

Regulation for Enforcement of the Act on Promotion of Use of Alternative Dispute Resolution

(Order of the Ministry of Justice No. 52 of April 28, 2006)

Based on the provisions of the Act on Promotion of Use of Alternative Dispute Resolution (Act No. 151 of 2004) and the Order for Enforcement of the Act on Promotion of Use of Alternative Dispute Resolution (Cabinet Order No. 186 of 2006) and in order to enforce the same Act, the Regulation for Enforcement of the Act on Promotion of Use of Alternative Dispute Resolution is established as follows.

(Substantial Controllers)

Article 1 The applicant's substantial controllers as set forth in Article 6, item (iv) of the Act on Promotion of Use of Alternative Dispute Resolution (hereinafter referred to as the "Act") are the following persons; provided, however, that this does not apply when it is found that the person is obviously incapable of having control over the business policy decisions of the applicant (which means an applicant prescribed in Article 6 of the Act; the same applies hereinafter) or of having a serious influence on the applicant's business in light of their business relationship:

- (i) a particular person whose total number of voting rights held by that person on the person's own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of that particular person due to a close relationship with the relevant particular person in terms of contribution, personnel affairs, funds, technology, transactions or other matters, or by persons who agree to exercise their voting rights in the same manner as the intent of the particular person, are one-third or more of the voting rights of the applicant (excluding individuals) (including cases where the particular person does not hold any voting rights on the person's own account);
- (ii) a person who is or who was an officer (including a representative or administrator of an organization that is not juridical person and for which a representative or an administrator is appointed; the same applies hereinafter) of the applicant (excluding individuals);
- (iii) a person whose representative (including the representative or the administrator of an organization that is not juridical person and for which a representative or an administrator is appointed; the same applies in item (vi), the following Article, Article 5, item (v) and Article 6, paragraph (2), item (iii)) is a person set forth in the preceding item;

- (iv) a person for whom the applicant (limited to individuals) serves as or has served as an officer or an employee;
- (v) a person who is a relative within the third degree of kinship to the applicant (limited to individuals) or to an officer of the applicant (excluding individuals);
- (vi) a person whose representative is a person set forth in the preceding item;
- (vii) a person for whom one-third or more of the persons who are officers of the applicant (excluding individuals) serve or have served as officers or employees;
- (viii) a person who is under contract with the applicant to have control over the applicant's business policy decisions;
- (ix) a particular person who provides a loan (including a guarantee of liabilities and provision of collateral; the same applies in this item and item (ix) of the following Article) for one-third or more of the total amount of the applicant's procured funds (limited to those included in the liabilities on the balance sheet; the same applies in this item and item (ix) of the following Article) (including cases where the amount of the loan exceeds one-third of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the particular person in terms of contribution, personnel affairs, funds, technology, transactions or other matters);
- (x) in addition to the persons set forth in the preceding items, a person whose circumstances suggest that the person has control over the applicant's business policy decisions;
- (xi) a particular person whose relationship with a person set forth in any of the preceding items is the same as the relationship of a person set forth in any of the preceding items (excluding items (ii) through (vi); hereinafter the same applies in this item) with the applicant as prescribed in the preceding items;
- (xii) a particular person whose relationship with any of the persons set forth in items (i) through (x) is the same as the relationship of the applicant with any of the persons set forth in the respective items (excluding items (ii) through (vi) and item (xi); hereinafter the same applies in this item) of the following Article as prescribed in the respective items of the following Article.

(Subsidiaries)

Article 2 The applicant's subsidiaries set forth in Article 6, item (iv) of the Act are the following persons; provided, however, that this does not apply when it is found that the applicant is obviously incapable of having control over the business policy decisions of the person in any of the following items in light of their business relationship:

- (i) another juridical person or an organization that is not juridical person and

