

# **Regulations for Enforcement of the Act on Specified Commercial Transactions**

(Order of the Ministry of International Trade and Industry No. 89 of November 24, 1976)

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

### **Section 1 Definitions**

(Places of Business)

Article 1 Place specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 2, paragraph (1), item (i) of the Act on Specified Commercial Transactions (hereinafter referred to as the "Act") are places prescribed in the following items:

- (i) a business office;
- (ii) an agency;
- (iii) a street stall, a food stall, or any other store similar to these;
- (iv) beyond what is set forth in the preceding three items, a place similar to a store which displays designated goods and sells those for a specific period.

(Postal Mail)

Article 2 Methods specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 2, paragraph (2) of the Act are methods prescribed in the following items:

- (i) postal mail or correspondence delivery prescribed in Article 2, paragraph (2) of the Act on Correspondence Delivery by Private Business Operators (Act No. 99 of 2002) handled by a general correspondence delivery service provider prescribed in Article 2, paragraph (6) of that Act or a specified

- correspondence delivery service provider prescribed in Article 2, paragraph (9) of that Act;
- (ii) a method using a telephone, a facsimile, or other communications equipment, or equipment for data processing;
- (iii) telegraph; or
- (iv) payment made to a deposit or savings account.

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

(Providing Paperwork for Door-to-Door Sales)

Article 3 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 4, item (v) of the Act are as follows:

- (i) the name, address, and telephone number of the seller or the service provider, and if the seller or the service provider is the juridical person; the name of its representative;
- (ii) the name of the person who offers or concludes the sales contract or the service contract;
- (iii) the date on which the sales contract or the service contract is offered or concluded;
- (iv) the name of the goods and the trademark or the name of the manufacturer of the goods;
- (v) the model number or type of goods (in the case of rights or services; the type of rights or services);
- (vi) quantity of the goods;
- (vii) if there are provisions for the liability of the seller in cases where the goods have a hidden defect; the details of the provisions;
- (viii) if there are provisions for cancellation of the contract, the details of the provisions; and
- (ix) beyond what is set forth in the preceding two paragraphs, if there are any special provisions; the details of the special provisions.

Article 4 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 5, paragraph (2) of the Act are as follows:

- (i) the name, address, and telephone number of the seller or the service provider, and if the seller or the service provider is the juridical person; the name of its representative;
- (ii) the name of the person who concludes the sales contract or the service contract;
- (iii) the date on which the sales contract or the service contract is concluded;
- (iv) the name of the goods and the trademark or the name of the manufacturer of the goods;

- (v) the model number or type of goods (in the case of rights or services, the type of rights or services);
- (vi) quantity of the goods;
- (vii) if there are provisions for the liability of the seller in cases where the goods have a hidden defect; the details of the provisions;
- (viii) if there are provisions for cancellation of the contract, the details of the provisions; and
- (ix) beyond what is set forth in the preceding two paragraphs, if there are any special provisions; the details of the provisions.

Article 5 (1) The paperwork provided pursuant to the provisions of Article 4 or Article 5 of the Act (hereinafter referred to as the "paperwork" in this Article) must respectively meet the requirements set forth in the lower column of the following table with regard to the particulars prescribed in the upper column of that table.

Matters	Requirements
(i) matters concerning liability in the case the goods have a hidden defect	None of the provisions exempt the seller from liability for the defect in the case the goods have a hidden defect.
(ii) matters concerning rescission of the contract	(a) none of the provisions prohibit the purchaser or the service recipient from rescinding the contract. (b) none of the provisions are more disadvantageous for the purchaser or the service recipient than those prescribed in the Civil Code (Act No. 89 of 1896) with regard to the obligations of the seller or the Service Provider in the case the contract is cancelled due to a cause imputable to the seller or the Service Provider.
(iii) matters concerning other special provisions	No special provisions are prescribed in violation of laws and regulations.

- (2) The paperwork must indicate in red letters within the red frame that a person must read through the contents of the paperwork carefully.
- (3) The paperwork must use larger letters and numbers than those with a font size 8 points specified in the Japanese Industrial Standards Z 8305.

