

Enforcement Regulation of the Act on Special Measures Concerning Claim Management and Collection Businesses

(Order of the Ministry of Justice No. 4 of January 29, 1999)

Based on the provisions of the Act on Special Measures Concerning Claim Management and Collection Businesses (Act No. 126 of 1998) and of the Order for Enforcement of the Act on Special Measures Concerning Claim Management and Collection Businesses (Cabinet Order No. 14 of 1999), and in order to enforce said Act and said Order, the Enforcement Regulation of the Act on Special Measures Concerning Claim Management and Collection Businesses is established as follows.

(Application for License)

Article 1 A person who intends to obtain a license from the Minister of Justice pursuant to the provisions of Article 3 of the Act on Special Measures Concerning Claim Management and Collection Businesses (hereinafter referred to as the "Act") (such person is hereinafter referred to as a "license applicant") must submit to the Minister of Justice a written application for the license set forth in Article 4, paragraph (1) of the Act prepared using Appended Form 1 (hereinafter referred to as a "written application for the license"), and attach thereto the documents prescribed in Article 4, paragraph (2) of the Act.

(Other Matters to Be Stated in Written Application for License)

Article 2 The matters specified by Order of the Ministry of Justice as prescribed in Article 4, paragraph (1), item (vi) of the Act are the following:

- (i) with respect to a director or executive officer who has the right to represent, a statement to that effect;
- (ii) the trade name or the name and address of the major shareholder (meaning the person who holds 10 percent or more of the total number of the issued shares under the person's own name or the name of another person; the same applies hereinafter);
- (iii) in cases where there is any officer, etc. prescribed in Article 5, item (vii) of the Act other than the officers prescribed in Article 4, paragraph (1), item (iii) of the Act, the job title or position name of such officer, etc. in the company, as well as their name and address;
- (iv) in cases where an officer, etc. prescribed in Article 5, item (vii) of the Act (hereinafter referred to as an "officer, etc.") engages in a business themselves, or serves as an employee of a person who engages in a business, or serves as

an officer or employee of another juridical person, the name of such officer, etc., as well as the name of the person who employs them or the trade name or name of the relevant juridical person that employs them, the address of the relevant person or juridical person, and the type of the relevant business or the type of the business of the relevant juridical person;

- (v) the names and addresses of the license applicant's employee who holds the management position in charge of carrying out the operations for conducting the credit management and collection business at the head office or any other business office and of the license applicant's employee who directly assists the former (hereinafter referred to as "significant employees").

(Documents to Be Attached to Written Application for License)

Article 3 The documents specified by Order of the Ministry of Justice as prescribed in Article 4, paragraph (2) of the Act are the following:

- (i) the articles of incorporation;
- (ii) the certificate of registered information;
- (iii) extracts of the resident records of the officer, etc. and significant employees (limited to those containing the registered domiciles of these persons) or documents in lieu thereof;
- (iv) if the attorney at law who serves as a director is recommended by the bar association to which that person belongs as prescribed in the proviso to Article 6, paragraph (2) of the Act, a copy of the document certifying to that effect;
- (v) the certificate of the seal impression of the representative director or representative executive officer (hereinafter referred to as "representative director, etc.") affixed to the Written Application for the License;
- (vi) a document in which the license applicant pledges, using Appended Form 2, that the applicant does not fall under any of the items of Article 5 of the Act;
- (vii) documents in which the officer, etc. pledges, using Appended Form 3, that they do not fall within any of the categories listed in Article 5, item (vii)(a) through (h) of the Act; and
- (viii) a document stating the organizational chart and the description of the business of the License Applicant.

(Notification of Change)

Article 4 (1) The case specified by Order of the Ministry of Justice as prescribed in Article 7, paragraph (1), item (iii) of the Act is any of the cases listed in the following items:

- (i) where the Claim management and collection company has discontinued the business that it conducts with approval of the Minister of Justice obtained as prescribed in the proviso to Article 12 of the Act (hereinafter referred to as

- the "subsidiary business");
 - (ii) where the Claim management and collection company has become aware that an attorney at law who serves as a director was subject to disciplinary action under Article 56 of the Attorney Act; or
 - (iii) where there has been a change to the organization of the Claim management and collection company.
- (2) When a Claim management and collection company intends to make a notification as prescribed in Article 7, paragraph (1) of the Act, it must submit to the Minister of Justice a written notification of change, etc. prepared using Appended Form 4, and attach thereto the documents listed in the items of the preceding Article which pertain to the change.