- for which a representative or an administrator is appointed (referred to as the "Juridical Person" in this Article) where the total number of voting rights held by the applicant on the applicant's own account and the voting rights held by persons who are found to exercise their voting rights in the same manner as the intent of the applicant or persons who agree to exercise their voting rights in the same manner as the intent of the applicant due to having a close relationship with the applicant in terms of contribution, personnel affairs, funds, technology, transactions or other matters, accounting for one-third or more of the voting rights of other Juridical Person (including cases where the applicant does not hold any voting rights on the applicant's own account);
- (ii) a person who is or has been an officer of the applicant (excluding individuals) or an employee of the applicant;
 - (iii) a person whose representative is a person set forth in the preceding item;
 - (iv) a person whose representative is the applicant (limited to individuals);
 - (v) a person who is a relative within the third degree of kinship to the applicant (limited to individuals) or to an officer of the applicant (excluding individuals);
 - (vi) a person whose representative is a person set forth in the preceding item;
 - (vii) another Juridical Person where a person or persons who fall under item (ii) account for one-third or more of the officers of the relevant other Juridical Person;
 - (viii) a particular person where the applicant is under contract with that person to have control over such person's business policy decisions;
 - (ix) a particular person where the applicant provides a loan for one-third or more of the total amount of the particular person's procured funds (including cases where the amount of the loan exceeds one-third of the total amount of the procured funds when combined with the amount of a loan provided by a person with a close relationship with the applicant in terms of contribution, personnel affairs, funds, technology, transactions or other matters);
 - (x) in addition to the persons set forth in the preceding items, a particular person whose circumstances suggest that the applicant has control over the particular person's business policy decisions;
 - (xi) a particular person whose relationship with a person set forth in any of the preceding items is the same as the relationship of the applicant with a person set forth in any of the preceding items (excluding items (ii) through (vi); hereinafter the same applies in this item) as prescribed in the preceding items.

(Employee Subject to Examination upon Certification)

Article 3 A person specified by an order of the Ministry of Justice as set forth in

Article 2 of the Order for Enforcement of the Act on Promotion of Use of Alternative Dispute Resolution is a person who is in a position to act as a person who supervises private dispute resolution services at an office set forth in Article 8, paragraph (1), item (ii) of the Act whether that person is a deputy director, a deputy office manager or a person called by any other title.

(Application for Certification)

Article 4 A person who intends to obtain certification from the Minister of Justice as prescribed in Article 5 of the Act must submit to the Minister of Justice the written application set forth in Article 8, paragraph (1) of the Act using the prepared appended form 1 (hereinafter referred to as a "written application for certification") by attaching the documents prescribed in paragraph (2) of the same Article.

(Other Matters to Be Described in a Written Application for Certification)

Article 5 The matters specified by an order of the Ministry of Justice as set forth in Article 8, paragraph (1), item (iii) of the Act are the following matters:

- (i) the telephone number and e-mail address;
- (ii) in cases where the applicant is a juridical person directly incorporated by law or a juridical person incorporated by a special act of incorporation under a special statute, a statement to that effect and the name of the minister who has jurisdiction over the applicant;
- (iii) in cases where the applicant is a juridical person which has obtained permission or approval with regard to its incorporation, a statement to that effect and either the name of the minister or the National Public Safety Commission that granted the permission, license or approval;
- (iv) the date of birth and the registered domicile (the nationality in the case of a foreign national; the same applies hereinafter) of the applicant (limited to individuals);
- (v) the date of birth, the registered domicile and the address of the representative of the applicant (excluding individuals) and the names, dates of birth, registered domiciles and addresses of the officers (excluding the representative) of such applicant;
- (vi) the name, telephone number and e-mail address of the office(s) set forth in Article 8, paragraph (1), item (ii) of the Act;
- (vii) the days and hours during which private dispute resolution services are to be carried out;
- (viii) the name, address and the proportion of voting rights held by the main voting rights holder(s) (the main voting rights holder means a particular person whose total number of voting rights held on the person's own account and the voting rights held by persons who are found to exercise their voting

- rights in the same manner as the intent of that person or persons who agree to exercise their voting rights in the same manner as the intent of that person due to a close relationship with the relevant person in terms of contribution, personnel affairs, funds, technology, transactions or other matters accounting for one-tenth or more of the voting rights of the applicant (including cases where the particular person does not hold any voting rights on the person's own account); the same applies in Article 12, paragraph (1), item (v)) of the applicant (excluding individuals);
- (ix) in cases where the applicant engages in any other business (which means a business carrying out services other than the private dispute resolution services pertaining to the application; the same applies hereinafter), the type and details of the business;
- (x) in cases where the applicant (limited to individuals) or any officer of the applicant (excluding individuals) serves as an employee of a person who engages in any other business or as an officer or employee of another juridical person (including organizations that are not juridical persons and for which a representative or an administrator is appointed; the same applies in this item and Article 12, paragraph (1), item (vi)), the name of the applicant or the officer, the name of the person who employs the applicant or the name of the juridical person, the address of the person or juridical person and the type of business or type of services of the juridical person;
- (xi) In cases where any officer of the applicant (excluding individuals) engages in any other business, the type of the business;
- (xii) The name, date of birth, registered domicile, address and job title or position of an employee specified by a Cabinet order as set forth in Article 7, item (ix) and item (x) of the Act (hereinafter referred to as an "important employee");
- (xiii) an outline of the contents and implementation method of the private dispute resolution services pertaining to the application.

