohibited Acts)

Article 12-6 A Money Lender is not to conduct any of the following acts in relation to its money lending operations:

- (i) an act of making false statements to a Person Seeking Funds, etc. or not providing that person with information on important matters on the details of a Contract for a Loan;
- (ii) an act of providing a Person Seeking Funds, etc. with a conclusive evaluation on uncertain matters, or making statements that are likely to mislead that person as to the certainty of the matters (excluding the act set forth in the following item);
- (iii) an act of making statements that are likely to cause a person who intends to be a guarantor to misunderstand that the principal obligor is certain to make performance; and
- (iv) beyond what is listed in the preceding three items, an act of deceiving others or any other wrongful or extremely unjust act.

(Restrictions on the Conclusion of Life Insurance Contracts)

Article 12-7 When a Money Lender intends to conclude an insurance contract under which they are to receive payment of insurance claims upon the death of the counterparty or the person who intends to be the counterparty to the Contract for a Loan (excluding Home Loan Contracts and other contracts specified by a Cabinet Office Order), not make death resulting from suicide an insured event in the relevant insurance contract.

(Restrictions on Interests and Guarantee Charges)

Article 12-8 (1) A Money Lender must not conclude a contract for interest wherein the amount of interest (including Payment Regarded as Interest; the same applies to paragraphs (3) and (4)) exceeds the amount defined in Article 1 of the Interest Rate Restriction Act (Act No. 100 of 1954).

(2) The term "Payment Regarded as Interest" prescribed in the preceding

paragraph means a reward, discount, fee, investigation fee, or any money irrespective of the name given to it, excluding the principal received by the creditor in relation to money lending (excluding costs for concluding contracts or for performance of obligations which are listed in the following items), and also excluding reissuance fees for cards issued to the obligors for the purpose of borrowing of money or the performance therefor and any other costs specified by a Cabinet Order as those related to any service rendered by the creditor at the obligor's request:

- (i) money to be appropriated for payment of taxes and other public charges;
  - (ii) costs for compulsory execution, costs for auction procedures to exercise security interests, or any other costs payable to a public organ for procedures conducted by that public organ; and
  - (iii) charges for using a mono-function automated teller machine or any other machine whereby the obligor receives money or makes performance (limited to those which are within the scope of the amount provided by a Cabinet Order).
- (3) A Money Lender must not conclude a contract for interest prescribed in the paragraphs of Article 9 of the Interest Rate Restriction Act wherein the amount of interest exceeds the amount defined in those paragraphs (if the contract for interest falls under that set forth in paragraph (1) of that Article, the increased interest provided in that paragraph; the same is to apply in the second sentence of the following paragraph).
- (4) A Money Lender must not receive or request payment of interest which exceeds the amount specified in Article 1 of the Interest Rate Restriction Act. The same applies to the portion of the amount of interest pertaining to the contract for interest as set forth in paragraphs of Article 9 of that Act which exceeds the amounts set forth in those respective paragraphs.
- (5) A Money Lender, when concluding a loan contract, must not require the counterparty or the person who intends to be the counterparty to the loan contract to conclude a contract for Security Measures for Performance of Obligations (meaning guarantees, insurance, and other measures specified by a Cabinet Office Order as being similar thereto which are arranged for the purpose of securing performance of obligations under the contract; hereinafter the same does not apply in this paragraph) (limited to contracts covering a portion of the amount which is to be invalid under Article 8 of the Interest Rate Restriction Act, given that the relevant provisions are applied by deeming that the amount of money paid as consideration for the Security Measures for Performance of Obligations is a guarantee charge provided for in that Article) with a person who is engaged in the business of Security Measures for Performance of Obligations on a regular basis, as a condition for concluding the relevant loan contract.

- (6) When concluding a guarantee contract with a person who provides guarantees on a regular basis (hereinafter referred to as the "Guarantee Business Operator") in relation to a loan contract, a Money Lender is to confirm the matters listed in the following items by making inquiries to the relevant Guarantee Business Operator or by using other methods, in advance of the conclusion of the relevant guarantee contract:
- (i) whether the Guarantee Business Operator has concluded a contract for guarantee charges with the counterparty to the loan contract or the person who intends to be the counterparty thereto; and
  - (ii) when concluding a contract for guarantee charges as set forth in the preceding item, the amount of guarantee charges.
- (7) Pursuant to the provisions of a Cabinet Office Order, a Money Lender is to prepare and preserve a record of the matters confirmed under the preceding paragraph.
- (8) When concluding a loan contract, a Money Lender is not to require the counterparty or the person who intends to be the counterparty to the relevant loan contract to conclude a contract for guarantee charges (limited to those which fall under the contract for guarantee charges as specified by a Cabinet Office Order wherein the amount of guarantee charges or the proportion of guarantee charges to the principal of the principal obligation is not fixed at the time of conclusion of the relevant contract) with a Guarantee Business Operator, as a condition for concluding the relevant loan contract.
- (9) When concluding a Contract for a Revolving Guarantee (meaning a guarantee contract the principal obligation of which is the obligation of one or more unidentified loans within a certain scope; hereinafter the same must apply in this paragraph) with a Guarantee Business Operator, conclude a Contract for a Revolving Guarantee if the contract falls under one that provides a maximum amount or a guarantee period which is found to be inappropriate in light of the amount of the principal obligation or the period of the loan contract pertaining to the principal obligation as specified by a Cabinet Office Order.
- (10) A Money Lender who has acted as an intermediary for lending money must not, when the Money Lender has received fees for acting as the intermediary from the obligor of the loan contract concluded through the relevant intermediary, and when the relevant loan contract has been renewed (including juridical acts which are found not to be accompanied by any additional services for an intermediary as provided by a Cabinet Office Order), receive additional fees for that renewal or request that the obligor provide that payment.
- (11) A reward, investigation fee, or other money irrespective of the name given to it received by a Money Lender in relation to acting as an intermediary for lending money is deemed as fees and the provisions of the preceding paragraph

apply.

(Consultation and Advice)

Article 12-9 When a Money Lender finds it necessary for protecting the interests of Persons Seeking Funds, etc., the Money Lender must strive to introduce associations that are found to be capable of providing the Persons Seeking Funds, etc. with consultation, advice, or any other support concerning their borrowings or repayments in a proper and reliable manner.

(Investigation of Repayment Capacity)

Article 13 (1) In concluding a Contract for a Loan, a Money Lender must investigate matters concerning the repayment capacity of the Customer, etc., such as income or profits or other financial resources, credit, the status of borrowings, repayment plans, and any other matters.

(2) When a Money Lender intends to conclude a Contract for a Loan (excluding contract for a Revolving Credit Loan and any other Contract for a Loan as specified by a Cabinet Office Order) with a Customer, etc. who is an individual, the Money Lender must make use of the Credit Information held by a Designated Credit Bureau in carrying out an investigation under the preceding paragraph.

(3) In the case referred to in the preceding paragraph and in the cases where any of the following items apply, a Money Lender, when conducting an investigation under the provisions of paragraph (1), must have the Individual Customer submit or provide Withholding Records (meaning withholding records as provided in Article 226, paragraph (1) of the Income Tax Act (Act No. 33 of 1965); hereinafter the same applies in this paragraph and Article 13-3, paragraph (3)) or other documents or electronic or magnetic records containing or in which are recorded, the matters that disclose the income or profits or other financial resources of an individual customer who is a person seeking funds (hereinafter referred to as an "Individual Customer" in this Section) as specified by a Cabinet Office Order and that have been submitted or provided by the Individual Customer; provided, however, that this is not to apply if the Money Lender has already received the Individual Customer's Withholding Records or other documents or electronic or magnetic records containing or in which are recorded the matters that disclose the income or profits or other financial resources of the Individual Customer as specified by a Cabinet Office Order:

(i) when the total of the amount listed in the following sub-items (referred to as the "Total Amount Loaned by the Money Lender" in sub-item (a) of the following item) exceeds 500,000 yen:

(a) The amount of the Loan pertaining to the Contract for the Loan (limited



- to a loan contract; the same applies in sub-item (b)) (in cases of a Basic Contract for a Revolving Credit Loan, the maximum amount thereof (if the Money Lender has made available to the Individual Customer an amount smaller than the maximum amount as an upper limit on the outstanding balance of the principal of the Revolving Credit Loan under the Basic Contract for the Revolving Credit Loan, that smaller amount)); and
- (b) When the Money Lender has concluded a loan contract other than the relevant Contract for the Loan with the Individual Customer, the total amount of the outstanding balance of the Loan made thereunder (in cases of a Basic Contract for a Revolving Credit Loan, the maximum amount (if the Money Lender has made available to the Individual Customer an amount smaller than the maximum amount as an upper limit on the outstanding balance of the principal of the Revolving Credit Loan under the Basic Contract for the Revolving Credit Loan, that smaller amount)).
- (ii) when the total of the amounts listed in the following items (referred to as "Total Borrowings of an Individual Customer" in paragraph (2) of the following Article) exceeds one million yen (excluding the cases specified in the preceding item):
- (a) The Total Amount Loaned by a Money Lender; and
- (b) The total amount of the outstanding balance of Loans made by Money Lenders other than the Money Lender referred to in the preceding sub-item to the Individual Customer, which were found based on the Credit Information provided by the Designated Credit Bureau.
- (4) When a Money Lender has concluded a Contract for a Loan with a Customer, etc., pursuant to the provisions of a Cabinet Office Order, the Money Lender must prepare and preserve a record on the investigation conducted under paragraph (1).
- (5) The provisions of the preceding paragraphs apply mutatis mutandis to an increase in the maximum amount under the Basic Contract for a Revolving Credit Loan (if the Money Lender has made available to the Individual Customer an amount smaller than the maximum amount as an upper limit on the outstanding balance of the principal of the Revolving Credit Loan under the Basic Contract for the Revolving Credit Loan, the smaller amount) (excluding cases specified by a Cabinet Office Order as those for which it is found not to hinder the protection of interests of the counterparty to the Basic Contract for a Revolving Credit Loan). In this case, any necessary technical replacement of terms are to be specified by a Cabinet Order.

(Prohibition on Excessive Loans)

Article 13-2 (1) In the case where a Money Lender intends to conclude a Contract for a Loan, when the Money Lender then find that the Contract for

the Loan is an Excessive Loan Contract for an Individual Customer or another Contract for a Loan that exceeds the repayment capacity of a Customer, etc. as a result of an investigation carried out under paragraph (1) of the preceding Article, the Money Lender must not conclude a Contract for the relevant Loan.

(2) An "Excessive Loan Contract for an Individual Customer" as provided in the preceding paragraph means a loan contract concluded with an Individual Customer (excluding Home Loan Contracts and other contracts specified by a Cabinet Office Order (hereinafter collectively referred to as "Home Loan Contracts, etc.") and contracts for Revolving Credit Loans), under which the Total Borrowings of an Individual Customer pertaining to the relevant Individual Customer (excluding the outstanding balance pertaining to a Home Loan Contract, etc.) exceed the Base Amount (meaning the amount obtained by dividing the total amount of the relevant Individual Customer's annual salary and other regular income similar thereto as specified by a Cabinet Office Order by three; the same applies in paragraph (5) of the following Article) (excluding contracts specified by a Cabinet Office Order as those that will not hinder the protection of the Individual Customer's interests).

(Investigation Concerning the Basic Contract for a Revolving Credit Loan Exceeding the Base Amount)

- Article 13-3 (1) When a Money Lender has concluded a Basic Contract for a Revolving Credit Loan with an Individual Customer and if the Basic Contract for the Revolving Credit Loan falls under the requirements provided by a Cabinet Office Order, taking into consideration the period, amount, and other conditions of the Revolving Credit Loan made under the Basic Contract for the Revolving Credit Loan, it must use the Credit Information on the Individual Customer held by a Designated Credit Bureau and investigate whether the Basic Contract for the Revolving Credit Loan falls under a Basic Contract for a Revolving Credit Loan Exceeding the Base Amount, pursuant to the provisions of a Cabinet Office Order.
- (2) Beyond what is provided for in the preceding paragraph, when a Money Lender has concluded a Basic Contract for a Revolving Credit Loan with an Individual Customer, it must use the Credit Information on the Individual Customer held by a Designated Credit Bureau and investigate whether the Basic Contract for the Revolving Credit Loan falls under a Basic Contract for a Revolving Credit Loan Exceeding the Base Amount for each period specified by a Cabinet Office Order; provided, however, that, this is not to apply to cases where the outstanding balance of the Revolving Credit Loan pertaining to the Basic Contract for the Revolving Credit Loan is low or other cases specified by a Cabinet Office Order.
- (3) If a Money Lender must carry out an investigation under the provisions of the

preceding two paragraphs and when the Total Borrowings of an Individual Customer under a Revolving Credit Loan prescribed in paragraph (5) pertaining to the Individual Customer exceed one million yen, a Money Lender is to have the Individual Customer submit or provide a Withholding Record or other documents or electronic or magnetic records containing or in which are recorded matters that disclose the income or profits or other financial resources of the Individual Customer as specified by a Cabinet Office Order in carrying out the investigation; provided, however, that, this does not apply to cases where the Money Lender has already received a Withholding Record or other documents or electronic or magnetic records containing or in which are recorded matters that disclose the income or profits or other financial resources of the Individual Customer as specified by a Cabinet Office Order that have been submitted or provided by the Individual Customer.

- (4) Pursuant to the provisions of a Cabinet Office Order, a Money Lender must prepare and preserve a record on investigations carried out under the provisions of paragraph (1) and paragraph (2).
- (5) The "Basic Contract for a Revolving Credit Loan Exceeding the Base Amount" as provided in paragraph (1) and paragraph (2) means a Basic Contract for a Revolving Credit Loan concluded with an Individual Customer, by which the Total Borrowings of an Individual Customer under a Revolving Credit Loan pertaining to the relevant Individual Customer (meaning the total of the amounts listed in the following items) exceed the Base Amount for the Individual Customer (excluding a Basic Contract for a Revolving Credit Loan specified by a Cabinet Office Order as that which will not hinder the protection of the Individual Customer's interest):
- (i) the maximum amount under the Basic Contract for the Revolving Credit Loan (if the Money Lender has made available to the Individual Customer an amount smaller than the maximum amount as an upper limit on the outstanding balance of the principal of the Revolving Credit Loan under the Basic Contract for the Revolving Credit Loan, that smaller amount);
  - (ii) in the case where the Money Lender has concluded a loan contract other than the Basic Contract for the Revolving Credit Loan with the Individual Customer, the total amount of the outstanding balance pertaining to the Loan (in cases of a Basic Contract for a Revolving Credit Loan, the maximum amount (if the Money Lender has made available to the Individual Customer an amount smaller than the maximum amount as an upper limitation on the outstanding balance of the principal of the Revolving Credit Loan under the Basic Contract for the Revolving Credit Loan, that smaller amount)) (excluding the outstanding balance of a Loan pertaining to a Home Loan Contract, etc.); and
  - (iii) the total amount of the outstanding balance of Loans made by Money

Lenders other than the Money Lender prescribed in the preceding items to the Individual Customer which were found based on the Credit Information provided by a Designated Credit Bureau (excluding the outstanding balance of a Loan pertaining to a Home Loan Contract, etc.).

(Necessary Measures Concerning Basic Contracts for Revolving Credit Loans Exceeding the Base Amount)

Article 13-4 When having concluded a Basic Contract for a Revolving Credit Loan with an Individual Customer and having found the relevant Basic Contract for the Revolving Credit Loan to fall under the category of a Basic Contract for a Revolving Credit Loan Exceeding the Base Amount as set forth in paragraph (5) of the preceding Article as a result of the investigation carried out under the provisions of paragraph (1) or paragraph (2) of that Article, a Money Lender must reduce the maximum amount founded in the provisions of the Basic Contract for the Revolving Credit Loan or take any other measures to reduce new Revolving Credit Loans under the Basic Contract for the Revolving Credit Loan as specified by a Cabinet Office Order.

(Posting of the Conditions of a Loan)

Article 14 Pursuant to the provisions of a Cabinet Office Order, a Money Lender must post the following matters in a place accessible to the customer at each of its business offices or other offices:

- (i) the Loan Interest Rate (meaning the annual rate (when the annual rate includes a fractional amount beyond the third decimal place, that fractional amount is to be rounded down to the third decimal place) indicated as a percentage, which is obtained by dividing the total amount of interest and Payment Regarded as Interest as prescribed in Article 12-8, paragraph (2) (in cases of contracts incorporating interest that is less than a yearly amount and Payment Regarded as Interest under those provisions into the principal, the amount of money incorporated into the principal under the relevant contracts are to be included) by the amount of principal calculated by the methods specified by a Cabinet Office Order (if the Loan Interest Rate is calculated from the amount of interest obtained by adding a certain interest rate to the market rate of interest or where there is a compelling reason as provided by a Cabinet Office Order as a case where the Loan Interest Rate cannot be indicated nor explained, that specified by a Cabinet Office Order as being equivalent to the Loan Interest Rate); the same applies hereinafter);
- (ii) the method of repayment;
- (iii) the repayment period and the number of repayment installments;
- (iv) the names of the Chiefs of Money Lending Operations assigned at the business office or other office; and

(v) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.

(Advertising the Conditions of a Loan)

Article 15 (1) When advertising the conditions of its Loans, or when indicating or explaining the conditions of its Loans in solicitation to conclude a Contract for a Loan, a Money Lender must indicate or explain the following matters pursuant to the provisions of a Cabinet Office Order:

- (i) the trade name, name, and registration number of the Money Lender;
- (ii) the Loan Interest Rate; and
- (iii) beyond what is listed in the preceding two items, matters specified by a Cabinet Office Order.

(2) When advertising under the preceding paragraph or soliciting by sending documents or electronic or magnetic records in lieu of the documents (limited to solicitation specified by a Cabinet Office Order as being equivalent to advertising), a Money Lender must not indicate or have recorded telephone numbers or other points of contact, etc. as defined by a Cabinet Office Order other than those listed in Article 4, paragraph (1), item (vii) and registered in the Money Lenders' registry.

(Prohibition on Misleading Advertising)

Article 16 (1) A Money Lender must not make an indication or explanation of a Loan Interest Rate or any other conditions of a Loan that is significantly contradictory to facts or which is likely to mislead people to understand the conditions to be more favorable than they actually are in advertising or soliciting with regard to its money lending operations.

- (2) Beyond what is provided for in the preceding paragraph, a Money Lender must not make the following indications or explanations in advertising or soliciting with regard to its money lending operations:
- (i) indications or explanations which are likely to cause the misunderstanding that a specified loan product intended to draw in a Person Seeking Funds, etc. is the main loan product of the Money Lender;
  - (ii) indications or explanations to the effect that customers of other Money Lenders or persons who lack repayment capacity are the target of solicitation;
  - (iii) indications or explanations that arouse the willingness of a Person Seeking Funds, etc. to borrow funds, by overemphasizing the ease of borrowing;
  - (iv) indications or explanations that arouse the willingness of pensioners or recipients of other public subsidies to borrow funds;
  - (v) indications or explanations which are likely cause the misunderstanding that an interest rate other than the Loan Interest Rate is the actual Loan

Interest Rate; or

- (vi) beyond what is listed in the preceding items, indications or explanations specified by a Cabinet Office Order as being likely to result in insufficient protection of the interests of Persons Seeking Funds, etc.
- (3) A Money Lender must conduct its money lending operations while refraining from solicitation that is found to be inappropriate in light of the knowledge, experience, and status of property of the Person Seeking Funds, etc. and in light of a purpose for concluding a Contract for a Loan which clearly would or is likely to result in insufficient protection of the interests of Persons Seeking Funds, etc.
- (4) When a Money Lender has conducted solicitation for concluding a Contract for a Loan, and if the solicited Person Seeking Funds, etc. has indicated their intention not to conclude a Contract for the relevant Loan (including cases where the Person Seeking Funds, etc. has indicated to the effect that they do not wish for the solicitation to continue), not continue the solicitation.
- (5) In advertising or soliciting with regard to its money lending operations, a Money Lender must give due consideration so as to prevent the Person Seeking Funds, etc. from borrowing under a Loan that exceeds their repayment capacity, and must strive to ensure that the advertisement or solicitation does not become excessive.

(Delivery of Documents Prior to the Conclusion of a Contract)

Article 16-2 (1) , In concluding a loan contract (excluding Basic Contracts for Revolving Credit Loans and contracts for Revolving Credit Loans), a Money Lender must deliver documents that disclose the following particulars and explain the details of the relevant contract to the person who intends to be the counterparty thereto by the time of conclusion thereof, pursuant to the provisions of a Cabinet Office Order:

- (i) the trade name, name, and address of the Money Lender;
  - (ii) the amount of the Loan;
  - (iii) the Loan Interest Rate;
  - (iv) the method of repayment;
  - (v) the repayment period and the number of repayment installments;
  - (vi) if any agreement for liquidated damages (including penalties; the same applies hereinafter) are provided, the details thereof; and
  - (vii) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.
- (2) In concluding a Basic Contract for a Revolving Credit Loan, a Money Lender must deliver documents that disclose the following matters and explain the details of the Basic Contract for the Revolving Credit Loan to the person who intends to be the counterparty thereto by the time of conclusion thereof,

pursuant to the provisions of a Cabinet Office Order:

- (i) the trade name, name, and address of the Money Lender;
- (ii) the maximum amount (if the Money Lender makes available to the person who intends to be the counterparty to the Basic Contract for a Revolving Credit Loan an amount smaller than the maximum amount as an upper limitation on the outstanding balance of the principal of the Loan, the smaller amount and the maximum amount);
- (iii) the Loan Interest Rate;
- (iv) the method of repayment;
- (v) if any agreement for liquidated damages are provided, the details thereof; and
- (vi) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.

(3) When concluding a guarantee contract in relation to a Contract for a Loan, a Money Lender must deliver documents that disclose the following matters (in cases of a guarantee contract the principal obligation of which is the obligation of one or more unidentified loans within a certain scope, excluding the matters set forth in item (iii)) and that explain the details of the relevant guarantee contract to the person who intends to be the guarantor under the relevant guarantee contract by the time of conclusion thereof, pursuant to the provisions of a Cabinet Office Order:

- (i) the trade name, name, and address of the Money Lender;
- (ii) the guarantee period;
- (iii) the amount of the guarantee;
- (iv) matters concerning the scope of the guarantee which are specified by a Cabinet Office Order;
- (v) where the guarantor assumes the obligation jointly and severally with the principal obligor, the gist of Article 454 of the Civil Code (Act No. 89 of 1896) and other matters concerning the details of the joint and several suretyship for the relevant obligations as provided by a Cabinet Office Order; and
- (vi) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.

(4) In lieu of delivering the documents prescribed in the preceding three paragraphs and pursuant to the provisions of a Cabinet Order, a Money Lender may provide the matters required to be disclosed under those paragraphs by way of electronic or magnetic means, with the consent of the person who intends to be the counterparty to the Contract for the Loan as provided in paragraph (1) or paragraph (2), or with the consent of the person who intends to be the guarantor set forth in the preceding paragraph. In this case, the Money Lender is deemed to have delivered the documents.

(Delivery of Documents prior to Obtaining Consent on Life Insurance Contracts)

Article 16-3 (1) When a Money Lender intends to conclude an insurance contract under which they are to receive payment of insurance claims upon the death of the counterparty to a loan contract or a person who intends to be the counterparty thereto, and when they wish to obtain the consent under Article 38 or Article 67, paragraph (1) of the Insurance Act (Act No. 56 of 2008) from the counterparty or person, a Money Lender must deliver a document containing the following matters to the person in advance, pursuant to the provisions of a Cabinet Office Order:

- (i) the effect that the insurance contract provides that the insurance proceeds should be paid to the Money Lender when the aforementioned counterparty or person dies; and
- (ii) beyond what is listed in the preceding item, matters specified by a Cabinet Office Order.

(2) A Money Lender may, in lieu of delivering the documents under the preceding paragraph and pursuant to the provisions of a Cabinet Order, provide the matters set forth in the items of that paragraph by way of electronic or magnetic means, with the consent of the counterparty or the person who intends to be the counterparty to the Contract for the Loan. In this case, the Money Lender is deemed to have delivered the documents.

(Delivery of Documents upon the Conclusion of a Contract)

Article 17 (1) When a Money Lender has concluded a loan contract (excluding Basic Contracts for Revolving Credit Loans; the same applies in paragraph (4)), pursuant to the provisions of a Cabinet Office Order, the Money Lender must deliver a document that discloses the details of the contract and that states the following matters to the counterparty thereto without delay. The same applies when the Money Lender has changed any description stated therein with regard to important matters as provided by a Cabinet Office Order:

- (i) the trade name, name, and address of the Money Lender;
- (ii) the date of the contract;
- (iii) the amount of the Loan;
- (iv) the Loan Interest Rate;
- (v) the method of repayment;
- (vi) the repayment period and number of repayment installments;
- (vii) if any agreement for liquidated damages is provided, the details thereof; and
- (viii) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.

(2) When a Money Lender has concluded a Basic Contract for a Revolving Credit



Loan, pursuant to the provisions of a Cabinet Office Order, the Money Lender must deliver documents disclosing the details of the relevant Basic Contract for the Revolving Credit Loan and must state the following matters to the counterparty thereto without delay. The same applies to cases where a Money Lender has changed any description stated therein with regard to important matters as provided by a Cabinet Office Order (excluding cases specified by a Cabinet Office Order as being unlikely to hinder the protection of the counterparty's interests):

(i) the trade name, name, and address of the Money Lender;

(ii) the date of the contract;

(iii) the maximum amount (if the Money Lender makes available to the counterparty to the Basic Contract for a Revolving Credit Loan an amount smaller than the maximum amount as an upper limitation of the outstanding balance of the principal of the Loan, the smaller amount and the maximum amount);

(iv) the Loan Interest Rate;

(v) the method of repayment;

(vi) if any agreement for liquidated damages is provided, the details thereof;  
and

(vii) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.

(3) When a Money Lender has concluded a guarantee contract for a loan contract, the Money Lender, pursuant to the provisions of a Cabinet Office Order, must deliver a document containing the matters set forth in the items of Article 16-2, paragraph (3) which discloses the details of the relevant guarantee contract (in cases of a guarantee contract the principal obligation of which is the obligation of one or more unidentified loans within a certain scope, the matters listed in item (iii) of that paragraph are to be excluded) and other matters specified by a Cabinet Office Order to the guarantor of the relevant guarantee contract without delay. The same applies when the Money Lender has changed any description of an important matter as provided by a Cabinet Office Order stated in the relevant document.