(Application for Approval of Business Transfer)

- Article 5 (1) In the event of a transfer or acquisition of the whole or part of the Claim management and collection business prescribed in Article 8, paragraph (1) of the Act (hereinafter referred to as a "business transfer, etc."), if the transferee is a person who has obtained a license set forth in Article 3 of the Act, the person who intends to obtain approval of the business transfer, etc. must submit to the Minister of Justice a written application for the approval of business transfer, etc. prepared using Appended Form 5, and attach thereto the following documents:
- (i) a document explaining the particulars of the business transfer, etc.;
 - (ii) in cases where a resolution of the shareholders meeting or the board of directors is required for the business transfer, etc., a copy of the minutes of the shareholders meeting or the board of directors meeting concerned; and
 - (iii) a copy of the contract of the Business Transfer, etc.
- (2) In the event of a Business Transfer, etc., if the transferee is a person who has not obtained a license set forth in Article 3 of the Act, the person who intends to obtain approval for the business transfer, etc. must submit to the Minister of Justice a written application for the approval of business transfer, etc. prepared using Appended Form 6, and attach thereto the following documents:
- (i) the documents listed in the items of the preceding paragraph; and
 - (ii) the documents listed in the items of Article 3 which pertain to the transferee (in this case, the terms "license applicant" and "application for the license" are to be deemed to be replaced with "applicant for the approval of business transfer, etc." and "application for the approval of business transfer, etc.," respectively).

(Application for Approval of Merger and Split)

- Article 6 (1) A person who intends to obtain approval of merger as prescribed in the first sentence of Article 8, paragraph (2) of the Act must submit to the

Minister of Justice a written application for the approval of merger prepared using Appended Form 7, and attach thereto the following documents:

- (i) a document explaining the particulars, etc. of the merger;
 - (ii) a copy of the minutes of the shareholders meeting (or a copy of the minutes of the board of directors meeting if a merger agreement does not need to be approved by a resolution at the shareholders meeting);
 - (iii) a copy of the merger agreement;
 - (iv) the following documents pertaining to the company surviving the merger or company incorporated through the merger (hereinafter referred to as the "merger company"):
 - (a) the articles of incorporation;
 - (b) extracts of the resident records of the persons who are to serve as officer, etc. and persons who are to serve as significant employees (limited to those containing the registered domiciles of these persons) or documents in lieu thereof;
 - (c) if the attorney at law who is to serve as a director is recommended by the bar association to which that person belongs as prescribed in the proviso to Article 6, paragraph (2) of the Act, a copy of the document certifying to that effect;
 - (d) a document in which a person who is to serve as a representative director, etc. of the merger company pledges, using Appended Form 8, that that person does not fall within any of the categories listed in the items of Article 5 of the Act;
 - (e) documents in which respective persons who are to serve as officer, etc. pledge, using Appended Form 9, that they do not fall within any of the categories listed in Article 5, item (vii)(a) through (h) of the Act; and
 - (f) a document stating the organizational chart and the description of the business;
 - (v) in cases where any party to the merger has not obtained a license set forth in Article 3 of the Act, the following documents pertaining to such party:
 - (a) the articles of incorporation; and
 - (b) the certificate of registered information.
- (2) A person who intends to obtain approval for a split as prescribed in the second sentence of Article 8, paragraph (2) of the Act must submit to the Minister of Justice a written application for the approval of the split prepared using Appended Form 7-2, and attach thereto the following documents:
- (i) a document explaining the particulars, etc. of the split;
 - (ii) a copy of the minutes of the shareholders meeting (or copy of the minutes of the board of directors meeting if an absorption-type company split agreement or incorporation-type company split plan does not need to be approved by a resolution of the shareholders meeting);

- (iii) a copy of the absorption-type company split agreement or incorporation-type company split plan;
- (iv) the following documents pertaining to the company which is to succeed to the Claim management and collection businesses or the Claim management and collection company which is to succeed to the business through the split (hereinafter referred to as the "successor company" in this item):
 - (a) the articles of incorporation;
 - (b) extracts of the resident records of the persons who are to serve as officer, etc. and persons who are to serve as significant employees (limited to those containing the registered domiciles of these persons) or documents in lieu thereof;
 - (c) if the attorney at law who is to serve as a director is recommended by the bar association to which that person belongs as prescribed in the proviso to Article 6, paragraph (2) of the Act, a copy of the document certifying to that effect;
 - (d) a document in which a person who is to serve as a representative director, etc. of the successor company pledges, using Appended Form 8, that that person does not fall within any of the categories listed in the items of Article 5 of the Act;
 - (e) documents in which respective persons who are to serve as officer, etc. pledge, using Appended Form 9, that they do not fall within any of the categories listed in Article 5, item (vii)(a) through (h) of the Act; and
 - (f) a document stating the organizational chart and the description of the business;
- (v) in cases where the company which is to be split is not a Claim management and collection company, the following documents pertaining to the relevant company which is to be split:
 - (a) the articles of incorporation; and
 - (b) the certificate of registered information.