(Other Documents to Be Attached to a Written Application for Certification)

Article 6 (1) The documents specified by an order of the Ministry of Justice as prescribed in Article 8, paragraph (2), item (iv) of the Act are the following documents:

- (i) the balance sheet, the income and expenditure account statement or the profit and loss statement for the business year immediately before the business year encompassing the day of the application for certification and an inventory of assets or a document equivalent thereto as of the end of the business year immediately before the business year encompassing the day of the application for certification (in cases where the applicant is a juridical person or an organization that is not juridical person and for which a

- representative or an administrator is appointed that was established in the business year encompassing the day of the application, an inventory of assets as of the time of establishment);
- (ii) documents stating the expected income and expenditure after certification.
- (2) The documents specified by an order of the Ministry of Justice as set forth in Article 8, paragraph (2), item (v) of the Act are the following documents:
- (i) a certificate of the registered information of the applicant (limited to juridical persons);
- (ii) a copy of the residence record containing a statement on the registered domicile of the applicant (limited to individuals) or officers of the applicant (excluding individuals) and any important employees, or any alternative document;
- (iii) a certificate of the personal seal of the applicant (limited to individuals) or the representative of the applicant (excluding individuals) affixed to the written application for certification;
- (iv) documents prepared respectively by the applicant, the officers of the applicant (excluding individuals) and any important employees using appended form 2 to pledge that they do not fall under any of the items of Article 7 of the Act;
- (v) a drawing indicating an outline of the organization of the applicant.

(Method of Payment of Fees)

Article 7 The fees set forth in Article 8, paragraph (3) of the Act (including cases where they are applied mutatis mutandis pursuant to the provisions of Article 12, paragraph (4) of the Act) must be paid by attaching revenue stamps for an amount corresponding to the amount of fees to the written application for certification.

(Hearing of the Opinions of the Certification Examiners)

- Article 8 (1) When the Minister of Justice hears the opinions of the certification examiners pursuant to the provisions of Article 9, paragraph (3) of the Act (including cases where it is applied mutatis mutandis pursuant to the provisions of Article 12, paragraph (4) and Article 23, paragraph (6) of the Act; the same applies in the following paragraph), that person is to indicate the form and the time limit for submission of the written opinions prescribed in the following paragraph and any other necessary matters in advance.
- (2) Submission of the opinions of the certification examiners under Article 9, paragraph (3) of the Act is carried out by submitting a written opinion giving reasons.

(Posting)

Article 9 (1) The matters specified by an order of the Ministry of Justice as set forth in Article 11, paragraph (2) of the Act are the following matters:

- (i) the scope of disputes for which settlement will be arranged by the certified dispute resolution business operator with its specialized expertise;
 - (ii) the method of selecting dispute resolution providers;
 - (iii) an outline of the occupation or status of the candidates for dispute resolution providers;
 - (iv) the method of notice to be used when implementing certified dispute resolution procedures;
 - (v) the standard operation process from the commencement to the termination of the certified dispute resolution procedures;
 - (vi) the requirements and methods of operation to be satisfied by the party to a dispute making a request for implementation of certified dispute resolution procedures;
 - (vii) the procedures to notify promptly, upon receiving a request made by one party to a dispute under the preceding item, the other party to the dispute of the request and to confirm whether the other party, in response, also wishes to request the use of certified dispute resolution procedures;
 - (viii) the methods for retaining, returning or otherwise handling materials submitted through certified dispute resolution procedures;
 - (ix) the method for handling the secrets of the parties to a dispute or other third parties that are contained in the opinions stated or materials submitted or presented through certified dispute resolution procedures;
 - (x) the requirements and methods of operation for the parties to a dispute to terminate the certified dispute resolution procedures;
 - (xi) the amount of rewards or expenses to be paid by the parties to a dispute to the certified dispute resolution business operator (including dispute resolution providers) and the method of calculation and payment;
 - (xii) the system for handling complaints on the private dispute resolution services carried out by the certified dispute resolution business operator.
- (2) The posting under Article 11, paragraph (2) of the Act may be made by way of displaying the fact that the business operator is a certified dispute resolution business operator and the matters prescribed in the respective items of the preceding paragraph on the screen of a computer kept at the office where the certified dispute resolution services are to be carried out.