(4) When a Money Lender has concluded a guarantee contract for a loan contract or has concluded a loan contract pertaining to a guarantee contract, the Money Lender, pursuant to the provisions of a Cabinet Office Order, must deliver documents containing the matters listed in the items of paragraph (1) which disclose the details of the relevant loan contract to the guarantor under the guarantee contract without delay. The same applies to cases where the Money Lender has changed any descriptions stated therein with regard to important matters as provided by a Cabinet Office Order.

(5) When a Money Lender has concluded a contract for a Revolving Guarantee,

the Money Lender, pursuant to the provisions of a Cabinet Office Order, must deliver documents containing the matters set forth in the items of paragraph (2) which disclose the details of the Basic Contract for the Revolving Credit Loan pertaining to the contract for the relevant Revolving Guarantee to the guarantor thereunder without delay. The same applies to cases where the Money Lender has changed any descriptions stated therein with regard to important matters as specified by a Cabinet Office Order (excluding cases specified by a Cabinet Office Order as being unlikely to hinder the protection of interests of the relevant guarantor).

(6) When a Money Lender has concluded a contract for a Revolving Credit Loan and where they intend to deliver a document containing the status of the Loan, performance, or other transactions made within a certain period as provided by a Cabinet Office Order to the counterparty to the relevant contract for the Revolving Credit Loan or to the guarantor of the Contract for the Revolving Guarantee pertaining to the Basic Contract for the Revolving Credit Loan which forms the basis for the relevant contract for the Revolving Credit Loan with the consent of the person pursuant to the provisions of a Cabinet Office Order, the Money Lender may deliver to the person documents containing the following matters in lieu of delivering the documents under the first sentence of paragraph (1) or the first sentence of paragraph (4). In this case, the Money Lender is deemed to have conducted the delivery of documents under the first sentence of paragraph (1) or the first sentence of paragraph (4):

- (i) the date of the contract;
- (ii) the amount of the Loan (in cases of a contract for Revolving Guarantee, the amount of Loan for which the guarantee has been provided); and
- (iii) beyond what is listed in the preceding two items, matters specified by a Cabinet Office Order.

(7) A Money Lender may, in lieu of delivering documents under the provisions of paragraph (1) through paragraph (5), delivering documents specified by a Cabinet Office Order under the preceding paragraph, or delivering documents in lieu of delivering them under the first sentence of paragraph (1) or the first sentence of paragraph (4) as provided in the preceding paragraph, pursuant to the provisions of a Cabinet Order, provide the matters specified in the preceding paragraphs or the matters to be stated in the documents as specified by a Cabinet Office Order under the preceding paragraph by way of electronic or magnetic means, with the consent of the counterparty to the relevant loan contract or guarantee contract. In this case, the Money Lender is deemed to have delivered these documents.

(Delivery of Receipts)

Article 18 (1) Upon receiving performance of all or part of their claim under a

Contract for a Loan, a Money Lender must deliver to the person who has made performance, a document containing the following matters immediately after each instance in which they have received performance, pursuant to the provisions of a Cabinet Office Order:

- (i) the trade name, name, and address of the Money Lender;
- (ii) the date of the contract;
- (iii) the amount of the Loan (in the case of a guarantee contract, the amount of the Loan for which the guarantee has been provided; the same applies in the following Article and Article 21, paragraph (2), item (iv));
- (iv) the amount received and amounts appropriated for repayment of the interest, the agreed liquidated damages, or the principal;
- (v) the date of receipt; and
- (vi) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.

(2) The preceding paragraph applies to cases where performance is made by means of payment into a deposit or savings account or by other methods specified by a Cabinet Office Order, only when requested by the person who has made performance.

(3) A Money Lender may, upon receiving performance of all or part of their claim under a contract for a Revolving Credit Loan or under a Contract for a Revolving Guarantee concluded pertaining to the Basic Contract for a Revolving Credit Loan under which the relevant contract for the Revolving Credit Loan was concluded, deliver a document containing the following matters in lieu of the document required under paragraph (1), if the Money Lender delivers to the person who has made performance a document specified by a Cabinet Office Order as one that contains the details of the Loan provided and performance made in a specified period of time and other matters pertaining to transactions with the consent of the person and pursuant to the provisions of a Cabinet Office Order. In this case, the Money Lender is deemed to have delivered the document required under the paragraph (1):

- (i) the date of receipt;
- (ii) the amount received; and
- (iii) beyond what is listed in the preceding two items, matters specified by a Cabinet Office Order.

(4) A Money Lender may provide the matters specified in paragraph (1) or the preceding paragraph or the matters to be contained in the document specified by a Cabinet Office Order referred to in the preceding paragraph by electronic or magnetic means, in lieu of delivery of the document required by paragraph (1), the document specified by a Cabinet Office Order referred to in the preceding paragraph, or the document to be delivered in lieu of the document required by paragraph (1) under the preceding paragraph, with the consent of

the person who has made performance under paragraph (1) or the preceding paragraph and pursuant to the provisions of a Cabinet Order. In this case, the Money Lender is deemed to have delivered these documents.

(Keeping of the Books)

Article 19 A Money Lender, pursuant to the provisions of a Cabinet Office Order, must prepare and preserve books on its business for each business office or other office, containing information on the Contracts for the Loans with each obligor such as the date of the contract, the amount of the Loan, the amount received, and other matters specified by a Cabinet Office Order.

(Inspection of the Books)

Article 19-2 An Obligor, etc. or a person who formerly was an Obligor, etc. and any other person specified by a Cabinet Office Order may make a request of the Money Lender for the inspection or copying of the books provided in the preceding Article (limited to the part regarding which the relevant persons have interests), pursuant to the provisions of a Cabinet Office Order. In this case, the Money Lender must not refuse such a request unless it is clear that the purpose thereof is not to investigate matters concerning the exercise of rights of the person who has made that request.

(Restrictions on Specified Notarized Deeds)

- Article 20 (1) Persons who engage in the Money Lending Business must not obtain from the Obligor, etc. documents proving that the Obligor, etc. has delegated to an agent the authority to commission a notary to prepare Specified Notarized Deeds with regard to a Contract for a Loan (meaning notarized deeds containing statements to the effect that in case of the Obligor's default under the Contract for the Loan, they immediately are subject to compulsory execution; hereinafter the same applies in this Article).
- (2) Persons who engage in the Money Lending Business, when the Obligor, etc. delegates to an agent the authority to commission a notary to prepare a Specified Notarized Deed for a Contract for a Loan, must refrain from any involvement in appointment of the relevant agent, such as recommendations on the selection thereof or any act similar thereto.
- (3) When commissioning a notary to prepare a Specified Notarized Deed for the Contract for a Loan, a Money Lender must deliver and explain documents containing the following matters to the Person Seeking Funds, etc. who is to be the Obligor, etc. in advance (if the Money Lender concludes a contract promising to commission a notary to prepare Specified Notarized Deeds with the Person Seeking Funds, etc. concerned with the Contract for a Loan, by the time of concluding the contract), pursuant to the provisions of a Cabinet Office

Order:

- (i) in the case of default under the Contract for the Loan, to the effect that the Obligor, etc. is to immediately be subject to compulsory execution under the Specified Notarized Deed; and
- (ii) beyond what is listed in the preceding item, matters concerning the impact on the legal interests of the Obligor, etc. as provided by a Cabinet Office Order.

(Restrictions on Custody of Deposit Passbooks Pertaining to Public Benefits)

Article 20-2 A person who engages in the Money Lending Business must not conduct the following acts for the purpose of receiving performance of claims under a Contract for a Loan from the funds in a deposit or savings account of the Obligor, etc., relatives of the Obligor, etc., or any other person who is the beneficiary of Public Benefits (meaning benefits which, pursuant to the provisions of laws and regulations, the State or local public entities bear or subsidize all or part of the costs necessary for paying or necessary for the affairs related to the service of Public Benefits (excluding salaries and other payments which have the nature of a consideration) and which may not be transferred, used as securities, or attached pursuant to the provisions of laws and regulations; the same applies hereinafter) (hereinafter the persons are to collectively be referred to as "Specified Beneficiaries" in this Article) when that Public Benefits are paid into that account:

- (i) acts of requesting a Specified Beneficiary to deliver or to provide their Deposit Passbook, etc. (meaning a passbook or card used for withdrawal with the relevant deposit or savings account, the information necessary for withdrawal or payment from the relevant deposit or savings account, and any of those things necessary for withdrawal or payment from the relevant deposit or savings account as provided by a Cabinet Order, or documents or other materials including a pension certificate proving that the Specified Beneficiary is entitled to receive Public Benefits) and retaining them; or
- (ii) acts of requesting a Specified Beneficiary to entrust withdrawals from the deposit or savings account and performance of the relevant claims with the money withdrawn to the financial institution where the relevant deposit or savings account is held.

(Restrictions on Acts of Collection)

Article 21 (1) Persons who engage in the Money Lending Business or persons who have been entrusted by a person who engages in the Money Lending Business or by any other person with the collection of claims under the Contract for a Loan pertaining to the persons engaging in the Money Lending Business, in collecting claims under the Contract for the Loan, intimidate

persons, must not act in any of the following ways, or act in any way which may harm the tranquility of a person's personal life or business operations:

- (i) telephoning the Obligor, etc., transmitting a message by using a facsimile machine, or visiting the residence of the Obligor, etc. during hours found to be clearly inappropriate in terms of general social norms as provided by a Cabinet Office Order, without any justifiable grounds;
- (ii) when the Obligor, etc. has made a request on the timing of performance or on contact to or from that Obligor, the act of telephoning the Obligor, etc., transmitting a message by using a facsimile machine, or visiting the residence of the Obligor, etc. during hours other than those provided by a Cabinet Office Order as prescribed in the preceding item, without justifiable grounds such as that the relevant request is not found to be reasonable in terms of general social norms;
- (iii) telephoning the Obligor, etc. at their place of work or at a place other than their residence, sending a telegram or transmitting a message by using a facsimile machine thereto, or visiting the place of work or a place other than the residence of the Obligor, etc., without justifiable grounds;
- (iv) failing to leave the residence or the place of work of the Obligor, etc. or any other place where the Money Lender has visited the Obligor, etc., in spite of the fact that the Obligor, etc. has indicated to the effect that they would like the Money Lender to leave that place;
- (v) disclosing facts regarding the borrowings of an Obligor, etc. or any other facts concerning the personal life of the Obligor, etc. to persons other than the Obligor, etc. by putting up a poster, billboard, or any other means whatsoever;
- (vi) requesting that an Obligor, etc. raise funds toward performance of their obligations under the Contract for a Loan by borrowing money from persons other than the Obligor, etc. or any other similar means;
- (vii) requesting that persons other than the Obligor, etc. make performance of the obligations on behalf of the Obligor, etc.;
- (viii) continuing to request that persons other than the Obligor, etc. cooperate in the collection of claims, although the relevant persons have refused to inform the Money Lender of the residence or contact address of the Obligor, etc. or have refused to conduct any other acts in cooperation with the Money Lender in the collection of claims;
- (ix) requesting that the Obligor, etc. perform their obligations by calling, sending a telegram, transmitting a message by using a facsimile machine, or visiting the Obligor, etc., without justifiable grounds and in spite of the fact that the Obligor, etc. has entrusted the arrangement of obligations under the Contract for a Loan to an attorney-at-law or legal professional corporation or to a judicial scrivener or judicial scrivener corporation (hereinafter

- collectively referred to as an "Attorney-at-Law, etc." in this item), or in spite of the fact that the Obligor, etc. has taken procedures toward a civil case in the necessary court for the arrangements and the Money Lender has received notice to that effect in writing from their Attorney-at-Law, etc. or from the court, and continues to request performance of the relevant obligations in any of the aforementioned manners, although the Obligor, etc. has requested that the Money Lender not directly demand performance; and
- (x) informing the Obligor, etc. that the Money Lender intends to use any of the words or conduct any of the deeds set forth in the preceding items (excluding item (vi)).
- (2) Persons who engage in the Money Lending Business or persons who have been entrusted by persons who engage in Money Lending Business or by any other person with the collection of claims under the Contract for a Loan of a person engaging in the Money Lending Business, when they intend to send documents or electronic or magnetic records in lieu of the documents to the Obligor, etc. to demand payment therefrom, must have the following matters contained or recorded therein, pursuant to the provisions of a Cabinet Office Order:
- (i) the trade name, name, address, and telephone number of the person who engages in the Money Lending Business;
  - (ii) the name of the person who sends the relevant documents or electronic or magnetic record;
  - (iii) the date of the contract;
  - (iv) the amount of the Loan;
  - (v) the Loan Interest Rate;
  - (vi) the due date of performance of claims pertaining to demands for payment;
  - (vii) the amount of demanded payment; and
  - (viii) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order.
- (3) Beyond what is provided in the preceding paragraph, persons who engage in the Money Lending Business or persons who have been entrusted by a person engaging in the Money Lending Business or by any other person with the collection of claims under the Contract for a Loan of a person who engages in Money Lending Business, in collecting claims under the Contract for a Loan and in response to a request from the counterparty to the Contract for a Loan, must disclose the trade name and name of the person who engages in the Money Lending Business, the name of the person conducting the collection of claims, and other matters provided by a Cabinet Office Order to the counterparty by methods specified by a Cabinet Office Order.

(Return of Claim Deeds)

Article 22 If a Money Lender has received full performance of claims under the Contract for a Loan and holds deeds to the claims, the Money Lender must return them without delay to the person who has made the performance.

(Posting of Signs)

Article 23 A Money Lender must post a sign in the format specified by a Cabinet Office Order in a place accessible to the public at each of its business offices or other offices.

(Restrictions on the Assignment of Claims.)

Article 24 (1) A Money Lender in assigning the claims under the loan contract to any other person, must notify the person that the relevant claims have accrued under the Money Lender's loan contract, other matters specified by a Cabinet Office Order, and to the effect that the provisions of Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10, and this paragraph apply (excluding, with regard to claims contained in mortgage securities as prescribed in Article 1, paragraph (1) of the Mortgage Securities Act (Act No. 15 of 1931), the provisions of Article 16-2, paragraph (3) and paragraph (4) and Article 17 (excluding paragraph (6)), and including the penal provisions pertaining thereto) to acts conducted by the relevant persons in relation to the claims under the Contract for a Loan pertaining to the relevant claims, by a method specified by a Cabinet Office Order.

(2) When a claim under a Money Lender's loan contract has been assigned, the provisions of Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10, and the preceding paragraph (excluding, with regard to claims contained in mortgage securities as prescribed in Article 1, paragraph (1) of the Mortgage Securities Act, Article 16-2, paragraph (3) and paragraph (4) and Article 17 (excluding paragraph (6))) apply mutatis mutandis to an assignee of the claim. In this case, the term "the Prime Minister or prefectural governor" in Article 24-6-10, paragraph (1) through paragraph (4) is deemed to be replaced with "the prefectural governor," the term "a Money Lender registered thereby" in paragraph (1) of that Article is deemed to be replaced with "an assignee of claims under the Money Lender's loan contract who has a business office or other office within the relevant prefectural area (if the person has no business office or other office, their domicile or residence; hereinafter the same applies in this Article)," the term "Money Lender's loan contract registered by the Prime Minister or prefectural governor" in paragraph (2) of that Article is deemed to be replaced with "the claims of an assignee of claims under the Money Lender's loan contract (limited to persons who have business offices or



other offices within the relevant prefectural area)," the term "a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (3) of that Article is deemed to be replaced with "an assignee of claims under the Money Lender's loan contract (limited to those who have business offices or other offices within the relevant prefectural area)," the term "the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (4) is deemed to be replaced with "the claims of an assignee of claims under the Money Lender's loan contract (limited to those who have business offices or other offices within the relevant prefectural area)," and any other necessary technical replacement of terms are to be specified by Cabinet Order.

- (3) Where a Money Lender intends to assign claims under a loan contract or entrust the collection thereof (hereinafter collectively referred to as "Assignment, etc. of Claims") and comes to know or is capable of knowing that the other party to the assignment or entrustment falls under the category of a person listed in any of the following items (hereinafter referred to as a "Person Restricted from Collecting Claims" in this paragraph), or comes to know or is capable of knowing that a Person Restricted from Collecting Claims will accept the Assignment, etc. of Claims after the first Assignment, etc. of Claims, the Money Lender must not make Assignment, etc. of the Claims:
- (i) an Organized Crime Group Member, etc.;
  - (ii) a corporation or other organization whose operations are controlled by an Organized Crime Group Member, etc., or the members of the relevant corporation or other organization; and
  - (iii) a person who is clearly likely to violate the provisions of Article 21, paragraph (1) (including the cases where applied it is *mutatis mutandis* pursuant to the preceding paragraph) or to commit a crime prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts in the course of collecting claims under the Contract for a Loan.
- (4) When a Money Lender has made an Assignment, etc. of the Claims under the Contract for a Loan to a person with whom they have a close relationship as provided by a Cabinet Order, a Money Lender must exercise due diligence to prevent the other party from violating the provisions of Article 21, paragraph (1) (including the cases where it is applied *mutatis mutandis* pursuant to paragraph (2)) or from committing a crime prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts in the course of collecting claims.

(Regulations on the Exercise of the Right to Reimbursement Pertaining to a Guarantee)

Article 24-2 (1) A Money Lender, in concluding a guarantee contract in relation to a loan contract with a Guarantee Business Operator, notify the relevant

Guarantee Business Operator to the effect that the provisions of Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-4, paragraph (1) and Article 24-6-10, paragraph (excluding, with regard to claims contained in mortgage securities prescribed in Article 1, paragraph (1) of the Mortgage Securities Act, the provisions of Article 16-2, paragraph (3) and paragraph (4) and Article 17 (excluding paragraph (6)), and including the penal provisions pertaining thereto) apply to the acts conducted by the Guarantee Business Operator in relation to the guarantee contract, by a method specified by a Cabinet Office Order.

- (2) Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10, paragraph (excluding, with regard to claims contained in mortgage securities provided in Article 1, paragraph (1) of the Mortgage Securities Act, Article 16-2, paragraph (3) and paragraph (4), and Article 17 (excluding paragraph (6))) apply mutatis mutandis to a Guarantee Business Operator which has acquired a Right to Reimbursement under the guarantee which the Guarantee Business Operator has provided to the Money Lender in relation to the Money Lender's loan contract, Right to Reimbursement pertaining to the performance of obligations under the Money Lender's loan contract, or the guarantee contract therefor, claims related to subrogation by that performance, or guarantee claims related thereto (hereinafter collectively referred to as the "Right to Reimbursement Pertaining to a Guarantee, etc.," except in Article 24-6). In this case, the term "the Prime Minister or prefectural governor" in paragraph (1) through paragraph (4) of Article 24-6-10 is deemed to be replaced with "the prefectural governor," the term "a Money Lender registered thereby" in paragraph (1) of that Article is deemed to be replaced with "a Guarantee Business Operator who has acquired the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. and who has a business office or other office within the relevant prefectural area (with regard to a person who do not have a business office or other office, their domicile or residence; hereinafter the same applies in this Article)," the term "with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (2) of that Article is deemed to be replaced with "related to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. which has been acquired by the Guarantee Business Operator (limited to those who have business offices or other offices within the relevant prefectural area)," the term "a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (3) of that Article is deemed to be replaced with "a Guarantee Business Operator who has acquired the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. (limited to those who have business offices or

other offices within the relevant prefectural area)," the term "with respect to a loan contract made by a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (4) of that Article is deemed to be replaced with "related to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. which has been acquired by the Guarantee Business Operator (limited to those who have business offices or other offices within the relevant prefectural area)," and any other necessary technical replacement of terms are specified by a Cabinet Order.

- (3) Where a Money Lender intends to conclude a guarantee contract for a loan contract with a Guarantee Business Operator and comes to know or is capable of knowing that the Guarantee Business Operator falls under any of the following items (hereinafter referred to as a "Person Restricted from Collecting Claims" in this paragraph) or comes to know or is capable of knowing that a Person Restricted from Collecting Claims will accept an Assignment, etc. of Claims related to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. after the conclusion of the relevant guarantee contract, the Money Lender must not conclude the guarantee contract:
- (i) an Organized Crime Group Member, etc.;
  - (ii) a corporation or other organization whose operations are controlled by an Organized Crime Group Member, etc., or the members of the relevant corporation or other organization; or
  - (iii) a person who is clearly likely to violate the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph or to commit a crime prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts, in the course of conducting collection with regard to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc.
- (4) When a Money Lender has concluded a guarantee contract for a loan contract with a Guarantee Business Operator with whom they have a close relationship as provided by a Cabinet Order, a Money Lender must exercise due diligence to prevent the Guarantee Business Operator from violating the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) or from committing a crime prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts in the course of conducting collection with regard to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc.

(Regulations on the Exercise of the Right to Reimbursement Pertaining to Performance under Entrustment)

Article 24-3 (1) When a Money Lender entrusts to any other person performance of obligations under the Money Lender's Contract for a Loan, except if paragraph (1) of the preceding Article applies, notify that person to the effect

that Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-5, paragraph (1), and Article 24-6-10, paragraph (excluding, with regard to claims contained in mortgage securities provided in Article 1, paragraph (1) of the Mortgage Securities Act, the provisions of Article 16-2, paragraph (3) and paragraph (4), and Article 17 (excluding paragraph (6))), and including the penal provisions pertaining thereto) apply to acts conducted by the relevant person in relation to the relevant performance, in a manner specified by a Cabinet Office Order.

(2) Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, and Article 24-6-10, paragraph (excluding, with regard to claims contained in mortgage securities provided in Article 1, paragraph (1) of the Mortgage Securities Act, the provisions of Article 16-2, paragraph (3) and paragraph (4) and Article 17 (excluding paragraph (6))) apply mutatis mutandis to a person who has made performance of obligations under the Money Lender's Contract for a Loan as entrusted by the Money Lender, where the relevant person has acquired a Right to Reimbursement pertaining to performance of the obligations or claims related to subrogation by performance or guarantee claims related thereto (hereinafter collectively referred to as "Right to Reimbursement, etc. Pertaining to Performance under Entrustment" except in Article 24-6) (excluding a Guarantee Business Operator who has acquired the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. on the Contract for a Loan; hereinafter referred to as a "Person Entrusted With Performance"). In this case, the term "the Prime Minister or prefectural governor" in Article 24-6-10, paragraph (1) through paragraph (4) is deemed to be replaced with "the prefectural governor," the term "a Money Lender registered thereby" in paragraph (1) of that Article is deemed to be replaced with "a Person Entrusted With Performance who has a business office or other office within the relevant prefectural area (with regard to a person who does not have a business office or other office, his/her domicile or residence; hereinafter the same applies in this Article)," the term "with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (2) of that Article is deemed to be replaced with "with regard to the Right to Reimbursement, etc. Pertaining to Performance under Entrustment held by the Person Entrusted With Performance (limited to those who have business offices or other offices within the relevant prefectural area)," the term "a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (3) of that Article is deemed to be replaced with "a Person Entrusted With Performance (limited to those who have business offices or other offices within the relevant prefectural area)," the term "with respect to the loan contract of a

Money Lender registered by the Prime Minister or prefectural governor" in paragraph (4) of that Article is deemed to be replaced with "with regard to the Right to Reimbursement, etc. Pertaining to Performance under Entrustment held by the Person Entrusted With Performance (limited to those who have business offices or other offices within the relevant prefectural area)," and any other necessary technical replacement of terms are to be specified by a Cabinet Order.

(3) Where a Money Lender intends to entrust to any other person the performance of obligations under the Contract for a Loan and comes to know or is capable of knowing that the other party falls under any of the following items (hereinafter referred to as a "Person Restricted from Collecting Claims" in this paragraph) or they come to know or is capable of knowing that a Person Restricted from Collecting Claims will accept the Assignment, etc. of Claims with regard to the Right to Reimbursement, etc. Pertaining to Performance under Entrustment after the relevant performance, the Money Lender must not entrust the relevant performance:

(i) an Organized Crime Group Member, etc.;

(ii) a corporation or other organization whose operations are controlled by an Organized Crime Group Member, etc., or the members of the relevant corporation or other organization; or

(iii) a person who is clearly likely to violate the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to the preceding paragraph or to commit crimes set forth in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of conducting collection with regard to the Right to Reimbursement, etc. Pertaining to Performance under Entrustment.

(4) When a Money Lender has entrusted the performance of obligations under the Contract for a Loan to a person with whom they have a close relationship as provided by a Cabinet Order, a Money Lender must exercise due diligence to prevent the Person Entrusted With Performance from violating the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to paragraph (2) or from committing a crime prescribed in the provisions of Penal Code or the Act on Punishment of Violence and Other Acts in the course of conducting collection with regard to the Right to Reimbursement, etc. Pertaining to Performance under Entrustment.

(Regulations on the Assignment of the Right to Reimbursement Pertaining to a Guarantee)

Article 24-4 (1) A Guarantee Business Operator, in assigning to others the Right to Reimbursement, etc. Pertaining to a Guarantee, etc., must notify that other person that the Right to Reimbursement Pertaining to the Guarantee, etc. has

accrued from the guarantee pertaining to the Money Lender's Contract for a Loan, other matters prescribed by a Cabinet Office Order, and to the effect that the provisions of Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10, and this paragraph (with regard to claims contained in mortgage securities as provided in Article 1, paragraph (1) of the Mortgage Securities Act, Article 16-2, paragraph (3) and paragraph (4), and Article 17 (excluding paragraph (6)) are excluded, and the penal provisions pertaining thereto are included) apply to acts conducted by the relevant person in relation to the Right to Reimbursement, etc. Pertaining to the Guarantee, etc., by a method specified by a Cabinet Office Order.