(Notification of Discontinuation of Business)

Article 7 A person who makes a notification as prescribed in Article 10, paragraph (1) of the Act must submit to the Minister of Justice a written notification of discontinuation of business, etc. prepared using Appended Form 10, and attach thereto the following documents:

- (i) a document certifying that the person who makes a notification is a person specified in any of the items of Article 10, paragraph (1) of the Act in accordance with the case specified in the relevant item; and
- (ii) the certificate of registered information stating the matter to which the notification pertains, or document in lieu thereof.

(Application for Approval of Subsidiary Business)

Article 8 A person who intends to obtain approval from the Minister of Justice as prescribed in the proviso to Article 12 of the Act must submit to the Minister of Justice a written application for the approval of subsidiary business prepared using Appended Form 11, and attach thereto a document stating the following:

- (i) the description and method of the subsidiary business;
- (ii) the method of managing the risk of loss arising from the subsidiary business; and
- (iii) the organization and distribution of personnel having jurisdiction over the subsidiary business.

(Matters to Be Stated in Receipt)

Article 9 The matters specified by Order of the Ministry of Justice as prescribed in Article 15, paragraph (1) of the Act are the following:

- (i) the trade name of the Claim management and collection company, the location of its head office, and its license number;
- (ii) the amount received and interest thereon, compensation based on an agreement for liquidated compensation (including penalty; the same applies hereinafter), or the amount appropriated to the principal;
- (iii) the date of receipt;
- (iv) the written characters signifying the fact that payment has been received;
- (v) the name of the person who has received payment money;
- (vi) the trade name or name of the debtor;
- (vii) in cases where payment of debt has been made by a person other than the debtor, the trade name or name of such person;
- (viii) the trade name or name of the creditor of the claim which has been paid;
- (ix) the date of accrual of the claim which has been paid, the cause of accrual of the claim, as well as the creditor of the claim at the time of accrual (hereinafter referred to as the "original creditor") and the amount of the claim as of that time; and
- (x) the amount of outstanding debt after payment and the breakdown thereof.

(Matters to Be Clarified upon Management and Collection of Claims)

Article 10 The matters specified by an Ordinance of the Ministry of Justice as prescribed in Article 17, paragraph (2) of the Act are the following:

- (i) the official title or position that the person holds in the Claim management and collection company;
- (ii) the fact that gives the basis for the authority of the Claim management and collection company to manage or collect claims;
- (iii) the date of accrual of the claim to be managed or collected, the cause of accrual of the claim, and the trade name or name of the original creditor;

- (iv) the amount of the claim to be managed or collected at the time of the request of the other party, and the breakdown thereof;
- (v) in cases where the Claim management and collection company deals with a debt pertaining to a specified monetary claim which involves payment of interest beyond the upper limit of the interest rate specified in Article 1, paragraph (1) of the Interest Rate Restriction Act (Act No. 100 of 1954) (including money that is deemed to be interest pursuant to the provisions of Article 3 of said Act; the same applies hereinafter) or for which the amount of liquidated compensation for default exceeds the upper limit specified in Article 4 of said Act, and the company requests performance of such debt from the debtor or guarantor (hereinafter referred to as the "debtor, etc.") to an extent not in violation of Article 18, paragraph (5) of the Act, the amount requested, and the breakdown and the basis for the calculation thereof;
- (vi) in cases where the other party is a guarantor, the following matters:
 - (a) the trade name or name of the principal debtor;
 - (b) the date of the contract of guarantee;
 - (c) the scope of guarantee; and
 - (d) if the guarantor assumes the debt jointly and severally with the principal debtor, a statement to that effect.

(Carrying Identification Card)

Article 11 A person engaged in carrying out the operations for conducting the Claim management and collection business, in the course of carrying out such operations, must carry an identification card stating the trade name and license number of the Claim management and collection company, and the person's own name, and present it when requested by the other party.

(Regulation on Advertising)

Article 12 The matters specified by Order of the Ministry of Justice as prescribed in Article 18, paragraph (2) of the Act are the following:

- (i) matters concerning the scope of claims of which the Claim management and collection company is entrusted with management or collection, or which the company acquires;
- (ii) matters concerning the trustee fee or acquisition price of the claims prescribed in the preceding item;
- (iii) matters concerning the financial resources or credit standing of the Claim management and collection company;
- (iv) matters concerning the scope of the business; and
- (v) matters concerning the results of the business.