Article 6 (1) With regard to the information prescribed in Article 4, item (iv) of the Act that are included in the paperwork that is provided pursuant to the provisions of Article 4 or Article 5, the details prescribed in the lower column of the following table must be respectively included according to the classification prescribed in the upper column of that table, except for the cases prescribed in

the following paragraph and paragraph 4.

<p>(1) Matters concerning withdrawal of the acceptance of offer for or cancellation of a sales contract for goods</p>	<p>(a) the offeree (which means the offeree referred to in Article 9(1) of the Act; hereinafter the same applies in this Article and Article 7-2) is able to withdraw the application for or rescind the sales contract for goods in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 5 of the Act (or from the date of receipt of the document referred to in Article 4 of the Act where the offeree has received such document on an earlier date).</p> <p>(b) notwithstanding the matter stated in (a), if the offeree had not withdrawn the acceptance of offer for or cancelled the sales contract for goods due to being misled by the seller's act of misrepresenting information concerning withdrawal of the application for or cancellation of the sales contract in violation of the provision of Article 6, paragraph (1) of the Act, or due to being disturbed by the seller's act of intimidating the offeree in violation of the provision of paragraph (3) of that Article of the Act, the offeree must be able to withdraw the application for or cancel the sales contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 9, paragraph (1), item (i) of the Act that has been issued by the seller.</p> <p>(c) the withdrawal of the application for or rescission of the contract referred to in (a) or (b) takes effect when the offeree issues the document pertaining to the withdrawal of the application for or the rescission of the contract.</p> <p>(d) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller may not claim damages or demand payment of a penalty pertaining to the withdrawal of the offer for or cancellation of the contract from the offeree.</p> <p>(e) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller must bear the costs required for taking back any goods already delivered under the sales contract.</p>
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	<p>(f) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the charge for the goods has already been paid, the seller must promptly return the full amount to the offeree.</p>
<p>(2) Matters concerning withdrawal of the offer for or cancellation of a sales contract for rights</p>	<p>(a) the offeree must be able to withdraw the acceptance of offer for or cancel the sales contract for rights in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 5 of the Act (or from the date of receipt of the document referred to in Article 4 of the Act where the offeree has received such document on an earlier date).</p> <p>(b) notwithstanding the matter stated in (a), if the offeree had not withdrawn the acceptance of offer for or cancelled the sales contract for rights due to being misled by the seller's act of misrepresenting information concerning withdrawal of the application for or rescission of the sales contract in violation of the provision of Article 6, paragraph (1) of the Act, or due to being disturbed by the seller's act of intimidating the offeree in violation of the provision of paragraph (3) of that Article of the Act, the offeree must be able to withdraw the application for or cancel the sales contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 9, paragraph (1), item (i) of the Act that has been issued by the seller.</p> <p>(c) the withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b) must take effect when the offeree issues the document pertaining to the withdrawal of the application for or the rescission of the contract.</p> <p>(d) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller may not claim damages or demand payment of a penalty pertaining to the withdrawal of the acceptance of offer for or cancellation of the contract from the offeree.</p> <p>(e) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller must bear the costs required for returning any rights already transferred under the sales contract.</p>

	<p>(f) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller may not claim payment of money equivalent to the interests gained through the exercise of the rights from the offeree even if facilities have already been used or services have already been offered through exercise of the rights.</p> <p>(g) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the existing state of the offeree's land, building, or other structure has been changed due to offer of the services pertaining to the rights, the offeree may demand that the seller takes necessary measures for returning it to the original state without charge.</p> <p>(h) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the charge for the rights has already been paid, the seller must promptly return the full amount to the offeree.</p>
(3) Matters concerning withdrawal of application for or rescission of a service contract	<p>(a) the offeree must be able to withdraw the acceptance of offer for or cancel the service contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 5 of the Act (or from the date of receipt of the document referred to in Article 4 of the Act where the offeree has received the document on an earlier date).</p> <p>(b) notwithstanding the matter stated in (a), if the offeree had not withdrawn the application for or rescinded the service contract due to being misled by the Service Provider's act of misrepresenting information concerning withdrawal of the application for or rescission of the service contract in violation of the provision of Article 6, paragraph (1) of the Act, or due to being disturbed by the service provider's act of intimidating the offeree in violation of the provision of paragraph (3) of that Article of the Act, the offeree must be able to withdraw the application for or rescind the service contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 9, paragraph (1), item (i) of the Act that has been issued by the service provider.</p>