- (2) The provisions of Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10 and the preceding paragraph (excluding, with regard to claims contained in mortgage securities provided in Article 1, paragraph (1) of the Mortgage Securities Act, Article 16-2, paragraph (3) and paragraph (4) and Article 17 (excluding paragraph (6))) apply mutatis mutandis to an assignee of the Right to Reimbursement, etc. Pertaining to Guarantee, etc. in the case of assignment thereof. In this case, the term "the Prime Minister or prefectural governor" in paragraph (1) through paragraph (4) of Article 24-6-10 is deemed to be replaced with "the prefectural governor," the term "a Money Lender registered thereby" in paragraph (1) of that Article is deemed to be replaced with "an assignee of the Right to Reimbursement Pertaining to a Guarantee, etc. who has a business office or other office within the relevant prefectural area (with regard to a person who does not have a business office or other office, their domicile or residence; hereinafter the same applies in this Article)," the term "with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (2) of that Article is deemed to be replaced with "with regard to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. held by an assignee of the Right to Reimbursement, etc. Pertaining to the Guarantee, etc. (limited to those who have business offices or other offices within the relevant prefectural area)," the term "a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (3) of that Article is deemed to be replaced with "an assignee of the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. (limited to those who have business offices or other offices within the relevant prefectural area)," the term "with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (4) of that Article is deemed to be replaced with "with regard to the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. held by an assignee of the Right to Reimbursement, etc. Pertaining to the Guarantee, etc. (limited to

those who have business offices or other offices within the relevant prefectural area)" and any other necessary technical replacement of terms are specified by a Cabinet Order.

(Regulations on the Assignment of the Right to Reimbursement Pertaining to Performance under Entrustment)

Article 24-5 (1) A Person Entrusted With Performance, in assigning to any other person the Right to Reimbursement, etc. Pertaining to Performance under Entrustment, must notify that other person that the Right to Reimbursement, etc. Pertaining to Performance under Entrustment has accrued from the performance of obligations under the Money Lender's Contract for a Loan, other matters provided by a Cabinet Office Order, and to the effect that Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10, and this paragraph (with regard to claims contained in mortgage securities provided in Article 1, paragraph (1) of the Mortgage Securities Act, Article 16-2, paragraph (3) and paragraph (4), and Article 17 (excluding paragraph (6)) are excluded and the penal provisions pertaining thereto are included) apply to acts conducted by the relevant person in relation to the Right to Reimbursement Pertaining to Performance under Entrustment, by a method specified by a Cabinet Office Order.

(2) Article 12-7, Article 16-2, paragraph (3) and paragraph (4), Article 16-3, Article 17 (excluding paragraph (6)), Article 18 through Article 22, Article 24-6-10, and the preceding paragraph (excluding, with regard to claims contained in mortgage securities provided in Article 1, paragraph (1) of the Mortgage Securities Act, Article 16-2, paragraph (3) and paragraph (4), and Article 17 (excluding paragraph (6))) apply mutatis mutandis to an assignee of the Right to Reimbursement, etc. Pertaining to Performance under Entrustment in the case of assignment thereof. In this case, the term "the Prime Minister or prefectural governor" in paragraph (1) through paragraph (4) of Article 24-6-10 is deemed to be replaced with "the prefectural governor," the term "a Money Lender registered thereby" in paragraph (1) of that Article is deemed to be replaced with "an assignee of the Right to Reimbursement Pertaining to Performance under Entrustment who has a business office or other office within the relevant prefectural area (with regard to a person who do not have a business office or other office, his/her domicile or residence; hereinafter the same applies in this Article)," the term "with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (2) of that Article is deemed to be replaced with "with regard to the Right to Reimbursement Pertaining to Performance under Entrustment held by an assignee thereof (limited to those who have business offices or other

offices within the relevant prefectural area)," the term "a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (3) of that Article is deemed to be replaced with "an assignee of the Right to Reimbursement Pertaining to Performance under Entrustment (limited to those who have business offices or other offices within the relevant prefectural area)," the term "with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor" in paragraph (4) of that Article is deemed to be replaced with "with regard to the Right to Reimbursement Pertaining to Performance under Entrustment held by an assignee thereof (limited to those who have business offices or other offices within the relevant prefectural area)," and any other necessary technical replacement of terms are specified by a Cabinet Order.

(Application Mutatis Mutandis)

Article 24-6 Article 24, paragraph (1) applies mutatis mutandis to cases where a person who engages in the Money Lending Business (excluding Money Lenders; hereinafter the same applies in this Article) assigns to any other person the claims under a loan contract; Article 20, paragraph (1) and paragraph (2), Article 20-2, Article 21, and Article 24, paragraph (1) apply mutatis mutandis to an assignee of the claims under the loan contract of a person who engages in the Money Lending Business in the case of assignment thereof; Article 24-2, paragraph (1) applies mutatis mutandis to cases where a person who engages in the Money Lending Business concludes a guarantee contract in relation to a loan contract with a Guarantee Business Operator; Article 20, paragraph (1) and paragraph (2), Article 20-2, and Article 21 apply mutatis mutandis to a Guarantee Business Operator who has acquired the Right to Reimbursement under a guarantee which the Guarantee Business Operator has provided to the person who engages in the Money Lending Business in relation to that person's loan contract, the Right to Reimbursement pertaining to the performance of obligations under the loan contract of the person who engages in the Money Lending Business or the guarantee contract therefor, claims related to the subrogation by that performance, or guarantee claims related thereto (hereinafter collectively referred to as the "Right to Reimbursement Pertaining to a Guarantee, etc." in this Article); Article 24-3, paragraph (1) applies mutatis mutandis to cases where a person who engages in the Money Lending Business entrusts to any other person the performance of obligations under the Contract for a Loan; Article 20, paragraph (1) and (2), Article 20-2, and Article 21 apply mutatis mutandis to a person who, based on entrustment from a person who engaged in the Money Lending Business, has made performance of the obligations under the Contract for a Loan of the relevant person who engages in the Money Lending Business and who has acquired the Right to



Reimbursement pertaining to the performance of obligations or claims related to the subrogation by that performance, or guarantee claims related thereto (hereinafter referred to as the "Right to Reimbursement Pertaining to Performance under Entrustment" in this Article) (excluding the cases where a Guarantee Business Operator has acquired the Right to Reimbursement Pertaining to the Guarantee, etc. in relation to the Contract for a Loan); Article 24-4, paragraph (1) applies mutatis mutandis to cases where a Guarantee Business Operator assigns to any other person the Right to Reimbursement Pertaining to a Guarantee, etc.; Article 20, paragraph (1) and paragraph (2), Article 20-2, Article 21, and Article 24-4, paragraph (1) apply mutatis mutandis to an assignee of a Right to Reimbursement pertaining to a guarantee contract in the case of assignment of the Right to Reimbursement Pertaining to the Guarantee, etc.; paragraph (1) of the preceding Article applies mutatis mutandis to cases where a person who, based on entrustment from a person who engages in the Money Lending Business, has made performance of the obligations under the loan contract of the person who engages in the Money Lending Business, assigns to any other person the Right to Reimbursement, etc. Pertaining to Performance under Entrustment (excluding the Right to Reimbursement, etc. Pertaining to a Guarantee, etc. under the Contract for a Loan acquired by the Guarantee Business Operator); and Article 20, paragraph (1) and paragraph (2), Article 20-2, Article 21, and paragraph (1) of the preceding Article apply mutatis mutandis to the assignee of the Right to Reimbursement Pertaining to Performance under Entrustment in the case of assignment thereof. In this case, necessary technical replacement of terms are specified by a Cabinet Order.

### **Section 3 Supervision**

(Notification of Commencement)

Article 24-6-2 In any of the cases listed in the following items, as provided by a Cabinet Office Order, a Money Lender must notify the Prime Minister or prefectural governor who registered the Money Lender to that effect:

- (i) where the Money Lender has commenced, suspended, or resumed the Money Lending Business (including operations for advertising and solicitation conducted in relation to money lending operations or the collection of claims under a Contract for a Loan; the same applies in Article 24-6-6, paragraph (1), item (ii));
- (ii) where the Money Lender has concluded a Credit Information Contract (meaning a Credit Information Contract as prescribed in Article 41-20, paragraph (1), item (i)) with a Designated Credit Bureau, or terminated the relevant Credit Information Contract;

- (iii) where the Money Lender has become aware that the Money Lender has come to fall under Article 6, paragraph (1), item (xiv); and
- (iv) beyond what is listed in the preceding three items, the Money Lender falls under the case specified by a Cabinet Office Order.

(Order to Improve Business Operations)

Article 24-6-3 (1) When the Prime Minister or prefectural governor finds, with regard to the management of business operations of a Money Lender registered thereby, that it is necessary for protecting the interests of Persons Seeking Funds, etc., within the extent necessary, they may order the Money Lender to change their operational methods or to take any other necessary measures for improving the management of the operations.

(2) In cases when a Money Lender registered by the Prime Minister has violated (limited to cases where the Persons Seeking Funds, etc. pertaining to the violation include individuals (except when they engage in business; the same applies in the following paragraph, Article 24-6-11, paragraph (2), and Article 44, paragraph (3))) the provisions of Article 12-3, paragraph (4), Articles 12-6 through 12-8, or Articles 13 through 22 (including the provisions of orders based on these provisions; the same applies in the following paragraph and paragraph (3) of the following Article), if the Prime Minister intends to issue an order in accordance with the provisions of the preceding paragraph, they must consult with the Secretary-General of the Consumer Affairs Agency in advance.

(3) When the Secretary-General of the Consumer Affairs Agency finds it necessary in order to protect the interests of Persons Seeking Funds, etc. who are individuals, may state an opinion concerning the order under paragraph (1) (limited to cases where a Money Lender registered by the Prime Minister has violated the provisions of Article 12-3, paragraph (4), Articles 12-6 through 12-8, or Articles 13 through 22), as necessary, to the Prime Minister.

(Supervisory Dispositions)

Article 24-6-4 (1) When a Money Lender registered thereby falls under any of the following items, the Prime Minister or prefectural governor may rescind the Money Lender's registration or order the suspension of the Money Lender's business operations in whole or in part, and may specify a period therefor of no longer than one year:

- (i) where the Money Lender has come to fall under any of the categories in Article 6, paragraph (1), item (xiii) (excluding cases where the provisions of Article 12-3, paragraph (3) are applied) or Article 6, paragraph (1), item (xiv) through item (xvi);
- (ii) where the Money Lender has violated laws and regulations in relation to

- their money lending operations (excluding Article 12, Article 12-5, Article 24, paragraph (3) and paragraph (4), Article 24-2, paragraph (3) and paragraph (4), and Article 24-3, paragraph (3) and paragraph (4)) or has violated a disposition made under laws and regulations by the Prime Minister or prefectural governor;
- (iii) where the Money Lender has made an Assignment, etc. of Claims under the Contract for a Loan, knowing that the counterparty is a Person Restricted from Collecting Claims as prescribed in Article 24, paragraph (3);
  - (iv) where the Money Lender has made an Assignment, etc. of Claims under the Contract for a Loan and has come to fall under both of the following sub-items:
    - (a) where the Money Lender fails to prove the existence of reasonable grounds for not knowing that the other party was a Person Restricted from Collecting Claims (meaning a Person Restricted from Collecting Claims as prescribed in Article 24, paragraph (3); hereinafter the same applies in this item) in the course of making an Assignment, etc. of Claims, or that a Person Restricted from Collecting Claims would accept the Assignment, etc. of Claims after the first Assignment, etc. of Claims; and
    - (b) Where a Person Restricted from Collecting Claims who has accepted the Assignment, etc. of Claims or a Person Restricted from Collecting Claims who has accepted the Assignment, etc. of Claims after the first Assignment, etc. of Claims has violated the provisions of Article 21, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2)) or has committed a crime prescribed in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of collecting claims.
  - (v) when the Money Lender has concluded a guarantee contract for a loan contract, knowing that the counterparty is a Person Restricted from Collecting Claims as prescribed in Article 24-2, paragraph (3);
  - (vi) when the Money Lender has come to fall under both of the following sub-items, if the Money Lender has concluded a guarantee contract in relation to a loan contract with a Guarantee Business Operator:
    - (a) When the Money Lender fails to prove the existence of reasonable grounds for not knowing that the Guarantee Business Operator was a Person Restricted from Collecting Claims (meaning a Person Restricted from Collecting Claims as defined in Article 24-2, paragraph (3); hereinafter the same applies in this item) in the course of concluding the guarantee contract, or that a Person Restricted from Collecting Claims would accept the Assignment, etc. of Claims concerning the Right to Reimbursement Pertaining to the Guarantee, etc. after the conclusion of the guarantee contract; and

- (b) When a Person Restricted from Collecting Claims who has concluded the guarantee contract or a Person Restricted from Collecting Claims who has accepted the Assignment, etc. of Claims with regard to the Right to Reimbursement Pertaining to a Guarantee, etc. after the conclusion of the guarantee contract has violated the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (2) or has committed a crime set forth in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of collection with regard to the Right to Reimbursement Pertaining to the Guarantee, etc.
- (vii) when the Money Lender has entrusted the performance of obligations under the Contract for a Loan, knowing that the other party is a Person Restricted from Collecting Claims prescribed in Article 24-3, paragraph (3);
- (viii) when the Money Lender has come to fall under both of the following sub-items, if the Money Lender has entrusted to another person the performance of obligations under the Contract for a Loan:
  - (a) When the Money Lender fails to prove the existence of reasonable grounds for not knowing that the entrusted party was a Person Restricted from Collecting Claims (meaning a Person Restricted from Collecting Claims as prescribed in Article 24-3, paragraph (3); hereinafter the same applies in this item) in the course of entrusting the performance, or that a Person Restricted from Collecting Claims would accept the Assignment, etc. of Claims concerning the Right to Reimbursement Pertaining to Performance under Entrustment after the entrustment of performance had been made; and
  - (b) When a Person Restricted from Collecting Claims who has acquired the Right to Reimbursement Pertaining to Performance under Entrustment or a Person Restricted from Collecting Claims who has accepted the Assignment, etc. of Claims concerning the Right to Reimbursement Pertaining to Performance under Entrustment after acquiring the Right to Reimbursement Pertaining to Performance under Entrustment has violated the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to Article 24-3, paragraph (2) or has committed a crime set forth in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of conducting collection with regard to the Right to Reimbursement Pertaining to Performance under Entrustment.
- (ix) when a person who has accepted an Assignment, etc. of Claims with regard to the claims under a loan contract from the Money Lender and who has a close relationship with the Money Lender as provided by a Cabinet Order has violated the provisions of Article 21, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2))

- or has committed a crime set forth in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of collecting the relevant claims, and where the Money Lender has failed to prove that they have exercised due diligence to prevent the relevant person from conducting the act;
- (x) when a Guarantee Business Operator who has acquired the Right to Reimbursement Pertaining to a Guarantee, etc. and who has a close relationship with the Money Lender as provided by a Cabinet Order has violated the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to Article 24-2, paragraph (2) or has committed a crime set forth in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of conducting collection with regard to the Right to Reimbursement Pertaining to the Guarantee, etc., and where the Money Lender has failed to prove that they have exercised due diligence to prevent the relevant person from conducting that act;
  - (xi) when a Person Entrusted With Performance who has acquired the Right to Reimbursement Pertaining to Performance under Entrustment and who has a close relationship with the Money Lender as provided by a Cabinet Order has violated the provisions of Article 21, paragraph (1) as applied mutatis mutandis pursuant to Article 24-3, paragraph (2) or has committed a crime set forth in the provisions of the Penal Code or the Act on Punishment of Violence and Other Acts in the course of conducting collection with regard to the Right to Reimbursement Pertaining to Performance under Entrustment, and where the Money Lender has failed to prove that they have exercised due diligence to prevent the relevant person from conducting that act; and
  - (xii) beyond what is listed in item (ii), where the Money Lender has violated the provisions of the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates or the Act on the Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act).
- (2) When an Officer (meaning a member in charge of executing business, the director, executive officer, representative person, administrator, or any other person equivalent thereto; hereinafter the same applies in this paragraph) of a Money Lender registered thereby has come to fall under any of item (ii) through item (xii) of the preceding paragraph, the Prime Minister or prefectural governor may order the Money Lender to dismiss the relevant Officer.
- (3) The provisions of paragraphs (2) and (3) of the preceding Article apply mutatis mutandis to a disposition under paragraph (1) (limited to cases where a Money Lender registered by the Prime Minister has violated the provisions of Article 12-3, paragraph (4), Articles 12-6 through 12-8, or Articles 13 through

22).

(Rescission of Registration)

Article 24-6-5 (1) When a Money Lender registered thereby falls under any of the following items, the Prime Minister or prefectural governor must rescind the Money Lender's registration:

- (i) where the Money Lender has come to fall under any of Article 6, paragraph (1), item (i) or item (iv) through item (xii), or where it is found that the Money Lender already fell under any of the items of that paragraph at the time of registration;
  - (ii) where a Money Lender who falls under any of the items of Article 7 continues to engage in the Money Lending Business, and it is found that the Money Lender has not newly was registered under Article 3, paragraph (1) as required;
  - (iii) where a Money Lender was registered under Article 3, paragraph (1) by wrongful means;
  - (iv) where the Money Lender has violated the provisions of Article 12; or
  - (v) where the Money Lender has violated the provisions of Article 12-5.
- (2) The provisions of Article 5, paragraph (2) apply mutatis mutandis where the disposition set forth in the preceding paragraph has been made.

(Rescission of the Registration of Missing Money Lenders)

Article 24-6-6 (1) When a Money Lender registered thereby falls under any of the following items, the Prime Minister or prefectural governor may rescind the Money Lender's registration:

- (i) when the location of the Money Lender's business office or other office or the whereabouts of the Money Lender (in the case of a corporation, the whereabouts of its officer) cannot be identified, and even after 30 days have elapsed since the day on which a public notice of the fact was given, there is no response from the Money Lender; or
  - (ii) when the Money Lender, without justifiable grounds, does not commence the Money Lending Business within six months from the day on which the Money Lender was registered, or has suspended the Money Lending Business for six months or more.
- (2) With regard to a disposition made under the provisions of the preceding paragraph (limited to the part concerning item (i)), the provisions of Chapter III of the Administrative Procedure Act (Act No. 88 of 1993) does not apply.

(Cancellation of Registration)

Article 24-6-7 When a Money Lender's registration has ceased to be effective pursuant to the provisions of Article 3, paragraph (2), Article 7 or Article 10,

paragraph (2), or when they have rescinded the registration pursuant to the provisions of Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1) or paragraph (1) of the preceding Article, the Prime Minister or prefectural governor must cancel the Money Lender's registration.

(Public Notice of Supervisory Disposition)

Article 24-6-8 When the Prime Minister or prefectural governor has made a disposition under the provisions of Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1) or Article 24-6-6, paragraph (1), the Prime Minister must give a public notice to that effect as provided by a Cabinet Office Order.

(Submission of Business Reports)

Article 24-6-9 As provided by a Cabinet Office Order, a Money Lender must prepare a business report on the Money Lending Business for each business year, and submit it to the Prime Minister or prefectural governor who registered the Money Lender within three months after the end of each business year.

(Collection of Reports and On-Site Inspections)

Article 24-6-10 (1) When the Prime Minister or prefectural governor finds it necessary for the enforcement of this Act, they may order a Money Lender registered thereby to submit reports or materials with regard to the Money Lender's business operations.

(2) When the Prime Minister or prefectural governor finds it particularly necessary in order to protect the interests of Persons Seeking Funds, etc., they may, within the extent necessary, order a Guarantee Business Operator who has concluded a guarantee contract with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor or a person who has been entrusted by the Money Lender with money lending operations, to submit reports or materials that are informative with regard to the Money Lender's money lending operations.

(3) When the Prime Minister or prefectural governor finds it necessary in order to protect the interests of Persons Seeking Funds, etc., they may have the relevant officials enter the business office or other office of a Money Lender registered by the Prime Minister or prefectural governor, ask questions with regard to the Money Lender's operations, or inspect books, documents, and any other articles.

(4) When the Prime Minister or prefectural governor finds it particularly necessary in order to protect the interests of Persons Seeking Funds, etc., they may, within the extent necessary, have the relevant officials enter the business office or other office of a Guarantee Business Operator who has concluded a

guarantee contract with respect to the loan contract of a Money Lender registered by the Prime Minister or prefectural governor or a person who has been entrusted by the Money Lender with money lending operations, ask questions with regard to the matters necessary for the questioning or inspection of the Money Lender, or inspect books, documents, and any other articles.

- (5) An official who conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs carries a certificate of identification and present it when requested by any person concerned.
- (6) The authority to conduct an on-site inspection under the provisions of paragraph (3) or paragraph (4) must not be construed as being for criminal investigation.

(Supervision of Money Lenders Who Are Not Members of a Money Lenders' Association)

Article 24-6-11 (1) When the Secretary-General of the Consumer Affairs Agency finds it necessary in order to state an opinion pursuant to Article 24-6-3, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 24-6-4, paragraph (3); hereinafter the same applies in this paragraph), may order the Money Lender prescribed in Article 24-6-3, paragraph (3) to submit reports or materials with regard to the Money Lender's business operations.

- (2) In the case prescribed in the preceding paragraph, when the Secretary-General of the Consumer Affairs Agency finds it particularly necessary in order to protect the interests of Persons Seeking Funds, etc. who are individuals, they may have the relevant officials enter the business office or other office of the Money Lender under the preceding paragraph, ask questions with regard to the Money Lender's operations, or inspect books, documents, and any other articles.
- (3) The provisions of paragraphs (5) and (6) of the preceding Article apply mutatis mutandis to the on-site inspection under the preceding paragraph.
- (4) If the Secretary-General of the Consumer Affairs Agency intends to issue an order under paragraph (1) or conduct an on-site inspection under paragraph (2), the Secretary-General must consult with the Prime Minister in advance.

Article 24-6-12 (1) The Prime Minister or prefectural governor must appropriately supervise the money lending operations performed by a Money Lender registered thereby who has not joined a Money Lenders' Association, in consideration of the articles of incorporation, operational rules, and any other rules of Money Lenders' Associations, so that the operations of the Money Lender do not fail to protect the interests of Persons Seeking Funds, etc.



- (2) In order to conduct the supervision prescribed in the preceding paragraph, in consideration of the articles of incorporation, operational rules, and any other rules of Money Lenders' Associations, the Prime Minister or prefectural governor may order a Money Lender who has not joined a Money Lenders' Association to create or change rules that the Money Lender or officers or employees thereof should observe (hereinafter referred to as "Internal Rules").
- (3) A Money Lender who has been ordered to create or change its Internal Rules pursuant to the provisions of the preceding paragraph, within 30 days, is to create or change its Internal Rules, and must obtain approval thereof from the Prime Minister or prefectural governor who registered the Money Lender.
- (4) Where a Money Lender who has obtained approval under the preceding paragraph intends to change or repeal the approved Internal Rules, the Money Lender must further obtain approval thereof from the Prime Minister or prefectural governor who registered the Money Lender.

## **Chapter II-2 System for Chiefs of Money Lending Operations**

### (Qualification Examination)

- Article 24-7 (1) As provided by a Cabinet Office Order, the Prime Minister must carry out an examination in which persons can become qualified as Chiefs of Money Lending Operations (hereinafter referred to as a "Qualification Examination").
- (2) The Qualification Examination is implemented for the purpose of testing the necessary knowledge required for money lending operations.

### (Designation)

- Article 24-8 (1) The Prime Minister may have their designee administer the affairs related to implementing the Qualification Examination (hereinafter referred to as the "Examination Affairs" in this Chapter).
- (2) The designation under the preceding paragraph is made through the applications of persons who wish to carry out Examination Affairs.
  - (3) A person who intends to file the application under the preceding paragraph, pursuant to the provisions of a Cabinet Office Order, must submit a written application for designation to the Prime Minister.
  - (4) The Prime Minister must not make the designation under paragraph (1) unless there is no other person who has been designated and the application under paragraph (2) is in compliance with all of the following items:
    - (i) the plan for implementation of Examination Affairs, including the employees, facilities, methods of implementing the Examination Affairs, and other matters is appropriate for the proper and sound implementation of Examination Affairs;

- (ii) the applicant has a financial and technical footing secure enough for proper and sound execution of the plan for implementing Examination Affairs set forth in the preceding item; and
  - (iii) where the applicant is engaged in any business other than the Examination Affairs, the fact of the applicant operating that other business is not likely to result in unfair implementation of the Examination Affairs.
- (5) When the applicant under paragraph (2) falls under any of the following items, the Prime Minister must not designate themselves under paragraph (1):
- (i) the applicant is not a nonprofit corporation;
  - (ii) the applicant has been sentenced to a fine or a severer punishment for having violated the provisions of this Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates, or the Former Act on Facilitating Self-Regulation by Money Lenders, or for having violated the provisions of Article 12 of the Price Control Order in concluding a Contract for a Loan or collecting claims thereunder, and five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
  - (iii) the applicant's designation has been rescinded pursuant to the provisions of Article 24-19, paragraphs (1) or paragraph (2), and five years have not elapsed since the day of rescission;
  - (iv) the applicant has an officer who falls under any of the following:
    - (a) An officer who has been sentenced to a fine or a severer punishment for having violated the provisions of this Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates, the Former Act on Facilitating Self-Regulation by Money Lenders or the Act on the Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act) or for having violated the provisions of Article 12 of the Price Control Order or committed a crime prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts in concluding a Contract for a Loan or collecting claims thereunder, and for whom five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence; or
    - (b) The applicant has been dismissed based on an order issued under Article 24-10, paragraph (2) and five years have not elapsed since the day of the dismissal.

(Public Notice of Designation)

Article 24-9 (1) When the Prime Minister has made a designation under

paragraph (1) of the preceding Article, the Prime Minister must give public notice of the designated person's name and the location of its principal office as well as the date of designation in the Official Gazette.

- (2) A person who has been designated pursuant to paragraph (1) of the preceding Article (hereinafter referred to as the "Designated Examining Agency"), when it intends to change its name or the location of its principal office, must notify the Prime Minister to that effect, by two weeks prior to the planned date of change.
- (3) When the Prime Minister has received a notification under the preceding paragraph, they must give public notice to that effect in the Official Gazette.

(Appointment and Dismissal of Officers)

Article 24-10 (1) Appointments and dismissals of officers of a Designated Examining Agency is not become effective unless they are authorized by the Prime Minister.

- (2) When an officer of a Designated Examining Agency has carried out acts in violation of this Act (including orders or dispositions issued under this Act) or the Operational Rules for Examination Affairs set forth in Article 24-13, paragraph (1), or an extremely inappropriate act with regard to the Examination Affairs, the Prime Minister may order the Designated Examining Agency to dismiss the relevant officer.

(Examiner)

Article 24-11 (1) A Designated Examining Agency must appoint examiners to carry out the Qualification Examination for Chiefs of Money Lending Operations from among those who satisfy the requirements specified by a Cabinet Office Order (hereinafter referred to as "Examiners") and have them create examination questions and grade examinations for the Qualification Examination.