(Minor Changes That Require No Certification of Changes)

Article 10 The minor changes specified by an order of the Ministry of Justice as set forth in Article 12, paragraph (1) of the Act are the following changes:

- (i) changes in the name, location, telephone number or e-mail address of the office(s) set forth in Article 8, paragraph (1), item (ii) of the Act;

- (ii) changes in the days or hours during which certified dispute resolution services are to be carried out;
- (iii) in addition to those matters provided for in the preceding two items, any changes pertaining to matters that serve as the basis for determining compliance with the standards set forth in the respective items of Article 6 of the Act, which do not reduce the knowledge or skills for carrying out certified dispute resolution services and do not cause an increased burden on or any other disadvantage to the parties to a dispute.

(Application for Certification of Changes)

Article 11 (1) When a certified dispute resolution business operator intends to obtain a certification of changes from the Minister of Justice under Article 12, paragraph (1) of the Act, the relevant certified dispute resolution business operator must submit to the Minister of Justice the written application set forth in paragraph 2 of the same Article that has been prepared using appended form 3 by attaching the documents prescribed in paragraph (3) of the same Article.

- (2) The documents specified by an order of the Ministry of Justice as set forth in Article 12, paragraph (3) of the Act are the documents set forth in the respective items (excluding item (ii)) of Article 8, paragraph (2) of the Act which pertain to the changes.

(Notification of Changes)

Article 12 (1) The matters specified by an order of the Ministry of Justice as set forth in Article 13, paragraph (1), item (iv) of the Act are the following matters:

- (i) the telephone number or the e-mail address of the certified dispute resolution business operator;
- (ii) the registered domicile of the certified dispute resolution business operator (limited to individuals);
- (iii) the names, dates of birth and the registered domiciles or addresses of the officers of the certified dispute resolution business operator (excluding individuals);
- (iv) the name, address or the proportion of voting rights held by the main voting rights holder(s) of the certified dispute resolution business operator (excluding individuals);
- (v) in cases where the certified dispute resolution business operator engages in any other business, the type and details of such business;
- (vi) in cases where the certified dispute resolution business operator (limited to individuals) or any officer of the certified dispute resolution business operator (excluding individuals) serves as an employee of a person who engages in any other business or as an officer or employee of another

- juridical person, the name of the relevant certified dispute resolution business operator or that officer, the name of the person who employs the certified dispute resolution business operator or the name of that juridical person, the address of that person or juridical person and the type of business or type of services of the juridical person;
- (vii) in cases where any officer of the certified dispute resolution business operator (excluding individuals) engages in any other business, the type of such business;
- (viii) the name, date of birth, registered domicile, the address or the job title or position of any important employees.
- (2) When a certified dispute resolution business operator intends to give the notification under Article 13, paragraph (1) of the Act, the certified dispute resolution business operator must submit to the Minister of Justice a written notice of changes that has been prepared using appended form 4 by attaching the documents set forth in Article 8, paragraph (2), item (i), item (ii) and item (v) of the Act which pertain to the changes.

(Explanation to the Parties to a Dispute)

- Article 13 (1) The matters specified by an order of the Ministry of Justice as set forth in Article 14, item (iv) of the Act are the following matters:
- (i) the method for handling the secrets of the parties to a dispute or other third parties that are contained in the opinions stated or materials submitted or presented through certified dispute resolution procedures or described in the procedure operation records prescribed in Article 16 of the Act (hereinafter referred to as the "procedure operation records");
- (ii) the requirements and methods of operation for the parties to a dispute to terminate the certified dispute resolution procedures;
- (iii) when the dispute resolution provider considers it impossible to arrange a settlement between the parties to a dispute through certified dispute resolution procedures, the dispute resolution provider must promptly terminate the certified dispute resolution procedures and notify the parties to the dispute to that effect;
- (iv) whether there is a document to be prepared in cases where a settlement is arranged between the parties to a dispute, and if there is, the person who will prepare the document, the number of copies to be prepared and any other outlines pertaining to preparation of the document.
- (2) When a certified dispute resolution business operator is asked by the parties to a dispute to deliver a document upon providing the explanation prescribed in Article 14 of the Act, the certified dispute resolution business operator must deliver the document when providing the explanation.