	<p>(c) the withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b) must take effect when the offeree issues the document pertaining to the withdrawal of the acceptance of offer for or the rescission of the contract.</p> <p>(d) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the service provider may not claim damages or demand payment of a penalty pertaining to the withdrawal of the acceptance of offer for or cancellation of the contract from the offeree.</p> <p>(e) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the service provider may not claim payment of the consideration for the services pertaining to the service contract or any other money from the offeree even if services have already been offered based on the service contract.</p> <p>(f) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the service provider has already received money in relation to the service contract, it must promptly return the full amount to the offeree.</p> <p>(g) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the existing state of the offeree's land, building, or other structure has been changed due to offer of the services pertaining to the service contract, the offeree may demand that the Service Provider takes necessary measures for returning it to the original state without charge.</p>
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(2) When designated goods pertaining to the sales contract falls under designated goods specified by Cabinet Order referred to in Article 9, paragraph (1) (excluding item (ii)) of the Act, and if the offeree is now allowed to withdraw the acceptance of the offer for the sales contract or cancel the sales contract, the details prescribed in the following respective items must be included in the paperwork referred to in the preceding paragraph:

- (i) the name of the goods and other information that can identify the goods; and
- (ii) the fact that the acceptance of the offer for the sales contract for the goods may not be withdrawn or the sales contract for the goods may not be cancelled.

(3) When designated goods pertaining to the sales contract falls under designated

goods specified by Cabinet Order referred to in Article 9, paragraph (1), item (ii) of the Act, if the offeree cannot withdraw the acceptance of the offer for the sales contract or cancel the sales contract in the case where the goods have been used or consumed in whole or in part, the paperwork referred to in paragraph (1) must include the details prescribed in the following items in the paperwork referred to in paragraph (1), in addition to the details prescribed in the lower columns of the table (1) referred to in paragraph 1:

- (i) the name of the goods and other information that can identify the goods; and
- (ii) the fact that the acceptance of the offer for the sales contract may not be withdrawn or the sales contract may not be cancelled when the goods have been used or consumed in whole or in part (except the cases where the seller have the offeree use the goods or use or consume the goods in whole or in part).

- (4) In the case prescribed in Article 5, paragraph (2) of the Act, if the total amount of designated goods or the designated rights pertaining to the sales contract or the total amount of designated services pertaining to the service contract is less than the amount specified by Cabinet Order referred to in Article 9, paragraph (1), item (iii) of the Act, when the acceptance of the offer for the sales contract or the service contract may not be withdrawn or the sales contract or the service contract may not be cancelled, the paperwork referred to in paragraph (1) must include the statement that the offeree may not withdraw the acceptance of the offer or cancel the offer for the sales contract or the service contract.

- (5) The particulars prescribed in the preceding paragraphs must be provided in red letters within the red frame.

#### (Important matters in Door-to-Door Sales)

Article 6-2 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 6, paragraph (1), item (i) of the Act are particulars prescribed in the following items:

- (i) the efficacy of the goods;
- (ii) the trademark or the name of the manufacturer of the goods;
- (iii) quantity of goods sold;
- (iv) quantity of goods required; and
- (v) the effects of the services pertaining to the services or rights.