- (2) When it has appointed or dismissed an Examiner, the Designated Examining Agency must notify the Prime Minister to that effect without delay.
- (3) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to the dismissal of an Examiner.

(Obligation of Confidentiality)

Article 24-12 (1) An officer or employee of the Designated Examining Agency (including Examiners; the same applies in the following paragraph) or a person who was formerly in such a position must not disclose to another person any confidential information they have learned during the course of the Examination Affairs.

- (2) An officer or employee of a Designated Examining Agency who engages in the

Examination Affairs, with regard to the application of the Penal Code or other penal provisions, is deemed as an employee engaged in public services as provided by laws and regulations.

(Operational Rules for Examination Affairs)

Article 24-13 (1) A Designated Examining Agency must provide Operational Rules for Examination Affairs for matters concerning the implementation of the Examination Affairs specified by a Cabinet Office Order, and must obtain authorization thereon from the Prime Minister. The same applies when the relevant rules are to be changed.

(2) When the Prime Minister finds that the Operational Rules for Examination Affairs authorized under the preceding paragraph have become inappropriate for the proper and sound implementation of Examination Affairs, the Prime Minister may order the Designated Examining Agency to change them.

(Authorization of Business Plans)

Article 24-14 (1) A Designated Examining Agency must prepare a business plan and a budget statement for the Examination Affairs every business year, and must obtain authorization from the Prime Minister before the commencement of the relevant business year (with regard to a business year which includes the date of designation under Article 24-8, paragraph (1), without delay after the designation). The same applies when the Designated Examining Agency intends to change them.

(2) A Designated Examining Agency is to prepare a business report and the statement of settlement of accounts every business year, and must submit them to the Prime Minister within three months after the end of the relevant business year.

(Keeping of the Books)

Article 24-15 A Designated Examining Agency, pursuant to the provisions of a Cabinet Office Order, must prepare and preserve books containing matters related to the Examination Affairs as provided by a Cabinet Office Order.

(Supervisory Orders)

Article 24-16 When the Prime Minister finds it necessary for ensuring the proper implementation of Examination Affairs, issue the necessary orders for supervision with regard to Examination Affairs to a Designated Examining Agency.

(Collection of Reports and On-Site Inspections)

Article 24-17 (1) When the Prime Minister finds it necessary for ensuring the

proper implementation of the Examination Affairs, the Prime Minister may order a Designated Examining Agency to submit reports or materials with regard to the status of its Examination Affairs, or have the relevant officials enter the Designated Examining Agency's office, ask questions with regard to the status of Examination Affairs, or inspect books, documents, and any other articles.

- (2) When the Prime Minister finds it particularly necessary for ensuring the proper implementation of Examination Affairs, within the extent necessary, the Prime Minister may order a person who has been entrusted by the Designated Examining Agency with its business to submit reports or materials that are informative with regard to the status of Examination Affairs, or have the relevant officials enter the business office or other office of that person who has been entrusted by the Designated Examining Agency with its business, ask questions with regard to the status of Examination Affairs, or inspect books, documents, and any other articles.
- (3) An official who conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry a certificate of identification and present it when requested by any person concerned.
- (4) The authority to conduct an on-site inspection under the provisions of paragraph (1) or paragraph (2) must not be construed as being for criminal investigation.

(Suspension or Abolition of Examination Affairs)

Article 24-18 (1) A Designated Examining Agency must not suspend or abolish its Examination Affairs in whole or in part without permission from the Prime Minister.

- (2) The Prime Minister must not grant permission under the preceding paragraph unless the Prime Minister finds that the suspension or abolition of Examination Affairs by the Designated Examining Agency in whole or in part is unlikely to hinder the proper and sound implementation of the Examination Affairs.

(Rescission of Designation)

Article 24-19 (1) When a Designated Examining Agency has come to fall under any of the items of Article 24-8, paragraph (5) (excluding item (iii)) or when a Designated Examining Agency has received the designation under paragraph (1) of that Article by wrongful means, the Prime Minister must rescind that designation.

- (2) When a Designated Examining Agency falls under any of the following items, the Prime Minister may rescind its designation or order the Designated Examining Agency to suspend its Examination Affairs in whole or in part for a

fixed period of time:

- (i) when the Designated Examining Agency is found to no longer satisfy any item of Article 24-8, paragraph (4);
  - (ii) when the Designated Examining Agency has violated an order issued under Article 24-10, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to Article 24-11, paragraph (3)), Article 24-13, paragraph (2) or Article 24-16;
  - (iii) when the Designated Examining Agency has violated the provisions of Article 24-11, paragraph (1), Article 24-14, Article 24-15, or paragraph (1) of the preceding Article;
  - (iv) when the Designated Examining Agency has implemented the Examination Affairs without complying with the Operational Rules for Examination Affairs which has been authorized under Article 24-13, paragraph (1);
  - (v) when the Designated Examining Agency has violated the conditions set forth in paragraph (1) of the following Article; or
  - (vi) when the Designated Examining Agency has conducted an extremely inappropriate act with regard to Examination Affairs or an Examiner or Officer who engages in Examination Affairs has conducted an extremely inappropriate act with regard to Examination Affairs.
- (3) When the Prime Minister has made a disposition under the preceding two paragraphs, the Prime Minister must give public notice to that effect in the Official Gazette.

#### (Conditions of Designation)

Article 24-20 (1) Conditions may be attached to the designation, authorization, or permission under Article 24-8, paragraph (1), Article 24-10, paragraph (1), Article 24-13, paragraph (1), Article 24-14, paragraph (1), or Article 24-18, paragraph (1) and that conditions may be changed.

- (2) The conditions under the preceding paragraph are to be limited to the minimum necessary for ensuring the sound implementation of the matters pertaining to the designation, authorization, or permission, and must not impose undue obligations on the person who receives the relevant designation, authorization, or permission.

#### (Implementation of Examination Affairs by the Prime Minister)

Article 24-21 (1) When the Prime Minister has made a designation under Article 24-8, paragraph (1), the Prime Minister is not to conduct Examination Affairs.

- (2) Examination Affairs are to be carried out by the Prime Minister, in whole or in part when a Designated Examining Agency has suspended its Examination Affairs in whole or in part with the permission provided in Article 24-18, paragraph (1), when the Prime Minister has ordered the Designated

Examining Agency to suspend its Examination Affairs in whole or in part under Article 24-19, paragraph (2), or when the Prime Minister finds it necessary where a natural disaster or other cause has impeded the Designated Examining Agency from implementing its Examination Affairs in whole or in part.

- (3) Matters necessary for transferring Examination Affairs and other matters necessary for implementing Examination Affairs are to be specified by a Cabinet Office Order, in the case where the designation under Article 24-8, paragraph (1) has been made, where the Prime Minister is required to conduct Examination Affairs pursuant to the preceding paragraph, or where the Prime Minister has permitted the abolition of Examination Affairs under Article 24-18, paragraph (1) or has rescinded the designation pursuant to the provisions of Article 24-19, paragraph (1) or paragraph (2).

(Examination Fees)

- Article 24-22 (1) A person who intends to take the Qualification Examination must pay the State the examination fees provided by a Cabinet Order which are set forth in consideration of the actual cost involved.
- (2) With regard to the application of the preceding paragraph where a Designated Examining Agency is conducting Examination Affairs, the term "the State" in that paragraph is deemed to be replaced with "a Designated Examining Agency."
- (3) The examination fees paid to a Designated Examining Agency pursuant to paragraph (1) as applied by replacing certain terms under the preceding paragraph are to be the revenue of the Designated Examining Agency.
- (4) The examination fees under paragraph (1) (including cases where applied by replacing certain terms pursuant to paragraph (2)) is not to be refunded even if the payer does not take the Qualification Examination.

(Rescission of Passing)

- Article 24-23 (1) Where the Prime Minister finds that any wrongful act has been conducted in relation to the Qualification Examination, the Prime Minister may disqualify the person related to the wrongful act from taking the examination, invalidate the relevant Qualification Examination, or rescind the decision of passing thereof.
- (2) The Prime Minister may prohibit a person who has been subject to a disposition under the preceding paragraph from taking the Qualification Examination for a fixed period of time.
- (3) With regard to the application of the preceding two paragraphs if a Designated Examining Agency is implementing Examination Affairs, the term "the Prime Minister" in that paragraph is deemed to be replaced with "the

Designated Examining Agency."

(Application for Examination Concerning Dispositions Rendered by a Designated Examining Agency)

Article 24-24 With regard to a disposition rendered by a Designated Examining Agency in relation to its Examination Affairs or its inaction thereof, an application for examination under the Administrative Appeal Act (Act No. 160 of 1962) may be filed with the Prime Minister. In this case, with regard to the application of the provisions of Article 25, paragraphs (2) and (3), Article 46, paragraphs (1) and (2), Article 47, and Article 49, paragraph (3) of the Administrative Appeal Act (Act No. 68 of 2014), the Prime Minister shall be deemed to be the higher administrative authority of a Designated Examining Agency.

(Registration of Chiefs of Money Lending Operations)

- Article 24-25 (1) Any person who has passed the Qualification Examination may apply for registration as a Chief of Money Lending Operations (hereinafter referred to as "Registration as a Chief") with the Prime Minister.
- (2) Where a person who has passed the Qualification Examination wishes to receive Registration as a Chief, the person may take training courses given pursuant to the provisions of a Cabinet Office Order by a person who has been registered by the Prime Minister as provided in Article 24-36, paragraph (1) (hereinafter referred to as "Registered Training Agency") and which is provided within six months before the date of application for Registration as a Chief; provided, however, that this does not apply where the person applies for Registration as a Chief within one year from the date of passing the Qualification Examination.
- (3) Unless it is renewed every three years, the Registration as a Chief ceases to be effective upon the expiration of the relevant period.
- (4) The Registration as a Chief is to be completed by the Prime Minister by entering the name, birth date, and address of the Chief of Money Lending Operations, other matters specified by a Cabinet Office Order, the registration number, and the date of registration into the Chiefs of Money Lending Operations' registry.

(Registration Procedures)

- Article 24-26 (1) Any person who is qualified for Registration as a Chief and who wishes to be registered as such, must submit a written application for registration to the Prime Minister.
- (2) The resume of a person who wishes for Registration as a Chief and other documents specified by a Cabinet Office Order is to be attached to the written



application for registration set forth in the preceding paragraph.

- (3) When a written application for registration under paragraph (1) has been submitted, the Prime Minister must complete the applicant's Registration as a Chief without delay, except for cases where the Prime Minister refuses to effect the applicant's Registration as a Chief pursuant to the provisions of paragraph (1) of the following Article.
- (4) When the Prime Minister has completed an applicant's Registration as a Chief, the Prime Minister must notify the applicant to that effect in writing.

(Refusal of Registration)

Article 24-27 (1) The Prime Minister must refuse an applicant's Registration as a Chief when the relevant applicant falls under any of the following items or when their written application for registration or the documents attached thereto contain any false statement or lack any statement on important facts:

- (i) an adult ward or a person under curatorship;
- (ii) a bankrupt person who has not had their rights restored;
- (iii) a person whose registration under Article 3, paragraph (1) has been rescinded pursuant to the provisions of Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1), or Article 24-6-6, paragraph (1) (limited to the part concerning item (i)) and for whom five years have not elapsed since the date of rescission (in the case where the person whose registration has been rescinded is a corporation, this also applies to a person who, within 60 days prior to the date of public notice concerning the date and place of a hearing to be held for rescission, was the corporation's Officer (meaning a member in charge of executing business, director, executive officer, representative person, administrator, or any other person equivalent thereto, and including a person specified by a Cabinet Office Order who, irrespective of title, is found to have control over the corporation which is equivalent to or greater than that of any of these persons), and for whom five years have not elapsed since the date of rescission);
- (iv) a person who has been sentenced to imprisonment without work or a severer punishment and for whom five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
- (v) a person who has been sentenced to a fine for having violated the provisions of this Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates, the Former Act on Facilitating Self-Regulation by Money Lenders, or the Act on the Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act), or for having violated the provisions of Article 12 of the Price Control Order or committed a crime

- prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts in the course of concluding a Contract for a Loan or collecting a claim under the contract, and for whom five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
- (vi) an Organized Crime Group Member, etc.;
  - (vii) a person whose Registration as a Chief has been rescinded for falling under any of the items of Article 24-30 and for whom five years have not elapsed since the day of the relevant rescission; or
  - (viii) a person specified by a Cabinet Office Order as a person for whom there are reasonable grounds to find that person is likely to commit a wrongful or unfaithful act in relation to the Money Lending Business.
- (2) When the Prime Minister has refused an applicant's Registration as a Chief, the Prime Minister must notify the applicant to that effect in writing.

(Change of Registration)

Article 24-28 When there are any changes in the matters contained in the Chiefs of Money Lending Operations registry set forth in Article 24-25, paragraph (4), the Chief of Money Lending Operations must file an application for change of their Registration as a Chief without delay.

(Notification of Death)

Article 24-29 When a Chief of Money Lending Operations has come to fall under any of the following items, the person set forth in the relevant item must notify the Prime Minister to that effect within 30 days from the day on which any of the events listed therein took place (or in the case of item (i), within 30 days from the day on which the relevant persons became aware of the event):

- (i) when the Chief of Money Lending Operations has died: their heir(s);
- (ii) when the Chief of Money Lending Operations has come to fall under Article 24-27, paragraph (1), item (i): their ward or curator; or
- (iii) when the Chief of Money Lending Operations has come to fall under any of the provisions of Article 24-27, paragraph (1), item (ii) through item (vi): the Chief of Money Lending Operations themselves.

(Rescission of Registration)

Article 24-30 The Prime Minister may rescind a Chief of Money Lending Operations' Registration as a Chief when the relevant Chief of Money Lending Operations falls under any of following items:

- (i) when the Chief of Money Lending Operations has come to fall under any of the items of Article 24-27, paragraph (1) (excluding item (vii));
- (ii) when the person's Registration as a Chief was accomplished by wrongful

means;

- (iii) when the decision of the Chief of Money Lending Operations' having passed the Qualification Examination has been rescinded pursuant to Article 24-23, paragraph (1) (including cases where applied by replacing certain terms under paragraph (3) of that Article); or
- (iv) when the Chief of Money Lending Operations has violated the provisions of laws and regulations of the Money Lending Business during the course of their duties, or has conducted an extremely inappropriate act.

#### (Cancellation of Registration)

Article 24-31 The Prime Minister must cancel a Chief of Money Lending Operations' Registration as a Chief in the following cases:

- (i) when the Chief of Money Lending Operations has applied to cancel their Registration as a Chief;
- (ii) when the Chief of Money Lending Operations' Registration as a Chief has ceased to be effective upon the expiration of the period set forth in Article 24-25, paragraph (3);
- (iii) when a notification under Article 24-29 has been made;
- (iv) when there is no heir(s) in the case of Article 24-29, item (i); or
- (v) when the Chief of Money Lending Operations' Registration as a Chief has been rescinded under the preceding Article.

#### (Renewal of Registration)

Article 24-32 (1) A Chief of Money Lending Operations' Registration as a Chief is renewed subject to application.

- (2) The main clause of Article 24-25, paragraph (2) applies mutatis mutandis to a person who wishes to renew their Registration as a Chief pursuant to the preceding paragraph, paragraph (3) of that Article applies mutatis mutandis to renewed Registration as a Chief, Article 24-26 applies mutatis mutandis to the procedures for renewal, and Article 24-27 applies mutatis mutandis to the refusal of a renewal.

#### (Delegation of Registration Affairs)

Article 24-33 (1) As provided by a Cabinet Office Order, the Prime Minister may have a Money Lenders' Association (hereinafter referred to as the "Association" in this Chapter) administer the duties related to an applicant's Registration as a Chief as provided in Article 24-25 through the preceding Article (hereinafter referred to as "Registration Affairs" in this Article through Article 24-35).

- (2) When the Prime Minister has decided to have the Association administer Registration Affairs pursuant to the preceding paragraph, the Prime Minister is not to conduct the relevant Registration Affairs.

- (3) When an Association has been delegated to conduct Registration Affairs under paragraph (1), it must specify matters concerning applicants' Registration as Chiefs in its operational rules, and must obtain authorization thereon from the Prime Minister.
- (4) When an Association that conducts Registration Affairs under paragraph (1), grants a person Registration as a Chief, makes changes to a person's Registration as a Chief under Article 24-28, rescinds a person's Registration as a Chief pursuant to Article 24-30, cancels a person's Registration as a Chief under Article 24-31 or renews a person's Registration as a Chief pursuant to paragraph (1) of the preceding Article, it must notify the Prime Minister to that effect as provided by a Cabinet Office Order without delay.
- (5) Where there are two or more Associations that conduct Registration Affairs under paragraph (1), each Association is to promote information exchange between the relevant Associations, and is to strive to provide the necessary cooperation and information to other Associations so as to ensure the appropriate implementation of the relevant Registration Affairs.

(Registration Fees)

- Article 24-34 (1) A person who wishes for Registration as a Chief or who wishes to renew their Registration as a Chief under Article 24-32, paragraph (1), pursuant to the provisions of a Cabinet Order, must pay the State (if an Association conducts Registration Affairs under paragraph (1) of the preceding Article, the relevant Association) registration fees.
- (2) The fees set forth in the preceding paragraph and paid to an Association is to be the revenue of the relevant Association.

(Request for Examination Concerning Registration Affairs)

Article 24-35 Any person who is dissatisfied with inaction with regard to an application for Registration as a Chief under Article 24-26, paragraph (1), refusal of Registration as a Chief under Article 24-27, paragraph (1) or rescission of Registration as a Chief under Article 24-30 by an Association that conducts Registration Affairs as provided in Article 24-33, paragraph (1) may file a request for examination under the Administrative Appeal Act with the Prime Minister. In this case, with regard to the application of the provisions of Article 25, paragraphs (2) and (3), Article 46, paragraph (2), and Article 49, paragraph (3) of the Administrative Appeal Act, the Prime Minister shall be deemed to be the higher administrative authority of an Association.

(Registration of Registered Training Agencies)

Article 24-36 (1) A person who intends to offer training courses for obtaining Registration as a Chief to persons who have passed the Qualification

Examination must be registered by the Prime Minister.

- (2) A person who wishes to be registered by the Prime Minister under the preceding paragraph must submit a written application for registration pursuant to the provisions of a Cabinet Office Order.

(Refusal of Registration as a Registered Training Agency)

Article 24-37 The Prime Minister must refuse registration when a person who wishes to be registered under paragraph (1) of the preceding Article falls under any of the following items or when the relevant person's written application for registration contains any false statement on important matters from among those which should be contained therein or lacks any statement on important facts:

- (i) a person who has been sentenced to a fine or severer punishment for having violated the provisions of this Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates, the Former Act on Facilitating Self-Regulation by Money Lenders, or the Act on the Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act), or having violated the provisions of Article 12 of the Price Control Order or committed a crime prescribed in the Penal Code or the Act on Punishment of Violence and Other Acts in the course of concluding a Contract for a Loan or collecting a claim under the contract, and for whom two years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
- (ii) a person whose registration under paragraph (1) of the preceding Article has been rescinded pursuant to Article 24-46 and for whom two years have not elapsed since the date of rescission;
- (iii) a corporation who has an officer that conducts business relating to the implementation of a training course (hereinafter referred to as "Training Affairs") and who falls under any of the preceding two items; or
- (iv) a person who is found to lack the financial or technical foundation necessary for the proper and sound implementation of the training course.

(Implementation of Registration of Registered Training Agencies)

Article 24-38 (1) Where the training course to be conducted by a person who has filed a written application for registration under Article 24-36, paragraph (2) consists of the subjects listed in the left-hand column of the following appended table taught by the instructors listed in the corresponding rows in the right-hand column of the relevant appended table, the Prime Minister must register to that effect, except in the case where the Prime Minister refuses the

registration under the preceding Article. In this case, the procedures necessary for registration is specified by a Cabinet Office Order.

Subjects	Instructor
1. Subjects concerning laws and regulations relating to the Money Lending Business	(1) A professor or associate professor who specializes in Civil Law or Administrative Law at a university accredited under the School Education Act (Act No. 26 of 1947) or a person who formerly held such a position. (2) A person who has knowledge and experience equivalent to or greater than that of persons specified in the preceding item.
2. Subjects concerning practical business	(1) A Chief of Money Lending Operations who is currently giving advice or guidance under Article 12-3, paragraph (1). (2) A person who has knowledge and experience equivalent to or greater than that of persons specified in the preceding item.

- (2) The registration under Article 24-36, paragraph (1) is completed by entering the following particulars into the registry of Registered Training Agencies:
- (i) the date of registration and the registration number;
  - (ii) the name or trade name and address of the Registered Training Agency, and in the case of a corporation, the name of its representative person;
  - (iii) the location of the office where the Registered Training Agency conducts its Training Affairs; and
  - (iv) beyond what is listed in the preceding three items, matters specified by a Cabinet Office Order.

(Renewal of a Registered Training Agency's Registration)

- Article 24-39 (1) The registration under Article 24-36, paragraph (1), unless it is renewed once every period of not less than three years as specified by a Cabinet Order, ceases to be effective upon the expiration of the relevant period.
- (2) The provisions of Article 24-36, paragraph (2) and the preceding two Articles apply mutatis mutandis to the renewal of registration under the preceding paragraph.

(Obligations Pertaining to Implementation of Training Affairs)

Article 24-40 Registered Training Agencies must conduct Training Affairs fairly by methods that are in compliance with Article 24-38, paragraph (1) and with the requirements specified by a Cabinet Office Order.

(Notification of Changes in the Registered Matters Pertaining to a Registered

Training Agency)

Article 24-41 When a Registered Training Agency intends to change any of the matters set forth in Article 24-38, paragraph (2), item (ii) through item (iv), it must notify the Prime Minister to that effect by two weeks prior to the planned date of the change.

(Operational Rules for Training Affairs)

Article 24-42 (1) Registered Training Agencies must provide operational rules concerning Training Affairs (the rules are referred to as the "Operational Rules for Training Affairs" in the following paragraph) and notify the Prime Minister thereof prior to the commencement of Training Affairs. The same applies when the relevant rules are to be changed.

(2) The Operational Rules for Training Affairs must provide for the methods of carrying out the training course, training course fees, and other matters specified by a Cabinet Office Order.

(Suspension or Abolition of Training Affairs)

Article 24-43 When a Registered Training Agency intends to suspend or abolish its Training Affairs in whole or in part, it must notify the Prime Minister to that effect in advance as provided by a Cabinet Office Order.

(Keeping and Inspection of Financial Statements)

Article 24-44 (1) A Registered Training Agency, within three months after the end of each business year, must prepare an inventory of property, balance sheet, a profit and loss statement or income and expenditure statement, and a business report (if these documents are prepared in the form of electronic or magnetic records, the electronic or magnetic records are to be included; hereinafter collectively referred to as "Financial Statements, etc.") and are to keep them at its office until the day when five years have passed since the day following the last day of relevant business year.

(2) A Chief of Money Lending Operations and other interested persons may make the following requests at any time during the business hours of the Registered Training Agency; provided, however, that in making the requests set forth in item (ii) or item (iv), that person must pay the costs determined by the relevant Registered Training Agency:

(i) when the Financial Statements, etc. are prepared in writing, a request to inspect or copy the relevant written documents;

(ii) a request for a copy or extract of the documents set forth in the preceding item;

(iii) when the Financial Statements, etc. are prepared in the form of electronic or magnetic records, a request to inspect or copy the matters recorded in the

- relevant electronic or magnetic records which are indicated by a method specified by a Cabinet Office Order; and
- (iv) a request to be provided with the information recorded in the electronic or magnetic records set forth in the preceding item by the electronic or magnetic method which is specified by a Cabinet Office Order, or a request to deliver the documents containing the relevant information.

(Orders for Compliance)

Article 24-45 When the Prime Minister finds that the Registered Training Agency has violated the provisions of Article 24-40, the Prime Minister may order the relevant Registered Training Agency to take any necessary measures to satisfy the provisions of Article 24-40.

(Rescission of the Registration of a Registered Training Agency)

Article 24-46 Where a Registered Training Agency falls under any of the following items, the Prime Minister may rescind the registration thereof or order the suspension of its Training Affairs in whole or in part for a fixed period of time:

- (i) when the Registered Training Agency comes to fall under Article 24-37, item (i), item (iii), or item (iv);
- (ii) when the Registered Training Agency has violated the provisions of Article 24-41 through Article 24-43, Article 24-44, paragraph (1), or the following Article;
- (iii) when the Registered Training Agency has refused a request under Article 24-44, paragraph (2) without justifiable grounds;
- (iv) when the Registered Training Agency has violated an order issued under the preceding Article; or
- (v) when the Registered Training Agency was registered under Article 24-36, paragraph (1) by wrongful means.

(Keeping of Books)

Article 24-47 A Registered Training Agency, pursuant to the provisions of a Cabinet Office Order, must prepare and preserve books containing the matters specified by a Cabinet Office Order with regard to Training Affairs.

(Implementation of Training Affairs by the Prime Minister)

Article 24-48 (1) The Prime Minister may personally conduct Training Affairs in whole or in part when there are no persons registered under Article 24-36, paragraph (1), when notification of the suspension or abolition of Training Affairs in whole or in part has been given pursuant to Article 24-43, when the Prime Minister has rescinded the registration set forth in Article 24-46 under



that Article or has ordered the Registered Training Agency to suspend its Training Affairs in whole or in part, when it has become difficult for the Registered Training Agency to conduct its Training Affairs in whole or in part as a result of a natural disaster or other causes, or in other cases where it is found to be necessary.

- (2) When the Prime Minister personally conducts Training Affairs in whole or in part pursuant to the provisions of the preceding paragraph, the necessary matters for transferring the Training Affairs and implementing the Training Affairs are specified by a Cabinet Office Order.
- (3) A person who intends to take the training course given by the Prime Minister under paragraph (1) must pay the State the fees provided by a Cabinet Order which are set forth in consideration of the actual cost involved.

(Collection of Reports and On-Site Inspections)

Article 24-49 (1) When the Prime Minister finds it necessary for ensuring the proper implementation of Training Affairs, the Prime Minister may order a Registered Training Agency to submit reports or materials with regard to the status of its Training Affairs, or have the relevant officials enter the Registered Training Agency's office, ask questions with regard to the status of Training Affairs, or inspect books, documents, or any other articles, to the extent necessary.