(Matters to Be Stated in Power of Attorney)

Article 13 The matters specified by Order of the Ministry of Justice as prescribed in Article 18, paragraph (3) of the Act are the following:

- (i) the date of creation of the power of attorney;
- (ii) the trade name and location of the head office of the Claim management and collection company;
- (iii) the trade names or names of the creditor and the debtor;
- (iv) the matters listed in Article 10, item (iii);
- (v) if there is a provision concerning the due date of payment, method of payment, number of installments of payment, interest, and liquidated compensation, the content of such provision;
- (vi) if there is a provision on the forfeiture of benefit of time, a statement to that effect and the content of such provision; and
- (vii) in the case of a power of attorney obtained from a guarantor, the trade name or name of the guarantor and the matters listed in Article 10, item (vi).

(Regulations on Business)

Article 14 The acts specified by Order of the Ministry of Justice as prescribed in Article 18, paragraph (9) of the Act are the following:

- (i) retaining the payment money that the Claim management and collection company has received on behalf of the entrustor party, without clearly distinguishing it from the company's own property;
- (ii) collecting the credit information of the debtor, etc. for purposes other than the purpose of using it in the course of business of the Claim management and collection company, or using the collected credit information for purposes other than using it for the business of the Claim management and collection company; and
- (iii) conducting the business without posting a sign prepared using Appended Form 12 at a place accessible to the public for each business place of the Claim management and collection company.

(Books and Documents Concerning Business)

Article 15 (1) The books and documents concerning the business specified by Order the Ministry of Justice as prescribed in Article 20 of the Act are the following:

- (i) a list of particulars concerning the status of collection of claims regarding each debtor, in which are recorded the content of the claim and the status of payment;
- (ii) books and documents in which are recorded, with regard to the claim of which the credit management and collection company has been entrusted with management or collection, or which the company has acquired (hereinafter referred to as the "handled claim"), the content of the contract

- for the relevant entrustment or acquisition, the content and the security status of the handled claim, as well as the status of management or collection (including the status of payment of collected money in the case of claims under a contract for entrustment);
- (iii) books and documents in which are recorded the outline and outcome of any litigation, conciliation, settlement, compulsory execution, exercise of security right, or any other proceedings in which the Claim management and collection company is involved as a party with regard to the handled claim;
 - (iv) books and documents in which are recorded the developments of negotiations with the Debtor, etc. with regard to the Handled Claim;
 - (v) copy of certificates issued under Article 15 of the Act;
 - (vi) in cases where there is any instrument of a claim to be managed or collected, books and documents in which are recorded the situation where the Claim management and collection company has acquired such instrument and the situation where the company has returned that instrument pursuant to the provisions of Article 16 of the Act;
 - (vii) in cases where the Claim management and collection company deals with a debt pertaining to a specified monetary claim which involves payment of interest beyond the upper limit of the interest rate specified in Article 1, paragraph (1) of the Interest Rate Restriction Act or for which the amount of liquidated compensation for default exceeds the upper limit specified in Article 4 of that Act, and the company requests to the debtor, etc. performance of such debt to an extent not in violation of Article 18, paragraph (5) of the Act, books and documents in which are recorded the amount requested, and the breakdown and basis for the calculation thereof; and
 - (viii) a bundle of related materials used for preparing the books and documents prescribed in the preceding item.
- (2) A Claim management and collection company must retain the books and documents prescribed in the items of the preceding paragraph for at least five years from the day on which the contract for entrustment of the handled claim is terminated or the day on which the handled claim is extinguished by reason or payment, or for any other reason.

(Form of Business Report)

- Article 16 (1) The business report prescribed in Article 21 of the Act must be prepared using Appended Form 13.
- (2) The business report set forth in the preceding paragraph is accompanied by the financial statements and annexed detailed statements thereof prescribed in Article 435, paragraph (2) of the Companies Act (Act No. 86 of 2005).

(Form of Employee's Identification Card)

Article 17 The identification card prescribed in Article 22, paragraph (4) of the Act is prepared using Appended Form 14 (excluding an identification card of an employee who conducts an on-site inspection or asks questions pursuant to the provisions of paragraph (2) of that Article).

(Method of Public Notice)

Article 18 Public notice of a supervisory disposition prescribed in Article 25 of the Act is given by means of an official gazette.