#### (Prohibited Acts in Door-to-Door Sales)

Article 7 Acts specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 7, item (iii) of the Act are acts prescribed in the following items:

- (i) an act of soliciting a sales contract or a service contract pertaining to door -



- to-door sales in ways that make the customer feel annoyed or an act of preventing an offeree from withdrawing the acceptance of the offer for the sales contract or the service contract or cancelling the sales contract or service contract pertaining to door-to-door sales in ways that make the offeree feel annoyed;
- (ii) an act of having an elderly or other person to conclude a sales contract or a service contract pertaining to door-to-door sales, by taking advantage of the impaired judgment of the elderly or other person;
  - (iii) an act of soliciting a contract that is deemed inappropriate in light of the customer's knowledge, experience, and asset situation;
  - (iv) an act of having an offeree provide false information concerning age, occupation, or other information in the paperwork pertaining to the contract, when concluding a sales contract or a service contract pertaining to door-to-door sales;
  - (v) an act of having a purchaser sign or seal the following paperwork which contain the consent of a purchaser or recipient of the service (hereinafter referred to as "purchaser, etc." in this item) to be the insured person of a life insurance contract or mutual aid life insurance contract (hereinafter referred to as "life insurance contract, etc.") in concluding a sales contract or a service contract pertaining to door-to-door sales (except those which states the particulars concerning the consent to the relevant life insurance contract, etc. are indicated in red letters larger than those with a font size of 8 points specified in the Japanese Industrial Standard Z 8305 within the red frame and also a sign and seal column concerning the life insurance contract, etc. is prepared separately from a sign or seal column for the sales contract or a service contract pertaining to door-to-door sales),;
    - (a) the paperwork provided pursuant to the provisions of Articles 4 or 5 of the Act
    - (b) the paperwork stating that a purchaser, etc. pays for the cost equivalent to the cost of the goods or rights pertaining to the sales contract or borrows money to pay for the cost in whole or in part on the condition that the third party pays for the costs of the goods or services pertaining to the sales contract provided by the seller or the service provider or the price for the services pertaining to the service contract (hereinafter referred to as "cost, etc.")
  - (vi) an act of standing in the way of a customer or following around a customer on a road or at other public places in order to solicit a sales contract or a service contract pertaining to door-to-door sales;
  - (vii) having the purchaser use or consume the goods in whole or in part, in order to prevent cancellation of a sales contract for goods specified by Cabinet Order referred to in Article 9, paragraph (1), item (ii) of the Act,

when concluding the sales contract.

(Providing Paperwork after Withdrawal of Acceptance of Offer for Contract is Prevented)

Article 7-2 (1) The paperwork referred to in Article 9, paragraph (1), item (i) of the Act must provide the following information:

- (i) the selling price of the goods or rights or the price for the services;
  - (ii) the fact that the offeree may withdraw the acceptance of the offer for the sales contract or service contract or cancel the sales contract or the service contract in writing within eight days from the date on which the relevant paperwork is received, pursuant to the provisions of Article 9, paragraph (1), item (i) of the Act;
  - (iii) particulars concerning the provisions of Article 9, paragraphs (2) through (7) of the Act;
  - (iv) the name, address, and telephone number of the seller or the service provider, and if the seller or the service provider is the juridical person; the name of its representative;
  - (v) the name of the person who offers or concludes the sales contract or the service contract;
  - (vi) the date on which the sales contract or the service contract is offered or concluded;
  - (vii) the name of the goods and the trademark or the name of the manufacturer of the goods;
  - (viii) the model number or type of goods (in the case of rights or services, the type of the rights or services); and
  - (ix) quantity of the goods.
- (2) The paperwork must use letters and numbers larger than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
- (3) When providing the information in the paperwork, the details prescribed in paragraph (1), items (i) and (iii) must be provided in red letters within the red frame.
- (4) The paperwork to be provided pursuant to the provisions of preceding three paragraphs must be provided in accordance with Form 1.
- (5) When a seller or a service provider provides the paperwork referred to in Article 9, paragraph (1), item (i) of the Act to the offeree, they must immediately inform the offeree of the details prescribed in paragraph (1), items (ii) and (iii) after confirming that the offeree has read through the relevant paperwork.