- (2) An official who conducts an on-site inspection pursuant to the provisions of the preceding paragraph must carry a certificate of identification and present it when requested by any person concerned.
- (3) The authority to conduct an on-site inspection under paragraph (1) must not be construed as being for criminal investigation.

(Public Notice of Registration)

Article 24-50 In the following cases, the Prime Minister must make a public notice to that effect in the Official Gazette:

- (i) when the Prime Minister has completed the registration set forth in Article 24-36, paragraph (1);
- (ii) when a notification under Article 24-41 has been made;
- (iii) when a notification under Article 24-43 has been made;
- (iv) when the Prime Minister has rescinded a registration set forth in Article 24-36, paragraph (1) or when the Prime Minister has ordered the suspension of Training Affairs pursuant to the provisions of Article 24-46; or
- (v) when the Prime Minister intends to personally conduct Training Affairs by in whole or in part under Article 24-48, paragraph (1) or when the Prime Minister has decided not to conduct the Training Affairs which the Prime Minister had been conducting in whole or in part.

### **Chapter III Money Lenders' Associations**

#### **Section 1 Establishment and Business**

##### (Purpose of Associations)

Article 25 (1) The purpose of a Money Lenders' Association (hereinafter referred to as an "Association" in this Chapter) is to protect the interests of Persons Seeking Funds, etc. and to contribute to the proper management of money lending operations.

(2) An Association is a corporation.

(3) An Association must operate nationwide.

(4) An Association must use the term "Kashikingyo-Kyokai" (which means "Money Lenders' Association") in its name.

(5) No person other than an Association must use, in its name or trade name, any term by which the person is likely to be mistaken as an Association.

##### (Authorization for Establishment)

Article 26 (1) An Association may be established only by a Money Lender.

(2) When a Money Lender wishes to establish an Association, the Money Lender must obtain authorization therefor from the Prime Minister.

##### (Submission of Written Applications for Authorization)

Article 27 (1) A person who wishes to obtain authorization under paragraph (2) of the preceding Article, with regard to the Association for which authorization is sought, must submit a written application for authorization to the Prime Minister, stating the following matters:

(i) the Association's name;

(ii) the place where the Association's office is located; and

(iii) the names of the Association's officers and the names or trade names of the Association members.

(2) To a written application for authorization set forth in the preceding paragraph must be attached the articles of incorporation, operational rules, and any other rules (hereinafter collectively referred to as the "Articles of Incorporation, etc.") of the Association for which authorization is sought, and any other documents specified by a Cabinet Office Order.

##### (Examination of Written Applications for Authorization)

Article 28 (1) When an application for authorization has been filed pursuant to the provisions of paragraph (1) of the preceding Article, the Prime Minister must examine whether the application satisfies the following requirements:

(i) the provisions of the Articles of Incorporation, etc. are in compliance with

laws and regulations and are sufficient for protecting the interests of Persons Seeking Funds, etc. and contributing to the proper management of Money Lending Business; and

- (ii) the Association to which the application pertains is organized in compliance with the provisions of this Act.
- (2) When, as a result of the examination under the provisions of the preceding paragraph, the Prime Minister finds that the application satisfies the requirements prescribed in that paragraph, the Prime Minister must grant authorization for establishment, except in the following cases:
- (i) when the applicant for authorization has been sentenced to a fine or a severer punishment under the provisions of this Act and five years have not elapsed since the day on which execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
  - (ii) when the officers of the Association for which authorization is sought include a person who falls under the category of any of the persons listed in Article 6, paragraph (1), item (i) through item (vi); or
  - (iii) when the written application for authorization or the documents attached thereto contain any false statement.

(Rescission of Authorization)

Article 29 When an Association is found to have fallen under any of the items of paragraph (2) of the preceding Article at the time when authorization of establishment was granted, the Prime Minister may rescind the authorization.

(Prohibition of Profit-Seeking)

Article 30 An Association must not conduct its business for the purpose of profit.

(Articles of Incorporation)

Article 31 The articles of incorporation of an Association must state the following:

- (i) the purpose of the Association;
- (ii) the name of the Association;
- (iii) the location of the Association's principal office or other office;
- (iv) matters concerning Association members;
- (v) matters concerning general meetings of members;
- (vi) matters concerning officers;
- (vii) matters concerning councils and other conferences;
- (viii) matters concerning the improvement of the abilities of the Officers (meaning members in charge of executing business, a director, executive officer, representative person, administrator, or any other person equivalent

- thereto, and including a person specified by a Cabinet Office Order who, irrespective of title, is found to have control over the corporation which is equivalent to or greater than that of any of these persons; the same applies in Article 37, paragraph (5)) and employees of an Association member;
- (ix) matters concerning the creation of and changes to the operational rules and other rules;
  - (x) matters concerning investigation of an Association member's compliance with laws and regulations or with dispositions made by a government agency under laws and regulations or the Articles of Incorporation, etc.;
  - (xi) matters concerning membership fees; and
  - (xii) matters concerning accounting and assets.

(Matters to Be Specified in the Operational Rules)

Article 32 An Association must specify the following matters in its operational rules:

- (i) matters concerning the prevention of excessive Loans pertaining to the Money Lending Business managed by an Association member (excluding those listed in the following item);
- (ii) the minimum amount of repayment for a specified period and other matters concerning repayment which are included in the predetermined conditions under a Basic Contract for a Revolving Credit Loan to be concluded by an Association member with an individual customer who is a person seeking funds in relation to the member's money lending operations;
- (iii) matters concerning the contents, methods, frequency, and examination of the advertising to be conducted by an Association member in relation to the member's money lending operations;
- (iv) matters concerning solicitation to be conducted by an Association member in relation to the member's money lending operations;
- (v) matters concerning the collection of claims to be conducted by an Association member in relation to the member's money lending operations;
- (vi) matters concerning the supervision of an Association member;
- (vii) matters concerning the settlement of complaints from Persons Seeking Funds, etc. (including those who were Obligors, etc.) in relation to the money lending operations performed by an Association member;
- (viii) matters concerning consultation or advice or any other support for Persons Seeking Funds, etc. with regard to their borrowing or repayment;
- (ix) matters concerning training of persons engaging in money lending operations; and
- (x) beyond what is listed in the preceding items, any other matters necessary for achieving the Association's purpose.

(Authorization of Changes to the Articles of Incorporation)

Article 33 (1) When an Association wishes to change its articles of incorporation or operational rules, it must obtain authorization therefor from the Prime Minister.

(2) When there has been a change to any of the matters listed in Article 27, paragraph (1), item (ii) or item (iii), an Association must notify the Prime Minister to that effect without delay. The same applies where an Association has created, changed or abolished its rules (excluding the articles of incorporation and the operational rules).

(Branches)

Article 34 (1) An Association must establish branches in each prefectural area.

(2) For the purpose of contributing to the achievement of the Association's purpose, provide guidance for, each branch is to maintain liaison with, and conduct supervision on Association members that belong to that branch.

(Liability for Damages Due to Acts of the President or Directors)

Article 35 An Association is liable for compensating for any damage its president or director has caused to another person in the course of their duties.

(Association's Address)

Article 36 The address of an Association is to be the location of its principal office.

## **Section 2 Association Members**

(Qualification as an Association Member and Restrictions on Membership)

Article 37 (1) Only a Money Lender is qualified to be an Association member.

(2) As Association members, an Association must accept Money Lenders who account for a percentage specified by a Cabinet Order of all Money Lenders.

(3) Each Association member is to belong to the Association's branch that has been established within the prefectural area that includes the location of the Association member's business office(s) or other office(s).

(4) An Association must stipulate in its articles of incorporation that any Money Lender may join as an Association member, except in the case set forth in paragraph (6).

(5) An Association must stipulate in its articles of incorporation that by having each Association member establish rules to be observed by the Association member and the officers and employees thereof as well as an administrative infrastructure for the purpose of ensuring compliance with laws and regulations and the Association's Articles of Incorporation, etc., the Association

- will strive to prevent any violation of laws and regulations or of its Articles of Incorporation, etc., and to secure the confidence of Persons Seeking Funds, etc.
- (6) An Association may stipulate in its articles of incorporation that with regard to a person who has ever been ordered to suspend money lending operations for a violation of laws and regulations or of a disposition given by the Prime Minister or prefectural governor under laws and regulations, or who has ever been expelled from the Association for a violation of laws and regulations, a disposition made by a government agency under laws and regulations, or the Association's Articles of Incorporation, etc., the Association may refuse to allow that person to join as an Association member.
- (7) An Association must provide its register of Association members for public inspection.
- (8) A person who has not joined an Association must not use, in its name or trade name, any term due to which the person is likely to be mistaken as an Association member.

(Disposition on Association Members)

Article 38 An Association must stipulate in its articles of incorporation that where an Association member has committed a violation of laws and regulations, a disposition made by a government agency under laws and regulations, or the Association's Articles of Incorporation, etc., the Association will impose a monetary fine on the Association member, order suspension or restriction of the rights given the Association member under the articles of incorporation, or expel the Association member.

### **Section 3 Administration**

(Appointment of Officers and Their Authority)

- Article 39 (1) An Association has one president, two or more directors, and two or more auditors as its officers.
- (2) The president represents the Association and presides over its affairs.
- (3) As provided by the articles of incorporation, represent the Association, the directors are to administer the Association's affairs while assisting the president, perform the president's duties in their place when the president is unable to attend to their duties, and perform the president's duties when the post is vacant.
- (4) The auditors are to audit the affairs of the Association.
- (5) An officer of an Association loses their position when they come to fall under any of Article 6, paragraph (1), item (i) through item (vi).

(Orders of Dismissal for Officers)

Article 40 When the Prime Minister has discovered that an officer of an Association has acquired their position by wrongful means, or where an officer of an Association has violated laws and regulations, a disposition made by a government agency under laws and regulations, or the Association's articles of incorporation or operational rules, the Prime Minister may order the Association to dismiss that officer.

(Provisional Director or Provisional Auditor)

Article 41 When there is no person to perform the duties of a director or auditor and when the Prime Minister finds it necessary, they may appoint a provisional director or provisional auditor.

(Obligation of Confidentiality)

Article 41-2 An officer or employee of an Association or a person who was formerly in such a position must not disclose to another person or misappropriate any confidential information they have learned during the course of their duties.

#### **Section 4 Supervision**

(Order for Changes to the Articles of Incorporation)

Article 41-3 When the Prime Minister, with regard to the Articles of Incorporation, etc. of an Association or the management of its business or status of its property, finds it necessary and appropriate to protect the interests of Persons Seeking Funds, etc., the Prime Minister may, within the extent necessary, order the Association to change its Articles of Incorporation, etc. or to take any other necessary supervisory measures.

(Rescission of Authorization, Suspension of Business, and Dismissal of Officers due to the Violation of Laws and Regulations)

Article 41-4 Where an Association has violated laws and regulations, a disposition made by a government agency under laws and regulations, or its Articles of Incorporation, etc. (hereinafter collectively referred to as "Laws and Regulations, etc." in this Article) or where, despite the fact that an Association member has violated Laws and Regulations, etc., the Association has failed to exercise the powers vested therein under this Act, under any order issued under this Act, or under its Articles of Incorporation, etc., or where it has failed to take any other necessary measures for having that Association member observe Laws and Regulations, etc., the Prime Minister may, when they find it necessary and appropriate to protect the interests of Persons Seeking Funds, etc., rescind the authorization of the establishment of the

Association, specify a period of no longer than one year and order the suspension of the Association's business in whole or in part, order a change in its operational method or prohibition of its business in part, order the dismissal of its officer, or order any other necessary measures specified in its Articles of Incorporation, etc.

(Collection of Reports and On-Site Inspections)

- Article 41-5 (1) When the Prime Minister finds it necessary in order to protect the interests of Persons Seeking Funds, etc., the Prime Minister may order an Association to submit reports or materials with regard to its business or the status of its property, and may have the relevant officials enter the Association's office, ask questions with regard to the status of the Association's business or property, and inspect books, documents, and any other articles.
- (2) When the Prime Minister finds it particularly necessary in order to protect the interests of Persons Seeking Funds, etc., the Prime Minister may, within the extent necessary, order a person who has been entrusted by an Association with its business, to submit reports or materials that are informative with regard to the Association's business or property, and may have the relevant officials enter the business office or other office of the person who has been entrusted by the Association with its business, ask questions with regard to the status of the Association's business or property, and inspect books, documents and any other articles.
- (3) An official who conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry a certificate of identification and present it when requested by any person concerned.
- (4) The authority to conduct an on-site inspection under the provisions of paragraph (1) or paragraph (2) must not be construed as being for criminal investigation.

(Documents to Be Submitted to the Prime Minister)

- Article 41-6 For each business year, an Association must prepare the following documents, and submit them to the Prime Minister within three months after the end of each business year:
- (i) a business summary report for the previous business year and a business plan for the current business year;
  - (ii) the inventory of property as of the end of the previous business year; and
  - (iii) the settlement of accounts for the previous business year and the budget statements for the current business year.

**Section 5 Miscellaneous Provisions**



(Response to Complaints)

Article 41-7 (1) Where a Person Seeking Funds, etc. (including a person who was formerly an Obligor, etc.) has requested to settle a complaint about an Association member's money lending operations, the Association must respond to the request, giving the necessary advice to the person and investigating the circumstances pertaining to the complaint, as well as notifying the relevant Association member of the details of the complaint and requesting the prompt handling thereof.

(2) Where the Association finds it necessary for the settlement of a complaint filed under the preceding paragraph, it may request that the Association member explain in writing or verbally, or to submit any relevant materials.

(3) An Association member must not refuse a request made under the preceding paragraph by the Association without justifiable grounds.

(4) The Association must inform the Association member of the request for the settlement of a complaint under paragraph (1), the circumstances with regard to the complaint and the results of the settlement thereof.

(5) The provisions of paragraph (1) do not apply if the Association has obtained a designation under Article 41-39, paragraph (1).

(Cooperation with the Prime Minister or Prefectural Governor)

Article 41-8 The Prime Minister or prefectural governor, in order to ensure smooth enforcement of this Act, may have an Association cooperate with them in the application of registration, notification, and other necessary matters under the provisions of this Act.

(Awareness-Raising Activities by Associations)

Article 41-9 The Association must strive to promote protection of the interests of Persons Seeking Funds, etc. through dissemination of financial knowledge, enlightenment activities, and publicity campaigns.

(Registration of the Association)

Article 41-10 (1) An Association must be registered pursuant to the provisions of a Cabinet Order.

(2) An Association is to be established by registering its establishment at the location of its principal office.

(3) The matters that are required to be registered under paragraph (1) may not be duly asserted against a third party until after registration.

(Dissolution of the Association)

Article 41-11 (1) An Association is dissolved based on the following grounds:

(i) the occurrence of causes specified in its articles of incorporation;

- (ii) a resolution made at a general meeting;
  - (iii) a ruling to commence bankruptcy proceedings; or
  - (iv) the rescission of authorization for establishment of the Association.
- (2) A resolution made at a general meeting concerning dissolution of an Association must not become effective unless it is authorized by the Prime Minister.
- (3) When an Association has dissolved pursuant to item (i) of paragraph (1), the former representative person must notify the Prime Minister to that effect without delay.
- (4) With regard to an Association, when an order for the commencement of bankruptcy proceedings or an order for the termination of bankruptcy proceedings has been rendered, or when rescission of an order for the commencement of bankruptcy proceedings or an order for the discontinuance of bankruptcy proceedings has become final and binding, the court clerk must notify the Prime Minister to that effect.
- (5) Beyond what is provided for in the preceding paragraphs, matters necessary for the dissolution of an Association is specified by a Cabinet Order.

(Public Notice of Authorization)

Article 41-12 In the following cases, the Prime Minister must give public notice to that effect in the Official Gazette (in the case set forth in item (i), to that effect and of the Articles of Incorporation, etc. of the authorized Association; in the case set forth in item (iii), to that effect and of the changed articles of incorporation and operational rules; and in the case set forth in item (iv), to that effect and of the notified matters):

- (i) when the Prime Minister has granted an authorization under Article 26, paragraph (2);
- (ii) when the Prime Minister has rescinded an authorization pursuant to Article 29;
- (iii) when the Prime Minister has granted an authorization under Article 33, paragraph (1);
- (iv) when an Association has made a notification under Article 33, paragraph (2);
- (v) when the Prime Minister has ordered an Association to change its Articles of Incorporation, etc. or to take other necessary supervisory measures under Article 41-3;
- (vi) when the Prime Minister has rescinded their authorization for the establishment of an Association, ordered the suspension of an Association's business, ordered a change to its operational methods or prohibition of its business, ordered the dismissal of its officer, or ordered any other necessary measures specified in its Articles of Incorporation, etc., pursuant to Article

- 41-4;
- (vii) when the Prime Minister has granted an authorization set forth in paragraph (2) of the preceding Article;
  - (viii) when a notification under paragraph (3) of the preceding Article has been made; or
  - (ix) when the Prime Minister has received a notification under paragraph (4) of the preceding Article.

### **Chapter III-2 Designated Credit Bureaus**

#### **Section 1 General Rules**

(Designation of a Person to Conduct Credit Information Services)

- Article 41-13 (1) The Prime Minister may designate a person who satisfies the following requirements as a person to perform Credit Information Services, subject to their application and pursuant to the provisions of this Chapter:
- (i) that the person is a corporation (including an association or foundation without legal personality having a representative person or administrator, and excluding a corporation established in compliance with laws and regulations of a foreign state and other foreign associations; hereinafter the same applies in this Chapter);
  - (ii) that the person is not a person whose designation set forth in this paragraph has been rescinded pursuant to Article 41-33, paragraph (1) and for whom five years have not elapsed from the date of the relevant rescission;
  - (iii) that the person is not a person who has been sentenced to a fine (including a punishment under the laws and regulations of a foreign state equivalent thereto) for having violated the provisions of this Act, the Act on the Protection of Personal Information (Act No. 57 of 2003), or the provisions of laws and regulations of a foreign state equivalent thereto, and for whom five years have not elapsed since the day on which the execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
  - (iv) that the person has no Officer (meaning a member in charge of executing business (including, if the member in charge of executing business is a corporation, a person who is to perform its duties), director, executive officer, accounting advisor (including, if an accounting advisor is a corporation, the member who is to perform its duties), auditor, representative person, administrator, or any other person equivalent thereto; the same applies in this Chapter) who falls under any of the following sub-items:
    - (a) An adult ward or a person under curatorship, or a person who is treated in the same manner under the laws and regulations of a foreign state;
    - (b) A bankrupt person who has not had their rights restored or a person who

- is treated in the same manner under the laws and regulations of a foreign state;
- (c) A person who has been sentenced to imprisonment or a severer punishment (including a punishment under the laws and regulations of a foreign state equivalent thereto) and for whom five years have not elapsed since the day on which the execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
  - (d) Where the designation provided in this paragraph has been rescinded pursuant to Article 41-33, paragraph (1) or an administrative disposition equivalent thereto which has been issued in a foreign state under the laws and regulations thereof that are equivalent to this Act has been rescinded, a person who, within 30 days prior to the day of rescission, was an officer of the corporation (including a person who is treated in the same manner under the laws and regulations of a foreign state; the same applies in sub-item (e)) and for whom five years have not elapsed since the day of rescission;
  - (e) An officer whose dismissal has been ordered under Article 41-33, paragraph (1) or the provisions of laws and regulations of a foreign state equivalent to this Act, and for whom five years have not elapsed since the day of the disposition; or
  - (f) A person who has been sentenced to a fine (including a punishment under the laws and regulations of a foreign state equivalent thereto) for having violated the provisions of this Act, the Act on the Protection of Personal Information, or the provisions of laws and regulations of a foreign state equivalent thereto, and for whom five years have not elapsed since the day on which the execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence.
  - (v) that the amount of Credit Information handled by the person as provided by a Cabinet Office Order satisfies the standard specified by a Cabinet Office Order as being sufficient to conduct Credit Information Services properly and efficiently;
  - (vi) that the person is found to have the financial basis necessary for conducting Credit Information Services as provided by a Cabinet Office Order; and
  - (vii) in light of its personnel structure, the person is found to have sufficient knowledge and experience for conducting Credit Information Services properly and reliably and have sufficient social credibility.
- (2) When the Prime Minister has made a designation under the preceding paragraph, the Prime Minister must give public notice of the trade name or

name of the Designated Credit Bureau, the location of its principal business office or office, and the date of its designation in the Official Gazette.

(Application for Designation)

Article 41-14 (1) A person who wishes to receive the designation provided in paragraph (1) of the preceding Article must submit a written application for designation to the Prime Minister in which the following matters are stated:

- (i) the trade name or name;
- (ii) the name and location of its principal business office or office, or of the business office or office where the Credit Information Services are to be conducted;
- (iii) the names or trade names of its Officers; and
- (iv) when the person conducts any business other than Credit Information Services and business incidental thereto, the details of the business.

(2) The following documents must be attached to the written application for designation set forth in the preceding paragraph:

- (i) a document pledging that the person satisfies the requirements set forth in paragraph (1), item (iii), and item (iv) of the preceding Article;
- (ii) the articles of incorporation and a certificate of registered matters of the corporation (including documents equivalent thereto);
- (iii) the operational rules;
- (iv) an inventory of property, balance sheet, profit and loss statement or income and expenditure statement, and business report; and
- (v) beyond what is listed in the preceding items, documents specified by a Cabinet Office Order.

(3) In the case referred to in the preceding paragraph, when the articles of incorporation, inventory of property, balance sheet, profit and loss statement or income and expenditure statement, or business reports have been prepared in the form of electronic or magnetic records, the electronic or magnetic records may be attached in lieu of the aforementioned documents.

(Restriction on Concurrent Positions Being Held by Officers of a Designated Credit Bureau)

Article 41-15 The representative person of a Designated Credit Bureau or an Officer who regularly engages in the business of a Designated Credit Bureau must not, except in the case where they have obtained authorization from the Prime Minister, become a representative person of a Money Lender or other corporation specified by a Cabinet Office Order, nor can a representative person of an Officer engage in the ordinary business thereof or conduct Money Lending Business or any other business specified by a Cabinet Office Order.

(Obligation of Confidentiality)

Article 41-16 An officer or employee of a Designated Credit Bureau or a person who was formerly in such a position must not disclose to another person or misappropriate any confidential information that officer or employee has learned during the course of Credit Information Services.

## **Section 2 Operations**

(Business of a Designated Credit Bureau)

Article 41-17 A Designated Credit Bureau pursuant to the provisions of this Chapter and its operational rules, are to conduct Credit Information Services.

(Restriction on Additional Business)

Article 41-18 (1) A Designated Credit Bureau must not engage in business other than Credit Information Service and business incidental thereto; provided, however, that this does not apply to business which is found not to hinder the proper and sound implementation of Credit Information Services by the Designated Credit Bureau and which are approved by the Prime Minister pursuant to the provisions of a Cabinet Office Order.

(2) A Designated Credit Bureau, when it has abolished business approved under the proviso to the preceding paragraph, must notify the Prime Minister to that effect as provided by a Cabinet Office Order.

(3) In cases where a written application for designation set forth in Article 41-14, paragraph (1) states to the effect that the applicant conducts business other than Credit Information Services and business incidental thereto, and when the applicant has received a designation under Article 41-13, paragraph (1), the applicant is deemed to have been approved to conduct the relevant business under the proviso to paragraph (1).

(Partial Entrustment of Credit Information Services)

Article 41-19 (1) A Designated Credit Bureau, pursuant to the provisions of a Cabinet Office Order, may entrust part of its Credit Information Services to others with approval from the Prime Minister.

(2) A person who has been entrusted under the preceding paragraph may further entrust part of the entrusted Credit Information Services to others with the consent of the Designated Credit Bureau which made the entrustment.

(3) A person who has been entrusted under the preceding paragraph may further entrust part of the entrusted Credit Information Services to others with the consent of the person who has been entrusted under paragraph (1) and of the Designated Credit Bureau set forth in that paragraph.

(Authorization of the Operational Rules)

Article 41-20 (1) A Designated Credit Bureau must provide operational rules concerning the following matters which pertain to its Credit Information Services, and must obtain authorization thereof from the Prime Minister. The same applies when the relevant rules are to be changed:

- (i) matters concerning the conclusion of a contract with a Money Lender under which the Designated Credit Bureau undertakes to provide Credit Information (hereinafter the contract is referred to as a "Credit Information Contract");
  - (ii) matters concerning the collection and provision of Credit Information;
  - (iii) matters concerning the prevention of leakage, loss, or damage of Credit Information and other matters concerning the safety management of Credit Information;
  - (iv) matters concerning maintaining the accuracy of Credit Information;
  - (v) matters concerning fees;
  - (vi) when there are other Designated Credit Bureaus, matters concerning the provision of Personal Credit Information thereto and matters concerning coordination with the relevant other Designated Credit Bureaus with regard to Credit Information Services (in the case of collecting fees under Article 41-24, paragraph (2), matters concerning the relevant fees are included);
  - (vii) matters concerning the supervision of a Money Lender who is the counterparty to a Credit Information Contract (hereinafter in this chapter the Money Lender is referred to as "Member Money Lender");
  - (viii) when the Designated Credit Bureau has entrusted part of its Credit Information Services to others, matters concerning measures necessary for ensuring the proper and sound implementation of entrusted business;
  - (ix) matters concerning the handling of complaints; and
  - (x) beyond what is listed in the preceding items, matters necessary for conducting Credit Information Services as specified by a Cabinet Office Order.
- (2) The operational rules concerning the matters listed in item (ii) of the preceding paragraph must provide the following matters:
- (i) when a Designated Credit Bureau receives a request to provide Credit Information pertaining to a Person Seeking Funds, etc. from a Member Money Lender, it is to provide all of the Credit Information pertaining to the relevant Person Seeking Funds, etc.; and
  - (ii) a Designated Credit Bureau is to receive from Member Money Lenders all Personal Credit Information pertaining to each Person Seeking Funds, etc. held by Member Money Lenders.
- (3) The operational rules concerning the matters listed in item (v) of paragraph (1) must provide for fees for Credit Information Services that are proper and

fair in light of appropriate costs under efficient business management.

- (4) When the Prime Minister finds that the operational rules approved thereby under paragraph (1) have become inappropriate for implementing Credit Information Services properly and reliably, the Prime Minister may order the Designated Credit Bureau to change the relevant operational rules.