(Preparation and Preservation of Procedure Operation Records)

Article 14 (1) The matters specified by an order of the Ministry of Justice as prescribed in Article 16, item (vi) of the Act are the following matters:

- (i) the date on which a claim was made in a certified dispute resolution procedure and the contents of the relevant claim;
 - (ii) in cases where the certified dispute resolution procedures result in settlement, the contents of such settlement.
- (2) The certified dispute resolution business must operator preserve the procedure operation records for ten years or more from the date of termination of the certified dispute resolution procedures which the certified dispute resolution business operator has carried out.

(Notification of Merger)

Article 15 (1) When a certified dispute resolution business operator intends to give the notification prescribed in Article 17, paragraph (1) of the Act, the certified dispute resolution business operator must submit to the Minister of Justice a written notice of merger that has been prepared using appended form 5 by attaching the documents specified in the following items for the categories set forth respectively in those items:

- (i) the merger prescribed in Article 17, paragraph (1), item (i) of the Act (including an act equivalent to a merger conducted by an organization that is not juridical person and for which a representative or an administrator is appointed; the same applies in this Article) - a document explaining the particulars of the merger, a copy of the written contract pertaining to the merger, documents containing the articles of incorporation, articles of contribution or any other basic contracts (hereinafter referred to as the "basic contracts") of the juridical person surviving the merger (including an organization that is not juridical person and which appoints a representative or an administrator; the same applies in this Article) or the juridical person established by the merger and a certificate of the registered information;
- (ii) the transfer of all or part of the business management or business operations prescribed in item (ii) of the same paragraph - a document explaining the particulars of the transfer of all or part of the business management or business operations, a copy of the written contract pertaining to the transfer of all or part of the business management or business operations, and if the transferee of the transfer of all or part of the business management or business operations is a juridical person, documents containing the basic contracts of the transferee and a certificate of registered information of the transferee;
- (iii) the demerger prescribed in item (iii) of the same paragraph - a document explaining the particulars of the demerger, a copy of the written demerger

plan or the written demerger contract, documents containing the basic contracts of the juridical person succeeding all or part of the business management or business operations pertaining to the certified dispute resolution services through the demerger and a certificate of the registered information of that juridical person;

(iv) the abolition of services prescribed in item (iv) of the same paragraph - a document explaining the particulars of the abolition of the services.

(2) A person who has conducted any act set forth in the respective items of Article 17, paragraph (1) of the Act (for the act set forth in item (i) of the same paragraph, the juridical person surviving the merger or the juridical person established by the merger) must notify the Minister of Justice to that effect without delay by submitting a document stating to that effect, attaching a document proving that the relevant act has been conducted.

(Notification of Dissolution)

Article 16 A person giving the notification prescribed in Article 18, paragraph (1) of the Act must submit to the Minister of Justice a written notice of dissolution that has been prepared using appended form 6 by attaching a certificate of registered information which contains a description of the liquidator (in cases where a certified dispute resolution business operator, which has the status of an organization that is not juridical person and for which a representative or an administrator is appointed, conducts an act equivalent to dissolution, a document proving that the relevant act has been conducted).

(Business Report)

Article 17 The business report set forth in Article 20 of the Act must be prepared using appended form 7.

(Report)

Article 18 (1) When a certified dispute resolution business operator has been requested by the Minister of Justice to make a report pursuant to the provisions of Article 21, paragraph (1) of the Act, the certified dispute resolution business operator must submit a written report.

(2) When the Minister of Justice requests the report set forth in the preceding paragraph, that person is to clearly indicate the form and the time limit for submission of the written report and any other necessary matters.

(Form of Identification Cards of Officials)

Article 19 The identification card set forth in Article 21, paragraph (2) of the Act is to use appended form 8.

(Disclosure of Information on Certified Dispute Resolution Services)

Article 20 The matters specified by an order of the Ministry of Justice as prescribed in Article 31 of the Act are the following matters:

- (i) the telephone number, e-mail address and the website URL of the certified dispute resolution business operator;
- (ii) the name, telephone number and the e-mail address of the office(s) where the certified dispute resolution services are to be carried out;
- (iii) the days and hours during which the certified dispute resolution services are to be carried out;
- (iv) the matters listed in the respective items of Article 9, paragraph (1);
- (v) statistics concerning the certified dispute resolution business operator and the certified dispute resolution procedures.

Supplementary Provisions

This Order of the Ministry comes into effect as of the day of enforcement of the Act (April 1, 2007).