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

(Advertisements for Mail Order Sales)

Article 8 (1) Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 11, paragraph (1), item (v) of the Act are as follows:

- (i) the name, address, and telephone number of the seller or the service provider;
- (ii) if the seller or the service provider is the juridical person that advertises by using an electronic data processing system (meaning an electronic data processing system connecting a computer used by the seller or the Service Provider to a computer used by the customer via an electric telecommunication line; the same applies to Article 10, paragraph (3) and Article 14, paragraph (1)), the name of the representative of the seller or the service provider or the person responsible for the sales concerning mail order sales;
- (iii) where there is a deadline for the contract; the deadline;
- (iv) if there is any money that must be borne by the purchaser or the service recipient other than the money specified in Article 11, paragraph (1), item (i) of the Act; the details and the amount;
- (v) if there are provisions for the liability of the seller in the case where the goods have a hidden defect; the details of these provisions;
- (vi) when selling products in which programs (meaning a command to a computer program that are combined to obtain a single result; the same applies hereinafter) are recorded by using electromagnetic or optical means, or when offering services to users to enable them to view or listen to movies, dramas, musical performances, sports, photographs, or paintings, sculptures or other fine arts and crafts or offering the services to enable the users to view those by using a computer, or when offering services to record or allow the users to record programs in computer files; the computer specifications, performance, and other requirements necessary for using the relevant goods or services;
- (vii) beyond what is set forth in the preceding three items, if there are restrictions on the quantity of goods sold or other special requirements to sell goods or rights or requirements to offer services; the restrictions or requirements;
- (viii) when the information to be provided in the advertisements are partially omitted, and if the person who requests the paperwork referred to in the proviso to Article 11, paragraph (1) of the Act must pay money pertaining to the paperwork; the amount of money;
- (ix) when an advertisement for goods or services is placed by using electronic or magnetic means (meaning the electronic or magnetic means referred to in Article 11, paragraph (2) of the Act; the same applies hereinafter except

Article 16); the same applies hereinafter); e-mail address of the seller or the service provider;

(x) except the cases falling under (a) or (b) below, if an advertisement is placed by using electronic or magnetic means without receiving a request from or consent of the counterparty, the relevant statement:

(a) when an advertisement is placed by posting the advertisement partially in the electronic or magnetic record that is sent by electronic or magnetic means based on the request from or with the consent of the counterparty; or

(b) when an advertisement for the services is placed by a person providing services pertaining to the use of electronic or magnetic means to a user on a condition that an advertisement will be posted partially in the electronic or magnetic record that is to be sent by electronic or magnetic means (including the cases where the seller or the service provider is the person that provides the services; the same applies in Article 10-3, item (ii), Article 25, paragraph (1), item (v), Article 26-2, item (ii), Article 40, paragraph (1), item (v), and Article 41-2, item (ii)), (excluding when the services are advertised to provide the services by having the user send the electronic or magnetic record by using the services by tempting or forcing the user; the same applies in Article 10-3, item (ii), Article 25, paragraph (1), item (v), Article 26-2, item (ii), Article 40, paragraph (1), item (v), and Article 41-2, item (ii)).

(2) With regard to the information prescribed in item (x) of the preceding paragraph, a seller or a service provider must indicate "unapproved advertisement" at the top of the titles of the electronic or magnetic record used for the advertisement, encoding the information using the same character code as that used for the main clause; provided, however, that when the information of the titles of the electronic or magnetic record is further encoded by another encoding method as many times as necessary to transmit the electronic or magnetic record, the character code before further encoding must be the same as the character code used in the main clause.

Article 9 When advertising the terms and conditions to sell goods or rights or requirements to offer services in the case those are sold through mail order pursuant to the main clause of Article 11, paragraph (1) of the Act, this must be indicated as prescribed below:

(i) when indicating the shipment charge for the goods, the amount of the shipping charge must be indicated; and

(ii) the delivery date of the goods, the transfer date of the rights, or the length of the services must be indicated, specifying the length of the relevant contract or the relevant deadline.