(Prohibition on Discriminatory Treatment)

Article 41-21 (1) A Designated Credit Bureau must not refuse a Money Lender's request to conclude a Credit Information Contract without justifiable grounds.

- (2) No Designated Credit Bureau must treat any particular Member Money Lender in an unjust and discriminatory way.

(Preservation of Records)

Article 41-22 A Designated Credit Bureau, pursuant to the provisions of a Cabinet Office Order, must prepare and preserve records of its Credit Information Services.

(Supervision of Member Money Lenders)

Article 41-23 A Designated Credit Bureau must conduct the necessary and proper supervision of Member Money Lenders so that the Member Money Lenders do not use the Credit Information provided by the relevant Designated Credit Bureau for any purpose other than investigation of the capacity of a Person Seeking Funds, etc. who is its customer to perform a monetary debt (if the Designated Credit Bureau is providing Credit Information to the Member Money Lender for their investigation of a customer's capacity for performance (excluding the aforementioned investigation of capacity for performance) with approval under the proviso to Article 41-18, paragraph (1), the investigation of capacity for performance must be included).

(Provision of Information Held by Designated Credit Bureaus)

Article 41-24 (1) When another Designated Credit Bureau, based on a request from its Member Money Lender, has requested that a Designated Credit Bureau provide it with Personal Credit Information, the relevant Designated Credit Bureau, in response to such a request, must provide the relevant Personal Credit Information, unless there are justifiable grounds for not doing so.

- (2) A Designated Credit Bureau may collect fees with regard to the provision of Personal Credit Information under the preceding paragraph.

(3) A Designated Credit Bureau, in collecting fees pursuant to the preceding paragraph, must fix the fees in a proper and fair fashion in light of appropriate costs under efficient business management concerning the provision of



Personal Credit Information under paragraph (1).

- (4) The provisions of Article 41-16 and Article 41-22 apply mutatis mutandis to business pertaining to the provision of Personal Credit Information under paragraph (1).

(Public Inspection of Member Money Lenders' Registries)

Article 41-25 A Designated Credit Bureau must make the Member Money Lenders' registry available for public inspection.

(Restriction on Use of Name)

Article 41-26 No person other than a Designated Credit Bureau (excluding those designated under Article 35-3-36, paragraph (1) of the Installment Sales Act (Act No. 159 of 1961)) must not use in its name or trade name, any term due to which the person is likely to be mistaken as a Designated Credit Bureau.

### **Section 3 Supervision**

(Notification of Changes)

- Article 41-27 (1) When any of the matters listed in Article 41-14, paragraph (1), item (i) through item (iii) has been changed, a Designated Credit Bureau must notify the Prime Minister to that effect.
- (2) When a notification of a change to the trade name or name or the location of the principal business office or office of a Designated Credit Bureau has been made under the preceding paragraph, the Prime Minister must give public notice to that effect in the Official Gazette.

(Notification of the Conclusion of a Credit Information Contract)

Article 41-28 When a Designated Credit Bureau falls under any of the following items, it must notify the Prime Minister to that effect as provided by a Cabinet Office Order:

- (i) when a Designated Credit Bureau has concluded a Credit Information Contract with a Money Lender or has terminated the relevant Credit Information Contract;
- (ii) when a Designated Credit Bureau has put the matters authorized under Article 41-15 or matters approved under the proviso to Article 41-18, paragraph (1) into practice; and
- (iii) beyond what is listed in the preceding two items, the cases specified by a Cabinet Office Order.

(Submission of Reports on Business and Property)

Article 41-29 (1) A Designated Credit Bureau is to prepare reports on its

business and property each business year, and must submit them to the Prime Minister.

- (2) Matters to be stated, the date of submission, and any other necessary matters in relation to the reports set forth in the preceding paragraph is to be specified by a Cabinet Office Order.

(Collection of Reports and On-Site Inspections)

Article 41-30 (1) When the Prime Minister finds it necessary for ensuring the proper and sound implementation of Credit Information Services, the Prime Minister may order a Designated Credit Bureau to submit reports or materials with regard to the status of its business or property, and may have the relevant officials enter the Designated Credit Bureau's business office, office or other facilities, ask questions with regard to the status of the business or property of the relevant Designated Credit Bureau, and inspect books, documents, and any other articles.

- (2) When the Prime Minister finds it particularly necessary for ensuring the proper and sound implementation of Credit Information Services, the Prime Minister, within the extent necessary, may order the customers of a Designated Credit Bureau or a person who has been entrusted under the paragraphs of Article 41-19 to submit reports or materials that are informative with regard to the Designated Credit Bureau's business or property, and may have the relevant officials enter the business office or other office of the aforementioned persons, ask questions with regard to the status of the Designated Credit Bureau's business or property, and inspect books, documents, and any other articles.

- (3) An official who conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry a certificate of identification and present it when requested by any person concerned.

- (4) The authority to conduct on-site inspections under the provisions of paragraph (1) or paragraph (2) must not be construed as being for criminal investigation.

(Order to Improve Business Operations)

Article 41-31 With regard to the operation of the Credit Information Services of a Designated Credit Bureau, when the Prime Minister finds it necessary for ensuring the proper and sound implementation of Credit Information Services, the Prime Minister, within the extent necessary, may order the relevant Designated Credit Bureau to take necessary measures to improve its business operations or the condition of its property.

(Suspension or Abolition of Credit Information Services)

Article 41-32 (1) When a Designated Credit Bureau intends to suspend or abolish its Credit Information Services in whole or in part (excluding those based on the grounds in the following paragraph), it must obtain authorization therefor from the Prime Minister.

(2) When, as a result of a natural disaster or for any other compelling reason, a Designated Credit Bureau has suspended its Credit Information Services in whole or in part, it must immediately make a notification to the Prime Minister to that effect and must indicate the reason therefor, as well as notifying the Member Money Lender and other Designated Credit Bureaus. The same applies when the Designated Credit Bureau resumes the suspended Credit Information Services in whole or in part.

(3) In the case where the Designated Credit Bureau's Credit Information Services are under suspension pursuant to the preceding two paragraphs, and Money Lenders are not able to access the Credit Information held by the Designated Credit Bureau in whole or in part, the provisions of Article 13, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) and Article 13-3, paragraph (1) and paragraph (2) do not apply.

(Rescission of a Designation)

Article 41-33 (1) When a Designated Credit Bureau falls under any of the following items, the Prime Minister may rescind its designation under Article 41-13, paragraph (1) or the approval given under the proviso to Article 41-18, paragraph (1), or may order the relevant Designated Credit Bureau to suspend its business operations in whole or in part for a fixed period of no longer than six months, or to dismiss its officer:

(i) when the Designated Credit Bureau has come to no longer satisfy the requirements listed in item (iii) through item (vii) of Article 41-13, paragraph (1), or when the Designated Credit Bureau is found not to have fallen under any of the items of Article 41-13, paragraph (1) at the time of receiving the designation;

(ii) when the Designated Credit Bureau has received the designation under Article 41-13, paragraph (1) by wrongful means; or

(iii) when the Designated Credit Bureau has violated the provisions of laws and regulations or dispositions issued under laws and regulations.

(2) When the Prime Minister has rescinded a designation under Article 41-13, paragraph (1) pursuant to the provisions of the preceding paragraph, the Prime Minister must give public notice to that effect in the Official Gazette.

(Order to Transfer Credit Information Services)

Article 41-34 (1) The Prime Minister, when a Designated Credit Bureau falls

under any of the following items, may order the relevant Designated Credit Bureau to have another Designated Credit Bureau conduct its Credit Information Services in whole or in part:

- (i) when the Designated Credit Bureau has had its designation under Article 41-13, paragraph (1) rescinded or has been ordered to suspend its business operations in whole or in part (limited to Credit Information Services), pursuant to paragraph (1) of the preceding Article;
  - (ii) when the Designated Credit Bureau has obtained authorization under Article 41-32, paragraph (1);
  - (iii) when it is found that circumstances wherein performance of the obligations on which performance is due would cause a substantial detriment to the continuation of Credit Information Services or a fact which would give rise to the commencement of bankruptcy proceedings is likely to occur; or
  - (iv) when it has become difficult for the Designated Credit Bureau to implement its Credit Information Services in whole or in part due to a natural disaster or for any other reason.
- (2) When the Prime Minister has issued orders under the preceding paragraph, the Prime Minister must give public notice to that effect in the Official Gazette.

#### **Section 4 Member Money Lenders**

(Provision of Personal Credit Information)

Article 41-35 (1) When a Member Money Lender has concluded a Credit Information Contract with a Designated Credit Bureau, the Member Money Lender must provide the relevant Designated Credit Bureau with the following matters pertaining to the loan contract which was concluded prior to the conclusion of the relevant Credit Information Contract with an individual customer who is a person seeking funds (excluding Basic Contracts for a Revolving Credit Loan and other contracts specified by a Cabinet Office Order; the same applies in the following paragraph) and which has an outstanding Loan balance at the time of conclusion of the relevant Credit Information Contract:

- (i) the name or address of the customer or any other matters to identify the customer as provided by a Cabinet Office Order;
  - (ii) the date of the contract;
  - (iii) the amount of the Loan; and
  - (iv) beyond what is listed in the preceding three items, the matters specified by a Cabinet Office Order.
- (2) When a Member Money Lender has concluded a loan contract with an individual customer who is a person seeking funds, the Member Money Lender must provide the Personal Credit Information obtained through the relevant

loan contract to the Designated Credit Bureau with which the Member Money Lender has concluded a Credit Information Contract (hereinafter referred to as a "Member Designated Credit Bureau").

- (3) A Member Money Lender that has provided Personal Credit Information under the preceding two paragraphs, when there is any change in the provided Personal Credit Information, must inform the Member Designated Credit Bureau of that change without delay.

(Obtaining Consent to Provide Credit Information to Designated Credit Bureaus)

Article 41-36 (1) When a Member Money Lender requests that a Member Designated Credit Bureau provide the Member Money Lender with the Credit Information of a Person Seeking Funds, etc. (including requests for the provision of the Personal Credit Information of the relevant Person Seeking Funds, etc. that is held by other Designated Credit Bureaus), the Lender, except in the case specified by a Cabinet Office Order, must obtain the consent of the Person Seeking Funds, etc. in advance, in writing or by electronic or magnetic means.

- (2) When a Member Money Lender intends to conclude a loan contract with an individual customer who is a person seeking funds (excluding contracts specified by a Cabinet Office Order), the Member Money Lender must obtain the customer's consent to the following, in writing or by electronic or magnetic means; provided, however, that this does not apply to cases where the contract is a Contract for a Revolving Credit Loan Concluded Prior to the Relevant Credit Information Contract concluded with the relevant customer (meaning a contract for a Revolving Credit Loan under a Basic Contract for a Revolving Credit Loan concluded prior to the conclusion of the Credit Information Contract with the relevant Member Designated Credit Bureau):

(i) consent to the customer's Personal Credit Information being provided to the Member Designated Credit Bureau;

(ii) consent to the Personal Credit Information set forth in the preceding item being provided by the Member Designated Credit Bureau to other Member Money Lenders; and

(iii) consent to the Personal Credit Information set forth in item (i) being provided to the Member Money Lender of other Designated Credit Bureaus in response to a request made under Article 41-24, paragraph (1).

- (3) When a Member Money Lender has obtained consent under the preceding two paragraphs, the Member Money Lender must prepare and preserve records on the relevant consent as provided by a Cabinet Office Order.

(Publication of Trade Names of Member Designated Credit Bureaus)

Article 41-37 A Member Money Lender must make public the trade name or name of its Member Designated Credit Bureau.

(Prohibition of Use for Other Purpose)

Article 41-38 (1) No Member Money Lender or officer or employee thereof must request a Member Designated Credit Bureau to provide Credit Information for purposes other than the following investigation (hereinafter referred to as "Investigation of Repayment Capacity, etc.") (including requests to provide the Personal Credit Information of a Person Seeking Funds, etc. as set forth in item (i) or of the principal obligor under item (ii) which is held by other Designated Credit Bureaus), nor such persons are to use or provide to a third party the Credit Information provided by a Member Designated Credit Bureau for purposes other than the Investigation of Repayment Capacity, etc.:

(i) investigation on the capacity of a Person Seeking Funds, etc. who is a customer of the Member Money Lender to repay the borrowings and the capacity of the Person Seeking Funds, etc. to perform other monetary debts; and

(ii) beyond what is listed in the preceding item, investigation on the capacity of the principal obligor under the guarantee contract concluded by a Member Money Lender, with regard to the repayment of his borrowings and performance of any other monetary debts.

(2) When a Member Money Lender or an officer or employee thereof has come to no longer hold that position, the Member Money Lender must not thereafter use nor provide to a third party the Credit Information provided by a Member Designated Credit Bureau.

### **Chapter III-3 Designated Dispute Resolution Organization**

#### **Section 1 General Rules**

(Designation of a Person to Conduct Dispute Resolution Services)

Article 41-39 (1) The Prime Minister may designate a person who satisfies the following requirements as a person to perform Dispute Resolution Services, subject to the person's application:

(i) that the person is a corporation (including an association or foundation without legal personality having a representative person or administrator, and excluding a corporation established in compliance with laws and regulations of a foreign state and other foreign associations; the same applies in item (iv), sub-item (d));

(ii) that the person is not a person whose designation set forth in this paragraph has been rescinded pursuant to Article 41-61, paragraph (1) and for whom five years have not elapsed from the date of the relevant rescission,

nor is the person a person whose designation set forth in the provisions of other Acts specified by Cabinet Order as pertaining to business equivalent to Dispute Resolution Services has been rescinded and for whom five years have not elapsed from the date of the relevant rescission;

- (iii) that the person is not a person who has been sentenced to a fine (including a punishment under the laws and regulations of a foreign state equivalent thereto) for having violated the provisions of this Act, the Attorney Act (Act No. 205 of 1949) or the provisions of laws and regulations of a foreign state equivalent thereto, and for whom five years have not elapsed since the day when the execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence.
- (iv) that the person has no Officer (meaning a member in charge of executing business (including, if the member in charge of executing business is a corporation, a person who is to perform its duties), director, executive officer, accounting advisor (including, if an accounting advisor is a corporation, the member who is to perform its duties), auditor, representative person, administrator, or any other person equivalent thereto; the same applies in this Chapter) who falls under any of the following sub-items:
  - (a) An adult ward or a person under curatorship, or a person who is treated in the same manner under the laws and regulations of a foreign state;
  - (b) A bankrupt person who has not had their rights restored or a person who is treated in the same manner under the laws and regulations of a foreign state;
  - (c) A person who has been sentenced to imprisonment without work or a severer punishment (including punishment under the laws and regulations of a foreign state equivalent thereto) and for whom five years have not elapsed since the day on which the execution of the sentence was completed or since the day on which the relevant person ceased to be subject to the execution of the sentence;
  - (d) In cases where the designation provided in this paragraph has been rescinded pursuant to Article 41-61, paragraph (1) or an administrative disposition equivalent thereto which has been issued in a foreign state under the laws and regulations thereof that are equivalent to this Act has been rescinded, a person who, within 30 days prior to the day of rescission, was an officer of the corporation (including a person who is treated in the same manner under the laws and regulations of a foreign state; the same applies in this sub-item (d)) and for whom five years have not elapsed since the day of rescission, or if the designation provided in the provisions of other Acts which is specified by Cabinet Order as pertaining to business equivalent to Dispute Resolution Services or an administrative disposition equivalent to the relevant designation specified by the Cabinet Order

which has been issued in a foreign state under the laws and regulations thereof that are equivalent to the relevant other Acts has been rescinded, a person who was an officer of the corporation within 30 days prior to the day of rescission and for whom five years have not elapsed since the day of rescission; or

- (e) A person who has been sentenced to a fine (including a punishment under the laws and regulations of a foreign state equivalent thereto) for violating the provisions of this Act, the Attorney Act, or the provisions of laws and regulations of a foreign state equivalent thereto, and for whom five years have not elapsed since the day on which the execution of the sentence was completed or since the day when the relevant person ceased to be subject to the execution of the sentence.
  - (v) that the person has a sufficient financial and technical basis to properly implement Dispute Resolution Services;
  - (vi) that the composition of the officers or employees has no risk of causing hindrance to the fair implementation of Dispute Resolution Services;
  - (vii) that the rules concerning the implementation of Dispute Resolution Services (hereinafter in this Chapter referred to as the "Operational Rules") conform to laws and regulations and are found sufficient for the fair and appropriate implementation of Dispute Resolution Services pursuant to the provisions of this Act; and
  - (viii) that, as a result of hearing the opinions pursuant to the following paragraph, the proportion of the number of Money Lenders who have stated their objections (limited to those with reasonable grounds attached thereto) to the matters concerning the cancellation of the Basic Contract for Implementation of Dispute Resolution Procedures, other contents of the Basic Contract for Implementation of Dispute Resolution Procedures (excluding the matters listed in the items of Article 41-44, paragraph (2)) and other contents of the Operational Rules (excluding the matters which are to be the content thereof as provided in paragraph (3) of that Article and the matters necessary for conforming to the criteria listed in the items of paragraph (4) of that Article and paragraph (5), item (i) of that Article) to the total number of Money Lenders has become less than the proportion specified by Cabinet Order.
- (2) Any person who wishes to file the application under the preceding paragraph, in advance and pursuant to the provisions of a Cabinet Office Order, must explain the contents of the Operational Rules to the Money Lenders and hear opinions therefrom as to whether they have any objections thereto (if there are objections, the reasons therefor are to be included) and prepare a document stating the results thereof.
- (3) When the Prime Minister wishes to make the designation under paragraph (1),



the Prime Minister must consult the Minister of Justice in advance with regard to the fact that the relevant person satisfies the requirements listed in items (v) through (vii) of that paragraph (limited to the part related to the operation of Dispute Resolution Procedures, and with regard to the requirement set forth in item (vii), limited to the requirement pertaining to the criteria listed in the items of Article 41-44, paragraph (4) and the items of paragraph (5) of that Article).

- (4) When the Prime Minister has made the designation under paragraph (1), the Prime Minister must give public notice of the trade name or name and the location of the principal business office or office of the Designated Dispute Resolution Organization as well as the day on which the Prime Minister made the designation in the Official Gazette.

(Application for Designation)

Article 41-40 (1) A person who wishes to obtain the designation provided in paragraph (1) of the preceding Article must submit a written application for designation to the Prime Minister in which the following matters are stated:

- (i) the trade name or name;
  - (ii) the name and location of the principal business office or office, or of the business office or office where the Dispute Resolution Services are to be conducted; and
  - (iii) the names or trade names of its Officers.
- (2) The following documents must be attached to the written application for designation set forth in the preceding paragraph:
- (i) a document pledging that the person satisfies the requirements set forth in items (iii) and (iv) of paragraph (1) of the preceding Article;
  - (ii) The articles of incorporation and a certificate of registered matters of the corporation (including documents equivalent thereto);
  - (iii) the Operational Rules;
  - (iv) documents containing the matters concerning the organization;
  - (v) an inventory of property, balance sheet, and any other documents that certify that the relevant person has the necessary financial basis for providing Dispute Resolution Services, which are specified by a Cabinet Office Order;
  - (vi) the documents prescribed in paragraph (2) of the preceding Article, and any other documents specified by a Cabinet Office Order as those proving that the relevant person satisfies the requirement set forth in paragraph (1), item (viii) of that Article; and
  - (vii) beyond what is listed in the preceding items, documents specified by a Cabinet Office Order.
- (3) In the case referred to in the preceding paragraph, when the articles of

incorporation, inventory of property, or balance sheet is prepared in the form of electronic or magnetic records, the electronic or magnetic records may be attached in lieu of the written documents.

(Obligation of Confidentiality)

Article 41-41 (1) A Dispute Resolution Mediator (meaning a Dispute Resolution Mediator appointed under Article 41-50, paragraph (2); the same applies in the following paragraph, paragraph (2) of the following Article and Article 41-44, paragraphs (2) and (4)) or an Officer or employee of the Designated Dispute Resolution Organization, or a person who was formerly in the position must not disclose to another person or use for their own interests, any confidential information learned during the course of Dispute Resolution Services.

(2) A Dispute Resolution Mediator or the Officer or employee of a Designated Dispute Resolution Organization who engages in Dispute Resolution Services, with regard to the application of the Penal Code or other penal provisions, is deemed as an employee engaged in public service as provided by laws and regulations.

## **Section 2 Operations**

(Business of a Designated Dispute Resolution Organization)

Article 41-42 (1) A Designated Dispute Resolution Organization, pursuant to the provisions of this Act and the Operational Rules, is to conduct Dispute Resolution Services.

(2) A Designated Dispute Resolution Organization (including the Dispute Resolution Mediators) may receive burden charges, fees, or any other remuneration for conducting the Dispute Resolution Services pursuant to the Basic Contract for Implementation of Dispute Resolution Procedures or any other contracts concluded with the Member Money Lender (meaning the Money Lender with whom a Basic Contract for Implementation of Dispute Resolution Procedures has been concluded; hereinafter the same applies in this Chapter) who is a party or with the Persons Seeking Funds, etc. thereof (including those who were Obligors, etc.; hereinafter the same applies in this Chapter) or with persons other than these persons.

(Entrustment of Business of Complaint Processing Procedures or Dispute Resolution Procedures)

Article 41-43 A Designated Dispute Resolution Organization must not entrust business of Complaint Processing Procedures or Dispute Resolution Procedures to persons other than another Designated Dispute Resolution Organization or a person who has obtained the designation under the provisions of other Acts

which is specified by Cabinet Order as that related to business equivalent to Dispute Resolution Services (referred to as the "Entrusted Dispute Resolution Organization" in Article 41-50, paragraphs (4) and (5)).

(Operational Rules)

Article 41-44 (1) A Designated Dispute Resolution Organization must prescribe the following matters in its Operational Rules:

- (i) matters concerning the contents of the Basic Contract for Implementation of Dispute Resolution Procedures;
- (ii) matters concerning the conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures;
- (iii) matters concerning the implementation of Dispute Resolution Services;
- (iv) matters concerning the incurrence of the burden charges to be borne by the Member Money Lender with regard to the cost required for Dispute Resolution Services;
- (v) when collecting fees for the implementation of Dispute Resolution Services from a Member Money Lender who is a party or a Person Seeking Funds, etc. thereof (hereinafter, such a Member Money Lender or Person Seeking Funds, etc. is simply referred to as the "Party" in this Chapter), matters concerning the fees;
- (vi) matters concerning coordination with other Designated Dispute Resolution Organizations, or national organs, local governments, private business operators, or any other persons processing complaints or implementing dispute resolution;
- (vii) matters concerning the processing of complaints regarding Dispute Resolution Services; and
- (viii) beyond what is listed in the preceding items, matters specified by a Cabinet Office Order as those necessary for the implementation of Dispute Resolution Services.

(2) The Basic Contract for Implementation of Dispute Resolution Procedures as referred to in item (i) of the preceding paragraph must provide the following matters:

- (i) that the Designated Dispute Resolution Organization is to commence Complaint Processing Procedures or Dispute Resolution Procedures based on an application for the resolution of a Complaint Related to Money Lending Operations from the Person Seeking Funds, etc. of a Member Money Lender or an application for Dispute Resolution Procedures from the Party;
- (ii) that if the Designated Dispute Resolution Organization or a Dispute Resolution Mediator commences Complaint Processing Procedures or commences Dispute Resolution Procedures based on an application from the Person Seeking Funds, etc. of a Member Money Lender, the relevant

- Designated Dispute Resolution Organization or Dispute Resolution Mediator may request that the Member Money Lender respond to these procedures, and that if such a request is made, the relevant Member Money Lender is not to refuse the request without justifiable grounds;
- (iii) that a Designated Dispute Resolution Organization or Dispute Resolution Mediator may request that the Member Money Lender make reports or submit books and documents or any other articles in the course of Complaint Processing Procedures or Dispute Resolution Procedures, and that if such a request is made, the relevant Member Money Lender must not refuse the request without justifiable grounds;
  - (iv) that a Dispute Resolution Mediator may prepare the necessary settlement proposal for the resolution of a Dispute Related to Money Lending Operations in the course of Dispute Resolution Procedures and recommend that the Parties accept it;
  - (v) that, if there is no prospect of reaching a settlement between the Parties in the course of Dispute Resolution Procedures through the recommendation to accept the settlement proposal under the preceding item, if the Dispute Resolution Mediator finds it reasonable in light of the nature of the case, the intention of the Parties, the status of implementation of procedures by the Parties, or any other circumstances, the Dispute Resolution Mediator may prepare a Special Conciliation Proposal necessary for the resolution of a Dispute Related to Money Lending Operations and present it to the Parties with reasons attached thereto;
  - (vi) that, if Dispute Resolution Procedures have been commenced for a claim on which a suit is pending, the Member Money Lender must report to the effect that the relevant suit is pending, the grounds for the claim in the relevant suit, and the progress of the relevant suit to the Designated Dispute Resolution Organization;
  - (vii) that, when a suit pertaining to the claims which were the subject matter of the Dispute Resolution Procedures has been filed, a Member Money Lender must report to the effect that the relevant suit has been filed and the grounds for the claims in the relevant suit to the Designated Dispute Resolution Organization;
  - (viii) that beyond what is provided for in the preceding two items, when a Member Money Lender has been demanded to make reports on the progress of a suit pertaining to the claims which were the subject matter of the Dispute Resolution Procedures or any other matters, the Member Money Lender must make report on the matters to the Designated Dispute Resolution Organization;
  - (ix) that when the suit under item (vi) or (vii) is no longer pending in court, or when the court decision on the suit has become final and binding, the

- Member Money Lender must report to that effect to the Designated Dispute Resolution Organization and give the details thereof;
- (x) that a Member Money Lender must provide the necessary information or take other measures necessary for informing its Persons Seeking Funds, etc. of the implementation of Dispute Resolution Services by a Designated Dispute Resolution Organization; and
  - (xi) beyond what is provided for in the preceding items, matters specified by a Cabinet Office Order as those necessary for promoting the processing of Complaints Related to Money Lending Operations or the resolution of the Dispute Related to Money Lending Operations.
- (3) The Operational Rules concerning the matters for the conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures under paragraph (1), item (ii) must provide that, if a Designated Dispute Resolution Organization receives an application for the conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures from a Money Lender, except if it is expected to be uncertain whether the relevant Money Lender will perform the obligations pertaining to the Basic Contract for Implementation of Dispute Resolution Procedures or any other obligations regarding the implementation of Dispute Resolution Services, the relevant Designated Dispute Resolution Organization must not refuse the application.
- (4) The Operational Rules concerning the matters listed in paragraph (1), item (iii) must conform to the following criteria:
- (i) that measures have been taken to ensure the coordination between Complaint Processing Procedures and Dispute Resolution Procedures;
  - (ii) that a method has been established for appointing the Dispute Resolution Mediator and, if the Dispute Resolution Mediator has an interest with the Parties to the Dispute Related to Money Lending Operations or where there are any other causes that are likely to hinder the fair implementation of Dispute Resolution Procedures, a method of excluding the Dispute Resolution Mediator has been established;
  - (iii) that, with regard to a Designated Dispute Resolution Organization that is to carry out the operations of Dispute Resolution Procedures with regard to the Dispute Related to Money Lending Operations of which one of the Parties is the Substantial Controller, etc. (meaning the person specified by a Cabinet Office Order as one who substantially controls the business of the Designated Dispute Resolution Organization or who has a material influence on the business thereof by the holding of shares of the Designated Dispute Resolution Organization, financing the Designated Dispute Resolution Organization or any other cause) of the Designated Dispute Resolution Organization or a Subsidiary Company, etc. (meaning the person specified by a Cabinet Office Order as one whose business is substantially controlled by

the Designated Dispute Resolution Organization by the holding of shares or any other cause) of the Designated Dispute Resolution Organization, measures have been taken for preventing the relevant Substantial Controller, etc., Subsidiary Company, etc. or Designated Dispute Resolution Organization from exercising undue influence on the Dispute Resolution Mediator;

- (iv) that, when the Dispute Resolution Mediator is not an attorney-at-law (excluding cases where the Dispute Resolution Mediator is a judicial scrivener prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act (Act No. 197 of 1950) in the Dispute Resolution Procedures carried out for a dispute set forth in Article 3, paragraph (1), item (vii) of that Act) and expert knowledge on the interpretation and application of laws and regulations is required for the implementation of Dispute Resolution Procedures, measures have been taken to receive the advice of an attorney-at-law;
- (v) that an appropriate method has been established for the notice to be given in implementing Dispute Resolution Procedures;
- (vi) that a standard operation process has been established from the commencement to the termination of Dispute Resolution Procedures;
- (vii) that the requirements and methods have been established for a Person Seeking Funds, etc. of the Member Money Lender to file an application for the resolution of Complaints Related to Money Lending Operations with the Designated Dispute Resolution Organization or for a Party to the Dispute Related to Money Lending Operations to file an application for Dispute Resolution Procedures with the Designated Dispute Resolution Organization;
- (viii) that, for the time when a Designated Dispute Resolution Organization receives an application for Dispute Resolution Procedures from the Member Money Lender, the Designated Dispute Resolution Organization has established procedures to promptly notify the Person Seeking Funds, etc. of the Member Money Lender that is to be the other Party to the Dispute Related to Money Lending Operations to that effect and to confirm with the Person Seeking Funds, etc. whether the Person Seeking Funds, etc. will ask for the implementation of Dispute Resolution Procedures in response to this;
- (ix) that, for the time when a Designated Dispute Resolution Organization receives an application for Dispute Resolution Procedures under item (vii) from the Person Seeking Funds, etc. of the Member Money Lender, the Designated Dispute Resolution Organization has established procedures to promptly notify the Member Money Lender which is to be the other Party to the Dispute Related to Money Lending Operations to that effect;
- (x) that a method has been established for retaining, returning, and other handling of books and documents and any other articles which are submitted in the course of Dispute Resolution Procedures;

- (xi) that, with regard to the confidential information of the Parties to the Dispute Related to Money Lending Operations or of a third party which is to be included in opinions to be stated or the books and documents or any other articles to be submitted or presented in the course of Dispute Resolution Procedures, the method for retaining the confidential information in an appropriate manner has been established in accordance with the nature of the confidential information; the same applies to the confidential information contained in the dispute resolution procedures record referred to in Article 41-50, paragraph (9);
  - (xii) that the requirements and methods have been established for the Parties to a Dispute Related to Money Lending Operations to terminate the Dispute Resolution Procedures;
  - (xiii) that, when the Dispute Resolution Mediator considers there to be no prospect of reaching a settlement between the Parties to the Dispute Related to Money Lending Operations through Dispute Resolution Procedures, it is provided for that the Designated Resolution Mediator is to promptly terminate the relevant Dispute Resolution Procedures and notify the Parties to the Dispute Related to Money Lending Operations to that effect; and
  - (xiv) that measures have been established to have the Dispute Resolution Mediator or an officer or employee of the Designated Dispute Resolution Organization securely retain the confidential information learned in the course of Dispute Resolution Services.
- (5) The Operational Rules concerning the matters listed in paragraph (1), items (iv) and (v), must conform to the following criteria:
- (i) that the amount of the burden charge referred to in paragraph (1), item (iv) or the fees referred to in item (v) of that paragraph, or the methods of calculation and payment thereof (collectively referred to as the "Amount of Burden Charge, etc." in the following item) are provided; and
  - (ii) that the Amount of Burden Charge, etc. is not extremely unjust.
- (6) The term "Special Conciliation Proposal" as used in paragraph (2), item (v) means, except for the following cases, a settlement proposal which the Member Money Lender has to accept:
- (i) when the Person Seeking Funds, etc. of the Member Money Lender who is a Party (hereinafter simply referred to as the "Person Seeking Funds, etc." in this paragraph) does not accept the relevant settlement proposal;
  - (ii) if, at the time of presenting the relevant settlement proposal, a suit had not been filed for a claim which had become the subject matter of the Dispute Resolution Procedures, when a suit involving the claim is filed and has not been withdrawn by the day on which one month has elapsed from the day when the Member Money Lender came to know that the Person Seeking Funds, etc. has accepted the settlement proposal;

- (iii) if, at the time of presenting the settlement proposal, a suit had been filed for the claim which had become the subject matter of the relevant Dispute Resolution Procedure, when the relevant suit has not been withdrawn by the day on which one month has elapsed from the day when the Member Money Lender came to know that the Person Seeking Funds, etc. has accepted the settlement proposal; or
  - (iv) when, with regard to the Dispute Related to Money Lending Operations for which Dispute Resolution Procedures have been implemented, an arbitration agreement defined in Article 2, paragraph (1) of the Arbitration Act (Act No. 138 of 2003) has been entered into or a settlement or conciliation not through the relevant settlement proposal has been reached between the Parties by the day on which one month has elapsed from the day when the Member Money Lender came to know that the Person Seeking Funds, etc. has accepted the settlement proposal.
- (7) Changes to the Operational Rules are not to be effective without the authorization of the Prime Minister.
- (8) When the Prime Minister wishes to grant the authorization under the preceding paragraph, the Prime Minister must consult the Minister of Justice in advance as to whether the Operational Rules subject to the relevant authorization conform to the criteria set forth in the items of paragraph (4) and the items of paragraph (5) (limited to the part related to the operation of Dispute Resolution Procedures).

(Publication of the Fact of Non-Performance of the Basic Contract for Implementation of Dispute Resolution Procedures)

- Article 41-45 (1) In cases where non-performance of the obligations to be incurred by a Member Money Lender under a Basic Contract for Implementation of Dispute Resolution Procedures occurs, when a Designated Dispute Resolution Organization has heard opinions from the relevant Member Money Lender and finds there are no justifiable grounds for that non-performance, the relevant Designated Dispute Resolution Organization must make public and report to the Prime Minister or prefectural governor who registered the relevant Member Money Lender the trade name or name of the relevant Member Money Lender and the fact of that non-performance, without delay.
- (2) A Designated Dispute Resolution Organization must strive to provide information, consultation, or any other support to a Member Money Lender or any other person to preemptively prevent Complaints Related to Money Lending Operations and Disputes Related to Money Lending Operations, and to promote the processing of Complaints Related to Money Lending Operations and the resolution of Disputes Related to Money Lending Operations.



(Prohibition of Use of Organized Crime Group Member)

Article 41-46 A Designated Dispute Resolution Organization must not have an Organized Crime Group Member, etc. engage in Dispute Resolution Services or act as assistants for Dispute Resolution Services.

(Prohibition of Discriminatory Treatment)

Article 41-47 No Designated Dispute Resolution Organization must treat not any particular Member Money Lender in an unjust and discriminatory way.

(Preservation of Records)

Article 41-48 A Designated Dispute Resolution Organization must, prepare and preserve records of its Dispute Resolution Services, pursuant to the provisions of a Cabinet Office Order as well as the provisions of Article 41-50, paragraph (9).

(Complaint Processing Procedures by a Designated Dispute Resolution Organization)

Article 41-49 When a Person Seeking Funds, etc. of the Member Money Lender files an application for the resolution of a Complaint Related to Money Lending Operations, a Designated Dispute Resolution Organization must respond to the request, giving the necessary advice to the Person Seeking Funds, etc. and investigating the circumstances pertaining to the Complaint Related to Money Lending Operations, as well as notifying the relevant Member Money Lender of the details of the Complaint Related to Money Lending Operations and requesting the prompt handling thereof.

(Dispute Resolution Procedures by a Designated Dispute Resolution Organization)

Article 41-50 (1) The Parties to the Dispute Related to Money Lending Operations may file an application for Dispute Resolution Procedures with the Designated Dispute Resolution Organization with whom the Member Money Lender has concluded a Basic Contract for Implementation of Dispute Resolution Procedures for the purpose of resolving the Dispute Related to Money Lending Operations related to the Member Money Lender.

(2) When a Designated Dispute Resolution Organization has received the application under the preceding paragraph, it is to appoint Dispute Resolution Mediators.

(3) Dispute Resolution Mediators must be appointed from among persons who are of the highest moral character and who fall under any of the following items (excluding persons who have an interest in the Parties subject to the

- application under paragraph (1)). In this case, at least one of the Dispute Resolution Mediators is to be a person who falls under item (i) or (iii) (if the relevant application is that pertaining to a dispute provided in Article 3, paragraph (1), item (vii) of the Judicial Scrivener Act, item (i), (iii) or (iv)):
- (i) an attorney-at-law who has engaged in business for five years or more in total;
  - (ii) a person who has engaged in Money Lending Operations for ten years or more in total;
  - (iii) a person who has specialized knowledge of and experience in consultation for the complaints which occur between consumers and business operators with regard to consumer affairs, or on any other matters concerning consumer affairs as provided by a Cabinet Office Order;
  - (iv) if the application is that pertaining to the dispute prescribed in Article 3, paragraph (1), item (vii) of the Judicial Scriveners Act, a judicial scrivener prescribed in paragraph (2) of that Article who has engaged in the summary court legal representation business, etc. defined in that paragraph for five years or more in total; or
  - (v) persons specified by a Cabinet Office Order as those equivalent to the persons listed in the preceding items.
- (4) A Designated Dispute Resolution Organization is to have the application under paragraph (1) proceed into Dispute Resolution Procedures carried out by the Dispute Resolution Mediators appointed under paragraph (2) (hereinafter simply referred to as the "Dispute Resolution Mediators" in this Article and paragraph (1) of the following Article); provided, however, that if the Dispute Resolution Mediators find that it is not appropriate to carry out Dispute Resolution Procedures due to it being found that the Persons Seeking Funds, etc. of the Member Money Lender who is a Party under that application has sufficient ability to properly resolve the Dispute Related to Money Lending Operations or due to any other grounds, or if the Dispute Resolution Mediators find that a Party has filed the application referred to in paragraph (1) for unjust purposes and without due cause, they are not to implement Dispute Resolution Procedures, and if the Dispute Resolution Mediators find it to be appropriate to have the application proceed into procedures equivalent to Dispute Resolution Procedures to be conducted by an Entrusted Dispute Resolution Organization, the Designated Dispute Resolution Organization is to entrust the operations of Dispute Resolution Procedures to an Entrusted Dispute Resolution Organization.
- (5) When the Dispute Resolution Mediators have decided not to implement Dispute Resolution Procedures pursuant to the proviso to the preceding paragraph, or when they have decided to entrust the operations to an Entrusted Dispute Resolution Organization, the Designated Dispute Resolution

Organization is to notify the person who made the application under paragraph (1) to that effect with the reasons therefor attached thereto.

- (6) Dispute Resolution Mediators may hear opinions of the Parties or witnesses, request the relevant persons to submit written reports, or request that the Parties submit books and documents and other articles that will be helpful, and may prepare a settlement proposal and recommend that the Parties accept the relevant proposal or provide a Special Conciliation (meaning to present the Special Conciliation Proposal prescribed in Article 41-44, paragraph (6)).
- (7) Dispute Resolution Procedures are not open to the public; provided, however, that Dispute Resolution Mediators may allow the attendance of a person who is considered to be appropriate with the consent of the Parties.
- (8) A Designated Dispute Resolution Organization, prior to the commencement of Dispute Resolution Procedures and pursuant to the provisions of a Cabinet Office Order, must deliver a document containing the following matters or provide an electronic or magnetic record recording the matters and give an explanation thereof to the Person Seeking Funds, etc. of the Member Money Lender who is a Party to the dispute:
- (i) matters concerning the fees to be paid by the Person Seeking Funds, etc.;
  - (ii) the standard operation process from the commencement to the termination of Dispute Resolution Procedures as provided in Article 41-44, paragraph (4), item (vi); and
  - (iii) beyond what is listed in the preceding two items, matters specified by a Cabinet Office Order.
- (9) A Designated Dispute Resolution Organization, pursuant to the provisions of a Cabinet Office Order, must prepare and preserve the dispute resolution procedure record containing the following matters with regard to the Dispute Resolution Procedures it implemented:
- (i) the date on which the Party to the Dispute Related to Money Lending Operations filed the application for Dispute Resolution Procedures;
  - (ii) the name or trade name of the Parties to the Dispute Related to Money Lending Operations and the agents thereof;
  - (iii) the names of the Dispute Resolution Mediators;
  - (iv) the particulars of the Dispute Resolution Procedures;
  - (v) the results of the Dispute Resolution Procedures (including the reason for the termination of the Dispute Resolution Procedures and the date thereof); and
  - (vi) beyond what is listed in the preceding items, matters necessary to clarify the contents of the implemented Dispute Resolution Procedures which are specified by a Cabinet Office Order.

(Interruption of Prescription)

Article 41-51 (1) In cases where the Dispute Resolution Mediators have terminated the Dispute Resolution Procedures on the grounds that there is no prospect of reaching a settlement between the Parties to the relevant Dispute Related to Money Lending Operations through the Dispute Resolution Procedures, when the Party to the relevant Dispute Related to Money Lending Operations that filed the application for the relevant Dispute Resolution Procedures files an action for the claims which were the subject matter of the relevant Dispute Resolution Procedures within one month from the day on which that Party receives notice of the termination, it is deemed that an action has been filed at the time when the claim was made through the Dispute Resolution Procedures in terms of the interruption of prescription.

(2) The provisions of the preceding paragraph also apply if the abolition of Dispute Resolution Services of a Designated Dispute Resolution Organization has been authorized under Article 41-60, paragraph (1) or the designation under Article 41-39, paragraph (1) has been rescinded under Article 41-61, paragraph (1) and there is a Dispute Related to Money Lending Operations for which Dispute Resolution Procedures had been implemented as of the day of authorization or rescission, when the Party to the Dispute Related to Money Lending Operations that had filed an application for Dispute Resolution Procedures files an action for the claims which were the subject matter of the Dispute Resolution Procedures within one month from the day on which the relevant Party received the notice under Article 41-60, paragraph (3) or Article 41-61, paragraph (4) or the day on which the Party came to know of the authorization or rescission whichever comes earlier.

(Suspension of Court Proceedings)

Article 41-52 (1) In cases where a suit is pending between the Parties to a Dispute Related to Money Lending Operations with regard to the relevant Dispute Related to Money Lending Operations, when there are any of the following grounds and the Parties to the relevant Dispute Related to Money Lending Operations have filed a joint application, the court in charge of the case may make a decision to the effect that the court proceeding(s) is to be suspended for a fixed period of no longer than four months:

- (i) that, with regard to the relevant Dispute Related to Money Lending Operations, Dispute Resolution Procedures have been implemented between the Parties to the Dispute Related to Money Lending Operations; and
- (ii) beyond the case referred to in the preceding item, that an agreement to achieve a resolution of the relevant Dispute Related to Money Lending Operations through Dispute Resolution Procedures has been reached between the Parties to the Dispute Related to Money Lending Operations.

(2) The court in charge of the case may rescind the decision under the preceding

paragraph at any time.

- (3) No appeal may be entered against a decision dismissing the application under paragraph (1) or a decision rescinding the decision under paragraph (1).

(Public Inspection of Member Money Lenders' Registry)

Article 41-53 A Designated Dispute Resolution Organization is to make the Member Money Lenders' registry available for public inspection.

(Restriction on Use of Name)

Article 41-54 No person other than a Designated Dispute Resolution Organization (excluding those designated under Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) and any other persons specified by Cabinet Order as those similar thereto) is to use in its name or trade name any term due to which the person is likely to be mistaken as a Designated Dispute Resolution Organization.

### **Section 3 Supervision**

(Notification of Changes)

Article 41-55 (1) When any of the matters listed in the items of Article 41-40, paragraph (1) has been changed, a Designated Dispute Resolution Organization must notify the Prime Minister to that effect.

- (2) When a notification of a change to the trade name or name or the location of the principal business office or office of a Designated Dispute Resolution Organization has been made under the preceding paragraph, the Prime Minister must give public notice to that effect in the Official Gazette.

(Notification of the Conclusion of a Basic Contract for Implementation of Dispute Resolution Procedures)

Article 41-56 When a Designated Dispute Resolution Organization falls under any of the following items, it must notify the Prime Minister to that effect as provided by a Cabinet Office Order:

- (i) when a Designated Dispute Resolution Organization has concluded a Basic Contract for Implementation of Dispute Resolution Procedures with a Money Lender or has terminated the relevant Basic Contract for Implementation of Dispute Resolution Procedures; or
- (ii) beyond what is listed in the preceding item, the cases specified by a Cabinet Office Order.

(Submission of Report on Business)

Article 41-57 (1) A Designated Dispute Resolution Organization must prepare

reports on Dispute Resolution Services each business year, and must submit them to the Prime Minister.

- (2) Matters to be stated, the date of submission, and any other necessary matters in relation to the reports set forth in the preceding paragraph is specified by a Cabinet Office Order.

(Collection of Reports and On-Site Inspections)

Article 41-58 (1) When the Prime Minister finds it necessary for the fair and appropriate implementation of Dispute Resolution Services, the Prime Minister may order a Designated Dispute Resolution Organization to submit reports or materials with regard to the business thereof, and may have the relevant officials enter the Designated Dispute Resolution Organization's business office, office or other facilities, ask questions with regard to the status of the business of the relevant Designated Dispute Resolution Organization, and inspect books, documents, and any other articles.

- (2) When the Prime Minister finds it particularly necessary for the fair and appropriate implementation of Dispute Resolution Services, the Prime Minister may, within the extent necessary, order the Member Money Lender of a Designated Dispute Resolution Organization or a person that a Designated Dispute Resolution Organization has entrusted with its business to submit reports or materials that are informative with regard to the Designated Dispute Resolution Organization's business, and may have the relevant officials enter the business office, office or any other facilities of the aforementioned persons, ask questions with regard to the status of the Designated Dispute Resolution Organization's business, and inspect books, documents, and any other articles of these persons.

- (3) An official who conducts an on-site inspection pursuant to the provisions of the preceding two paragraphs must carry a certificate of identification and present it when requested by any person concerned.

- (4) The authority to conduct on-site inspections under the provisions of paragraph (1) and paragraph (2) must not be construed as being for criminal investigation.

(Order to Improve Business Operations)

Article 41-59 (1) With regard to the operation of the Dispute Resolution Services of a Designated Dispute Resolution Organization, when the Prime Minister finds it necessary for ensuring the fair and appropriate implementation of the Dispute Resolution Services, the Prime Minister may, within the extent necessary, order the relevant Designated Dispute Resolution Organization to take measures necessary to improve its business operations.

- (2) In cases where a Designated Dispute Resolution Organization falls under any

of the following items, when the Prime Minister wishes to give the order under the preceding paragraph, the Prime Minister must consult with the Minister of Justice in advance:

- (i) cases where the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 41-39, paragraph (1), items (v) through (vii) (limited to the part pertaining to the operations of Dispute Resolution Procedures, and the requirement set forth in item (vii) of that paragraph is to be limited to one related to the criteria listed in the items of Article 41-44, paragraph (4) or the items of paragraph (5) of that Article; hereinafter the same applies in this item), or the Designated Dispute Resolution Organization is found likely to come to no longer satisfy the requirements set forth in Article 41-39, paragraph (1), items (v) through (vii);  
or
- (ii) cases where the Designated Dispute Resolution Organization has violated the provisions of Article 41-42, Article 41-43, Article 41-46, or Article 41-50 (limited to cases where that violation is one that is related to the operations of Dispute Resolution Procedures).

(Suspension or Abolition of Dispute Resolution Services)

Article 41-60 (1) When a Designated Dispute Resolution Organization intends to suspend or abolish its Dispute Resolution Services in whole or in part (excluding those based on the grounds in the following paragraph), it must obtain authorization from the Prime Minister.

(2) When, as a result of a natural disaster or for any other compelling reason, a Designated Dispute Resolution Organization has suspended its Dispute Resolution Services in whole or in part, it must immediately make a notification to the Prime Minister to that effect and is to indicate the reason therefor. The same applies when the Designated Dispute Resolution Organization resumes the suspended Dispute Resolution Services in whole or in part.

(3) A Designated Dispute Resolution Organization that has obtained the authorization for suspension or abolition under paragraph (1) or that has carried out the suspension under the preceding paragraph must give notice to the Parties for which Complaint Processing Procedures or Dispute Resolution Procedures (if the Designated Dispute Resolution Organization has been entrusted with the business by another Designated Dispute Resolution Organization or a person that has received a designation under the provisions of other laws which is specified by Cabinet Order as being related to business equivalent to Dispute Resolution Services (hereinafter collectively referred to as the "Entrusting Dispute Resolution Organization" in this paragraph), including procedures for processing complaints of the Entrusting Dispute

Resolution Organization related to the entrustment or procedures for seeking the resolution of disputes; the same applies in paragraph (4) of the following Article) have been implemented as of the day of the relevant suspension or abolition, the Member Money Lenders other than the relevant Parties, and other Designated Dispute Resolution Organizations, of the fact of the suspension or abolition within two weeks from the day of the relevant suspension or abolition. The same applies when the Designated Dispute Resolution Organization resumes the suspended Dispute Resolution Services in whole or in part.

(Rescission of Designation)

Article 41-61 (1) When a Designated Dispute Resolution Organization falls under any of the following items, the Prime Minister may rescind the designation under Article 41-39, paragraph (1) or may order the relevant Designated Dispute Resolution Organization to suspend its business operations in whole or in part for a fixed period of no longer than six months:

- (i) when the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 41-39, paragraph (1), items (ii) through (vii), or when the Designated Dispute Resolution Organization is found not to have fallen under any of the items of Article 41-39, paragraph (1) at the time of receiving the designation;
- (ii) when the Designated Dispute Resolution Organization has received the designation under Article 41-39, paragraph (1) by wrongful means; or
- (iii) when the Designated Dispute Resolution Organization has violated the provisions of laws and regulations or dispositions issued under the laws and regulations.

(2) If a Designated Dispute Resolution Organization falls under any of the following items, when the Prime Minister wishes to make a disposition or order under the preceding paragraph, the Prime Minister must consult with the Minister of Justice in advance:

- (i) if the Designated Dispute Resolution Organization has come to no longer satisfy the requirements listed in Article 41-39, paragraph (1), items (v) through (vii) (limited to the part pertaining to the operations of Dispute Resolution Procedures, and the requirement set forth in item (vii) of that paragraph is to be limited to one related to the criteria listed in the items of Article 41-44, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item), or the Designated Dispute Resolution Organization is found not to have satisfied the requirements set forth in Article 41-39, paragraph (1), items (v) through (vii) at the time of receiving the designation under Article 41-39 paragraph (1); or
- (ii) if the Designated Dispute Resolution Organization has violated the



provisions of Article 41-42, Article 41-43, Article 41-46 or Article 41-50 (limited to cases where that act of violation is that related to the operations of Dispute Resolution Procedures).

- (3) When the Prime Minister has rescinded a designation under Article 41-39, paragraph (1) pursuant to the provisions of paragraph (1), the Prime Minister must give public notice to that effect in the Official Gazette.
- (4) Any person that has been issued a disposition for rescission of the designation under Article 41-39, paragraph (1) or an order for suspension of all or part of its business pursuant to the provisions of paragraph (1), within two weeks from the day of the relevant disposition or order, must give notice to the Parties for which Complaint Processing Procedures or Dispute Resolution Procedures had been implemented as of the day of the relevant disposition or order, Member Money Lenders other than the Parties, and other Designated Dispute Resolution Organizations to the effect that it has been issued the disposition or order.

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

(Invalidity of Contracts for Monetary Loans with High Interest Rates)

Article 42 (1) With regard to a contract for monetary loans made by a Money Lender on a regular basis (including contracts where money is to be delivered based on a discount of negotiable instruments, security by sale, or any other method similar thereto), where a contract for interest whose interest rate exceeds 109.5% per annum (in the case of a leap year, the interest rate is to be 109.8% per annum, and the per diem interest rate is to be 0.3%) has been concluded (agreed liquidated damages for default is to be included as interest), the relevant contract for monetary loans are to be void.

- (2) Article 5-4, paragraph (1) through paragraph (4) of the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates apply mutatis mutandis to a contract for interest as set forth in the preceding paragraph.

(Completion of Transactions upon Rescission of Registration)

Article 43 With regard to a Money Lender when their registration has ceased to be effective pursuant to Article 3, paragraph (2) or Article 10, paragraph (2) or has been rescinded under Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1), or Article 24-6-6, paragraph (1), or when the period allowed to continue the Money Lending Business has expired under Article 10, paragraph (3), the person who was a Money Lender or the general successor of the Money Lender is deemed to be a Money Lender for the purpose of completing transactions under Contracts for Loans concluded by the relevant Money Lender.