- Article 10 (1) The case where the indication of the money that must be borne by the purchaser or the service recipient specified in Article 11, paragraph (1), item (i) of the Act and Article 8, paragraph (1), item (iv) may be omitted pursuant to the proviso to Article 11, paragraph (1) of the Act is the case when the indication of the money is totally omitted, and in this case, the information specified in the respective items of Article 11, paragraph (1) of the Act (excluding the information prescribed in Article 8, paragraph (1), items (iii) and (vi) through (x)) may be partially omitted.
- (2) When the seller or the service provider fully indicates the money that should be borne by the purchaser or the service recipient, the seller or the service provider may partially omit the information specified in Article 11, paragraph (1), items (ii) through (v) (excluding the information prescribed in Article 8, paragraph (1), items (iii), (iv), and (vi) through (x)); provided, however, that this does not apply to; the payment date for the goods or the rights or the price for the services where the payment pertaining to the sales contract or the service contract is made fully or partially prior to the delivery of the goods, transfer of the rights, or provision of the services; the information prescribed in Article 11, paragraph (1), item (iii) of the Act where the seller or the service provider fails to deliver the goods, transfer the rights, or provide the services pertaining to the offer without delay after the sales contract or service contract is offered; and the particulars concerning the liability of the seller where the seller is not liable for any damage when the goods have a hidden defect.
- (3) If a seller or a service provider places an advertisement by using an electronic data processing system and indicates that the seller or service provider partially provides the information prescribed in the items of Article 11, paragraph (1) of the Act by any of the following means, the seller or the service provider may partially omit the relevant information:
- (i) a method of sending the information via an electric telecommunication line connecting the computer used by the seller or the service provider to the computer used by the customer so as to record the information in a file on the computer used by the receiver;
  - (ii) a method of providing the information to be provided in the paperwork, which are recorded in a file on the computer used by the seller or the service provider, to the customer for inspection via an electric telecommunication line so as to record the relevant information in the file on the computer used by the customer; or
  - (iii) a method of providing the information to be provided in the paperwork, which are recorded in a file on the computer used by the seller or the service provider (limited to a file used exclusively for the relevant customer; referred to as a "customer file" in item (ii) of the following paragraph), to the

customer for inspection via an electric telecommunication line, if a file in which the information to be provided in the paperwork is not on the computer used by the customer.

- (4) The methods prescribed in the preceding paragraph must comply with the following technical standards:
- (i) a method referred to in item (i) or (ii) of the preceding paragraph must be a method that enables the customer to prepare the paperwork by outputting the information recorded in the file; and
  - (ii) a method referred to in item (iii) of the preceding paragraph must be a method to prevent the information that must be provided in the paperwork and recorded in the customer file from deletion or change for six months from the date on which the information is recorded in the customer file.

(Electromagnetic means)

Article 10-2 A method to use information and communications technology specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 11, paragraph (2) of the Act is a method to provide an electronic or magnetic record to the computer used by the counterparty by using an electronic data processing system (including the cases where the services are entrusted to another person).

(Exclusion from Application)

Article 10-3 When an advertisement is placed at the request of the counterpart or other cases specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 11, paragraph (2) of the Act is any of the following cases:

- (i) when the seller or the service provider places an advertisement by entrusting it to another person, and the relevant entrustee falls under (a) and (b) below in operating the entrusted business;
  - (a) the person voluntarily places an advertisement at the request of the counterparty by using an electronic or magnetic means based on the request (including an electronic or magnetic record that is to be sent by the person voluntarily at the request of the counterparty, on which an advertisement is partially posted, based on that request; the same applies hereinafter in this item, Article 26-2, item (i), and Article 41-2, item (i)); and
  - (b) a method to express the intent that the counterparty that has requested the advertisement by using an electronic or magnetic means wants to discontinue the advertisement by using an electronic or magnetic means is displayed in an easy-to-understand manner, and the relevant advertisements by using an electronic or magnetic means must be

- discontinued when the counterparty expresses the relevant intent;
- (ii) when the seller or the service provider places an advertisement for a person that provides services pertaining to the use of electronic or magnetic means to a user on a condition that an advertisement will be partially placed on the electronic or magnetic record that is to be sent by the seller or service provider using an electronic or magnetic means.