(Submission of Materials to the Ministry of Finance)

- Article 44 (1) When the Minister of Finance finds it necessary for planning or drafting systems for Money Lending Business, in relation to systems for the disposal of failed financial systems and for financial risk management under the jurisdiction of the Minister of Finance, they may request that the Prime Minister provide the necessary materials or explanation therefor.
- (2) When the Minister of Finance finds it particularly necessary for planning or drafting systems for the Money Lending Business in relation to systems for the disposal of failed financial systems and for financial risk management under the jurisdiction of the Minister of Finance, to the extent necessary, the Minister of Finance may request that a Money Lender (limited to one who has been registered by the Prime Minister), Money Lenders' Association, or any other person concerned provide materials, explanations, and other cooperation.
- (3) If the Secretary-General of the Consumer Affairs Agency finds it to be necessary for protecting the interests of Persons Seeking Funds, etc. who are individuals, the Secretary-General may request that the Prime Minister provide materials or explanations or to otherwise provide the necessary cooperation.

(Hearing of Opinions Concerning Registration)

- Article 44-2 (1) Where the Prime Minister or prefectural governor intends to make a registration under Article 5, paragraph (1) or a registration under Article 8, paragraph (2), the Prime Minister or prefectural governor is to hear the opinions of the Commissioner-General of the National Police Agency or the Superintendent-General of the Metropolitan Police Department or the chief of prefectural police headquarters (hereinafter referred to as the "Chief of Police"), with regard to the existence or absence of any of the grounds set forth in Article 6, paragraph (1), item (vi) or item (viii) through item (xiii) (in the case of the grounds set forth in Article 6, paragraph (1), item (viii) through item (x) or item (xiii), limited to those pertaining to Article 6, paragraph (1), item (vi); hereinafter referred to as "Grounds Requiring the Statement of Opinions") for the former registration, or any of the grounds set forth in Article 6, paragraph (1), item (viii) through item (x) or item (xiii) (limited to those pertaining to Article 6, paragraph (1), item (vi)) for the latter registration.
- (2) When the Prime Minister intends to grant a person Registration as a Chief or authorization under Article 26, paragraph (2), the Prime Minister must hear the opinion of the Commissioner-General of the National Police Agency with regard to the existence or absence of the grounds set forth in Article 24-27, paragraph (1), item (vi) and Article 28, paragraph (2), item (ii) (limited to those pertaining to Article 6, paragraph (1), item (vi)).

- (3) When the Prime Minister or prefectural governor intends to issue orders under Article 24-6-4, paragraphs (1) or (2), or rescind a registration under Article 24-6-4, paragraph (1) or Article 24-6-5, paragraph (1), the Prime Minister may hear the opinions of the Commissioner-General of the National Police Agency or the Chief of Police with regard to the existence or absence of Grounds Requiring the Statement of Opinions or facts in violation of the provisions of Article 12-5, Article 21, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2)), Article 24, paragraph (3), Article 24-2, paragraph (3), or Article 24-3, paragraph (3) (such a fact is referred to as a "Fact Requiring the Statement of Opinions" in the following Article).
- (4) When the Prime Minister intends to rescind a person's Registration as a Chief under Article 24-30, the Prime Minister may hear the opinion of the Commissioner-General of the National Police Agency with regard to the existence or absence of grounds falling under item (i) of that Article (limited to those pertaining to Article 24-27, paragraph (1), item (vi)).

(Opinions Heard by the Prime Minister)

Article 44-3 Where the Commissioner-General of the National Police Agency or the Chief of Police has reasonable grounds to suspect the existence of any Grounds Requiring the Statement of Opinions or Facts Requiring the Statement of Opinions with regard to a Money Lender, a Chief of Money Lending Operations, or an officer of a Money Lenders' Association who intends to obtain authorization under Article 26, paragraph (2), and therefor finds it necessary for the Prime Minister or prefectural governor to take appropriate measures against the Money Lender, the Chief of Money Lending Operations, or the person who intends to obtain authorization under Article 26, paragraph (2), the Commissioner-General of the National Police Agency or the Chief of Police may state their opinion to that effect to the Prime Minister or prefectural governor, respectively.

(Questions to the Person Conducting Collection)

Article 44-4 (1) When the Chief of Police finds that a Money Lender or a person entrusted by a Money Lender or by any other person with the Money Lender's collection of claims under a Contract for a Loan conducts the collection of claims under a Contract for a Loan, where the Chief of Police has reasonable grounds to suspect the existence of any Grounds Requiring the Statement of Opinions with regard to the Money Lender or the person who conducts collection, and finds it necessary in order for the Chief of Police or the Commissioner-General of the National Police Agency to state an opinion

pursuant to the preceding two Articles, the Chief of Police may have the police officials of the prefectural police ask questions with regard to the Money Lender's name or trade name and the name of the person who conducts collection, as well as about the facts upon which the relevant person's right to receive performance is based.

- (2) The provisions of Article 24-6-10, paragraph (5) and paragraph (6) apply mutatis mutandis to the case referred to in the preceding paragraph.

(Delegation of Authority)

Article 45 (1) The Prime Minister is to delegate their authority under this Act (excluding the part of the authority specified by a Cabinet Order) to the Commissioner of the Financial Services Agency.

- (2) The Commissioner, pursuant to the provisions of a Cabinet Order, may delegate part of the authority delegated thereto under the provisions of the preceding paragraph to the Director-General of a Local Finance Bureau or Local Finance Branch Bureau.

(Transitional Measures)

Article 45-2 In the case where an order is established, revised, or abolished under the provisions of this Act, the necessary transitional measures (including transitional measures concerning penal provisions) may be prescribed in the relevant order, to the extent considered reasonable for the establishment, revision, or abolition of the relevant order.

(Delegation to Order)

Article 46 (1) Beyond what is provided for in this Act, the procedures for applications for registration and notifications under the provisions of this Act and other matters necessary for the enforcement of this Act is specified by a Cabinet Office Order.

- (2) The matters necessary for administration of the affairs placed under the authority of the Commissioner-General of the National Police Agency or Chief of Police pursuant to the provisions of Article 44-2 through Article 44-4 is specified by the Rules of the National Public Safety Commission.

## **Chapter V Penal Provisions**

Article 47 A person who falls under any of the following items are punished by imprisonment for not more than ten years, a fine of not more than 30 million yen, or both:

- (i) a person who was registered under Article 3, paragraph (1) by wrongful means;

- (ii) a person who has violated the provisions of Article 11, paragraph (1); or
- (iii) a person who has violated the provisions of Article 12.

Article 47-2 A person who has engaged in business operations in violation of an order of suspension of business operations issued under the provisions of Article 24-6-4, paragraph (1) is punished by imprisonment with work for not more than five years, a fine of not more than ten million yen, or both.

Article 47-3 (1) A person who falls under any of the following items are punished by imprisonment for not more than two years, a fine of not more than three million yen, or both. The same applies to a person who has knowingly received Credit Information from a person who falls under item (vi) or item (vii):

- (i) a person who has made false statements in and submitted a written application for registration as set forth in Article 4, paragraph (1) or any of the documents set forth in paragraph (2) of that Article;
  - (ii) a person who has violated the provisions of Article 11, paragraph (2) or paragraph (3);
  - (iii) a person who has violated the provisions of Article 21, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), Article 24-5, paragraph (2) and Article 24-6);
  - (iv) a person who has violated an order issued under the provisions of Article 41-4 (excluding an order of dismissal of an officer);
  - (v) a person who has disclosed to another person or appropriated confidential information in violation of Article 41-16 (including the cases where it is applied mutatis mutandis pursuant to Article 41-24, paragraph (4));
  - (vi) a person who has requested that a Member Designated Credit Bureau provide Credit Information for purposes other than Investigation of Repayment Capacity, etc., or who has used or provided to a third party the Credit Information provided by the Member Designated Credit Bureau for purposes other than Investigation of Repayment Capacity, etc., in violation of Article 41-38, paragraph (1); or
  - (vii) a person who has used or provided to a third party the Credit Information provided by the Member Designated Credit Bureau in violation of Article 41-38, paragraph (2).
- (2) A person who has violated the provisions of Article 24-12, paragraph (1) is punished by imprisonment for not more than two years or a fine of not more than three million yen.

Article 48 (1) A person who falls under any of the following items are punished by imprisonment with work for not more than one year, a fine of not more than

three million yen, or both:

- (i) a person who has violated the provisions of Article 12-5;
- (i)-2 a person who has made false statements in violation of Article 12-6, paragraph (limited to the part concerning item (i));
- (i)-3 a person who has violated the provisions of Article 12-7 (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2));
- (i)-4 in the case of Article 13, paragraph (2) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article), a person who has concluded a Contract for a Loan as set forth in paragraph (2) of that Article with a Customer, etc. who is an individual, or who has increased the maximum amount under the Basic Contract for a Revolving Credit Loan as provided in paragraph (5) of that Article, without conducting an investigation using the Credit Information held by a Designated Credit Bureau;
- (i)-5 a person who has violated Article 13-3, paragraph (1) or paragraph (2);
- (ii) a person who has failed to indicate or explain matters set forth in Article 15, paragraph (1) or a person who has used false indication or made false explanation;
- (ii)-2 a person who has indicated or recorded matters other than those pertaining to the matters listed in Article 4, paragraph (1), item (vii), in violation of Article 15, paragraph (2);
- (iii) a person who has given an indication or explanation that is significantly contradictory to facts or likely to mislead people, in violation of Article 16, paragraph (1);
- (iii)-2 a person who has failed to deliver documents, in violation of Article 16-2, paragraph (1), paragraph (2), or paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2)), or who has delivered documents lacking the matters provided in Article 16-2, paragraph (1), paragraph (2), or paragraph (3) (including, with regard to the matters listed in Article 16-2, paragraph (3), the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2)), or those containing false statements;
- (iii)-3 a person who has failed to deliver documents, in violation of Article 16-3, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2));

- hereinafter the same applies in this item), or who has delivered documents lacking the matters provided in Article 16-3, paragraph (1), or those containing false statements;
- (iv) a person who has failed to deliver documents, in violation of Article 17 (excluding paragraph (6) and paragraph (7)) or Article 18, paragraph (1) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2)), or who has delivered documents lacking the matters provided in Article 17 (excluding paragraph (vi) and paragraph (vii)) and Article 18, paragraph (1) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), or Article 24-5, paragraph (2)), or those containing false statements;
- (iv)-2 a person who has violated the provisions of Article 20, paragraph (1) or paragraph (2) (including cases where these provisions are applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), Article 24-5, paragraph (2), and Article 24-6);
- (v) a person who has failed to deliver documents, in violation of Article 20, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2); hereinafter the same applies in this item), or who has delivered documents lacking the matters provided in Article 20, paragraph (3) or those containing false statements;
- (v)-2 a person who has requested to have a Deposit Passbook, etc. as prescribed in Article 20-2 delivered or provided to that person, or who has retained a Deposit Passbook, etc. in violation of that Article (limited to the part pertaining to item (i), and the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), Article 24-5, paragraph (2), and Article 24-6 is to be included; hereinafter the same applies in this item);
- (v)-3 a person who has violated the provisions of Article 20-2, paragraph (limited to the part pertaining to item (ii) and including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), Article 24-5, paragraph (2), and Article 24-6);
- (vi) a person who has, in violation of Article 24, paragraph (3), made an Assignment, etc. of Claims with regard to the claims under a Contract for a Loan knowing that the counterparty falls under the provisions of item (i) or

- item (ii) of that Article;
- (vii) a person who has, in violation of Article 24-2, paragraph (3), concluded a guarantee contract in relation to a loan contract knowing that the counterparty falls under the provisions of Article 24-2, paragraph (3), item (i) or item (ii);
- (viii) a person who has, in violation of Article 24-3, paragraph (3), entrusted the performance of obligations under a Contract for a Loan knowing that the entrusted person falls under Article 24-3, paragraph (3), item (i) or item (ii);
- (viii)-2 a person who has violated an order issued under the provisions of Article 24-6-3, paragraph (1);
- (viii)-3 a person who has failed to submit a business report required under the provisions of Article 24-6-9, or who has submitted a business report containing false statements;
- (viii)-4 a person who has failed to submit reports or materials required under the provisions of Article 24-6-10, paragraph (1) or paragraph (2) (including the cases where these provisions are applied *mutatis mutandis* pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2)), or Article 24-6-11, paragraph (1), or who has submitted false reports or materials;
- (viii)-5 a person who has failed to answer to the relevant official's questions under Article 24-6-10, paragraph (3) or paragraph (4) (including the cases where these provisions are applied *mutatis mutandis* pursuant to the provisions of Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2)), or Article 24-6-11, paragraph (2), who has given false answers to the questions, or who has refused, obstructed, or evaded an inspection conducted under these provisions;
- (viii)-6 a person who has, in violation of Article 24-6-12, paragraph (3) or paragraph (4), failed to create or change the Internal Rules or obtain approval from the Prime Minister or prefectural governor within 30 days, or who has changed or abolished the approved Internal Rules without obtaining approval from the Prime Minister or prefectural governor for such a change or abolition;
- (viii)-7 a person who has made false statements in and submitted a written application for authorization set forth in Article 27, paragraph (1) or any of the documents set forth in paragraph (2) of that Article;
- (ix) a person who has failed to submit the reports or materials required under the provisions of Article 41-5, paragraph (1) or paragraph (2), who has submitted false reports or materials, or who has failed to answer the relevant official's questions, given false answers to the questions, or refused, obstructed, or evaded an inspection conducted under these provisions;



- (ix)-2 a person who has made false statements in and submitted a written application for a designation as set forth in Article 41-14, paragraph (1) or documents prescribed in paragraph (2) of that Article;
  - (ix)-3 a person who has failed to submit a report on the status of their business and property as required under Article 41-29, paragraph (1), or who has submitted a report on their status of business and property that contains false statements;
  - (ix)-4 a person who has failed to submit reports or materials under Article 41-30, paragraph (1) or paragraph (2), who has submitted false reports or materials, or who has failed to answer the relevant official's questions, given false answers to the questions, or refused, obstructed, or evaded an inspection conducted under these provisions;
  - (ix)-5 a person who has violated an order issued under Article 41-31;
  - (ix)-6 a person who has violated the provisions of Article 41-35;
  - (ix)-7 a person who has violated the provisions of Article 41-36, paragraph (1) or paragraph (2);
  - (ix)-8 a person who has made a false statement or record in a written application for designation under the provisions of Article 41-40, paragraph (1) or in a document or electronic or magnetic record to be attached thereto pursuant to the provisions of paragraph (2) of that Article, and submitted them;
  - (ix)-9 a person who has violated the provisions of Article 41-46;
  - (ix)-10 a person who has failed to submit a report required under the provisions of Article 41-57, paragraph (1), or who has submitted a report containing false statements;
  - (ix)-11 a person who has failed to submit reports or materials under Article 41-58, paragraph (1) or paragraph (2), who has submitted false reports or materials, or who has failed to answer the relevant official's questions, given false answers to the questions, or refused, obstructed, or evaded an inspection conducted under these provisions;
  - (ix)-12 a person who has violated an order issued under Article 41-59, paragraph (1);
  - (x) a person who has failed to answer to the questions asked under the provisions of Article 44-4, paragraph (1) or who has given false answers to the questions.
- (2) In the case of violation of an order issued under Article 24-19, paragraph (2) or Article 24-46, an officer or employee of a Designated Examining Agency or a Registered Training Agency who has committed the violation is punished by imprisonment for not more than one year or a fine of not more than three million yen.

Article 48-2 A person who falls under any of the following items is punished by imprisonment with for not more than one year, a fine of not more than one million yen, or both:

- (i) a person who has violated the provisions of Article 30; or
- (ii) a person who, in violation of the provisions of Article 41-41, paragraph (1), has disclosed to another person or used for their own interest any confidential information learned during the course of their duties.

Article 48-3 A person who has, in violation of Article 41-2, disclosed to another person or misappropriated any confidential information that person has learned during the course of their duties is punished by imprisonment with work for not more than one year, a fine of not more than 500,000 yen, or both.

Article 49 A person who falls under any of the following items is punished by a fine of not more than one million yen:

- (i) a person who has, in violation of Article 12-3, paragraph (1), failed to assign a Chief of Money Lending Operations;
- (ii) a person who has violated the provisions of Article 12-3, paragraph (4);
- (iii) a person who has violated the provisions of Article 12-4, paragraph (1);
- (iii)-2 a person who has violated the provisions of Article 13, paragraph (3) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) or Article 13-3, paragraph (3);
- (iii)-3 a person who has failed to prepare records on an investigation, who has prepared records containing false statements, or who has failed to preserve them in violation of Article 13, paragraph (4) (including the cases where it is applied mutatis mutandis pursuant to paragraph (5) of that Article) or Article 13-3, paragraph (4);
- (iv) a person who has failed to post the matters provided in Article 14 or who has made a false posting thereof;
- (v) a person who has failed to keep books in violation of Article 19 (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), and Article 24-5, paragraph (2); hereinafter the same applies in this item), who has failed to state the matters set forth in Article 19 or has made false statements therein, or who has failed to preserve them;
- (vi) a person who has, in violation of the second sentence of Article 19-2 (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2) or Article 24-5, paragraph (2)), refused requests to inspect or copy its books without reasonable grounds;

(vii) a person who has, in violation of Article 21, paragraph (2) or paragraph (3) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), Article 24-5, paragraph (2), or Article 24-6), failed to state the matters set forth in the items of Article 21, paragraph (2) (including the cases where these provisions are applied mutatis mutandis pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), Article 24-5, paragraph (2), or Article 24-6), who has made false statements, failed to record or made a false record, or who has failed to disclose the name of the person conducting collection or other matters in response to a request from the other party;

(vii)-2 A person who has violated the provisions of Article 23;

(viii) a person who has violated the provisions of Article 24, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24, paragraph (2) and Article 24-6), Article 24-2, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24-6), Article 24-3, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24-6), Article 24-4, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24-4, paragraph (2) and Article 24-6), or Article 24-5, paragraph (1) (including the cases where it is applied mutatis mutandis pursuant to Article 24-5, paragraph (2) and Article 24-6);

(ix) a person who has violated the provisions of Article 37, paragraph (8);

(x) a person who has failed to prepare or preserve the record set forth in Article 41-22 (including the cases where it is applied mutatis mutandis pursuant to Article 41-24, paragraph (4)) or who has created a false record; or

(xi) a person who has failed to prepare or preserve the record set forth in Article 41-48 or Article 41-50, paragraph (9) or who has created a false record.

Article 50 (1) A person who falls under any of the following items is punished by a fine of not more than 500,000 yen:

(i) a person who has failed to give a notification required under the provisions of Article 8, paragraph (1) or Article 10, paragraph (1), or who has given a false notification;

(ii) a person who has made false statements in and submitted a document set forth in Article 8, paragraph (3);

(ii)-2 a person who has, in violation of Article 12-4, paragraph (2), failed to prepare a roster of employees, who has failed to state matters prescribed in that paragraph or made a false statement therein, or who has failed to

- preserve them;
- (iii) a person who has failed to give a notification required under the provisions of Article 24-6-2 or who has given a false notification;
  - (iv) a person who has carried out other business, in violation of Article 41-18, paragraph (1);
  - (v) a person who has, in violation of Article 41-20, paragraph (1), failed to provide operational rules or to obtain authorization thereof from the Prime Minister, or who has changed the operational rules without obtaining authorization therefor from the Prime Minister;
  - (vi) a person who has violated the provisions of Article 41-32, paragraph (1); or
  - (vii) a person who has suspended or abolished its Dispute Resolution Services in whole or in part without obtaining the authorization under Article 41-60, paragraph (1).
- (2) In the case where any of the following violations has been committed, an officer or employee of the Designated Examining Agency, a person who has been entrusted with business by the Designated Examining Agency (in the case of a corporation, its officer or employee) or Registered Training Agency (in the case of a corporation, its officer or employee) which has committed the violation is punished by a fine of not more than 500,000 yen:
- (i) when a person has, in violation of Article 24-15 or Article 24-47, failed to keep books, has failed to state matters provided in those provisions or has made false statement therein, or who has failed to preserve them;
  - (ii) when a person has failed to submit reports or materials under Article 24-17, paragraph (1) or paragraph (2) or Article 24-49, paragraph (1), has submitted false reports or materials, or who has failed to answer the relevant official's questions, given false answers to the questions, or refused, obstructed, or evaded an inspection conducted under these provisions; or
  - (iii) when a person has abolished the whole of its Examination Affairs or Training Affairs without obtaining permission under Article 24-18, paragraph (1) or without making a notification under Article 24-43.

Article 50-2 A person who falls under any of the following items is punished by a fine of not more than 300,000 yen:

- (i) a person who has violated the provisions of Article 33, paragraph (1);
- (ii) a person who has failed to give a notification required under the first sentence of Article 33, paragraph (2), or who has given a false notification;
- (iii) a person who has failed to give a notification required under Article 41-27, paragraph (1) or Article 41-28, or who has given a false notification;
- (iv) a person who has failed to give a notification under Article 41-32, paragraph (2), who has given a false notification, or who has failed to give notice as provided in that paragraph or has given false notice;

- (v) a person who has failed to make a report under Article 41-45, paragraph (1) or has made a false report;
- (vi) a person who has failed to give a notification required under Article 41-55, paragraph (1), Article 41-56, or Article 41-60, paragraph (2) or who has given a false notification; or
- (vii) a person who has failed to give a notification under Article 41-60, paragraph (3), or Article 41-61, paragraph (4) or who has given a false notification.

- Article 50-3 (1) When an officer (including a provisional director or provisional auditor) or employee of the Money Lenders' Association has accepted, requested, or promised bribes with regard to their duties, that officer or employee is punished by imprisonment with work for not more than five years.
- (2) In the case referred to in the preceding paragraph, accepted bribes are confiscated. When such a bribe cannot be confiscated in whole or in part, the value equivalent thereto is collected.
- (3) A person who has given a bribe as set forth in paragraph (1) or who has offered or promised one is punished by imprisonment with work for not more than three years or a fine of not more than 3 million yen.

- Article 50-4 (1) The crimes set forth in paragraph (1) of the preceding Article also apply to a person who has committed crimes prescribed in that paragraph outside Japan.
- (2) The crimes set forth in paragraph (3) of the preceding Article are dealt with according to the provisions of Article 2 of the Penal Code.

- Article 51 (1) When the representative person or administrator of a corporation (including an association or foundation without legal personality and which has a representative person or administrator; hereinafter the same applies in this paragraph and the following paragraph), or an agent, employee, or any other worker of a corporation or an individual has committed a violation of the provisions listed in the following items with regard to the business operations of the corporation or individual, not only is the offender to be punished but the corporation is punished by the fine prescribed in the following items and the individual is punished by the fine prescribed in respective Articles set forth therein:
- (i) Article 47, Article 47-2, Article 47-3, paragraph (1), item (iv) or Article 48, paragraph (1), item (viii)-7, item (ix), item (ix)-8 or items (ix)-10 through (ix)-12: A fine of not more than 100 million yen;
  - (ii) Article 47-3 through Article 50-2 (excluding Article 47-3, paragraph (1), item (iv) and paragraph (2), Article 48, paragraph (1), item (viii)-7, item (ix),

- item (ix)-8, and items (ix)-10 through (ix)-12 and paragraph (2), Article 48-3, and Article 50, paragraph (2)): The fine prescribed in the respective Articles.
- (2) The period of prescription if a corporation or an individual is punished by a fine for a violation set forth in Article 47 or Article 47-2 pursuant to the preceding paragraph is to depend on the period of prescription for the crimes set forth in these provisions.
- (3) Where the provisions of paragraph (1) apply to an association or foundation without legal personality, the representative person or administrator thereof represents the association or foundation without legal personality with respect to its procedural acts, and the provisions concerning criminal proceedings applicable for the case where a corporation stands as the accused or suspect apply *mutatis mutandis*.

Article 51-2 In the case of a violation of an order issued under the provisions of Article 41-3, the officer (including a provisional director or provisional auditor) of a Money Lenders' Association who has committed the act in question is punished by a non-penal fine of not more than one million yen.

Article 51-3 (1) In any of the cases listed in the following items, a person who was an officer (including a provisional director) or representative person of a Money Lenders' Association, a Registered Training Agency (in the case where the Registered Training Agency is a corporation, its director, executive officer, accounting advisor, or a member who performed the duties, or its auditor, director, representative person, a member in charge of executing its business, or its liquidator) or a director, executive officer, accounting advisor, or a member who performed the duties, or an auditor, director, representative person, member in charge of executing business, or liquidator of a Designated Credit Bureau or Designated Dispute Resolution Organization and who has committed the act in question is punished by a non-penal fine of not more than 300,000 yen:

- (i) when the person has failed to prepare Financial Statements, etc., in violation of Article 24-44, paragraph (1), has failed to state the matters which should be contained in Financial Statements, etc., has made a false statement, failed to keep Financial Statements, etc., or refused a request made under Article 24-44, paragraph (2) without justifiable grounds;
- (ii) when the person has failed to give a notification required under the provisions of the second sentence of Article 33, paragraph (2) or Article 41-11, paragraph (3), or has given a false notification;
- (iii) when the person has violated the provisions of Article 37, paragraph (7);
- (iv) when the person has violated the provisions of Article 41-10, paragraph (1);
- (v) when the person has, in violation of Article 41-15, become a representative

- person of a corporation, is regularly engaged in its business, or has conducted business without obtaining authorization from the Prime Minister;
- (vi) when the person has violated the provisions of Article 41-25; or
  - (vii) when the person has violated the provisions of Article 41-53.
- (2) A person who has violated the provisions of Article 25, paragraph (5) is punished by a non-penal fine of not more than 300,000 yen.

Article 52 A person who has conducted the acts falling under either of the following items (in the case the person is a corporation, its director, executing officer, accounting advisor, or a member who is to perform the duties, or its auditor, director, representative person, member in charge of executing business, or liquidator) is punished by a non-penal fine of not more than 100,000 yen:

- (i) when the person has violated the provisions of Article 22 (including the cases where it is applied *mutatis mutandis* pursuant to Article 24, paragraph (2), Article 24-2, paragraph (2), Article 24-3, paragraph (2), Article 24-4, paragraph (2), or Article 24-5, paragraph (2));
- (ii) when the person has violated the provisions of Article 41-26; or
- (iii) when the person has violated the provisions of Article 41-54.