(Indicating the Methods of Contact)

Article 10-4 When an advertisement by using an electronic or magnetic means is placed without receiving a request from or consent of the counterparty (except when the advertisement is placed at the request of the counterparty or partially placed by posting it on the electronic or magnetic record that is sent by electronic or magnetic means after the consent of the counterparty is obtained; the same applies in Article 26-3 and Article 41-3) and if a method to indicate the intent of the counterparty that they want to discontinue the advertisement by using an electronic or magnetic means pursuant to the provisions of Article 11, paragraph (2) of the Act, the seller or the service provider must indicate the following information at the top of the main clause of the electronic or magnetic record used for the advertisement, following the term "service provider", and must indicate clearly that the counterparty wants to discontinue the advertisement and that the advertisement by using electronic or magnetic means placed by the seller or the service provider will be discontinued, by providing the user with e-mail address of the counterparty:

- (i) the name of the seller or the service provider; and
- (ii) e-mail address to give a notice stating that the counterparty wants to discontinue the advertisement by using an electronic or magnetic means.

(Prohibition of Misleading Advertising)

Article 11 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 12 of the Act are as follows:

- (i) the type, performance, quality or efficacy of the goods; the type, description or effects of the services; or the type or description of the rights, or the type or effects of the services pertaining to the rights;
- (ii) involvement of the State, a local government, the Japan Direct Marketing Association, any other famous juridical person, any other organization, or a famous individual in the goods, the rights, or the services, or the seller or the service provider, or the business operated by the seller or the service provider;
- (iii) the place of origin or place of production, the trademark, or the name of manufacturer of the goods; and
- (iv) the particulars prescribed in the respective items of Article 11, paragraph

(1) of the Act.

(Notice of acceptance of Mail Order Sales)

Article 12 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 13, paragraph (1) of the Act are as follows:

- (i) a confirmation of acceptance or non-acceptance of the offer (if the seller or the service provider notifies the person that has accepted the offer of their acceptance or non-acceptance of the offer before the cost for the goods or rights or the price for the services is paid; a notice of confirmation);
- (ii) the name, address, and telephone number of the seller or the service provider;
- (iii) the amount of money received and the total amount if any money has been received previously;
- (iv) the date on which the money is received;
- (v) the name and quantity of the goods or the type of the rights or services for which the offer was accepted; and
- (vi) when confirming the acceptance of the offer; the delivery date of the goods, the transfer date of the rights, or the length of the services.

Article 13 (1) When a seller or a service provider notifies the person who has accepted the offer pursuant to the provisions of Article 13, paragraph (1) of the Act in writing, the seller or the service provider must give a notice as prescribed in the following items:

- (i) when giving a confirmation notice of non-acceptance of the offer, the notice must state that the money that has already been paid will be refunded immediately and the method of refunding; and
  - (ii) the delivery date of the goods, the transfer date of the rights, or the length of services must be indicated, specifying the length of the relevant contract or the relevant deadline.
- (2) The paperwork referred to in the preceding paragraph must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

(Methods to Use Information and Communication Technology)

Article 14 (1) Methods specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 13, paragraph (2) of the Act are methods prescribed below:

- (i) methods to use the electronic data processing system, that are prescribed in (a), (b), or (c):
  - (a) a method to send the information via an electric telecommunication line that connects the computer used by the seller or the service provider to the



- computer used by the person who has accepted the offer so as to record the data in a file on the computer used by the receiver;
- (b) a method to make the information that must be notified, which are recorded in a file on the computer used by the seller or the service provider, available for an inspection by a person who has accepted the offer via an electric telecommunication line so as to record the data in a file on the computer used by the person who has accepted the offer (when a person who has accepted the offer accepts or refuses the offer to receive the information through the method prescribed in the first sentence of Article 13, paragraph (2) of the Act; a method to record the person's acceptance or refusal in a file on the computer used by the seller or the service provider); or
  - (c) a method to make the information that must be notified, which is recorded in a file on the computer used by the seller or the service provider (limited to files that are used exclusively by the person who has accepted the offer; referred to as a "offeree file" in item (ii) of the following paragraph), available for an inspection by the person who has accepted the offer via an electric telecommunication line, if the computer used by the person who has accepted the offer does not have a file to record the relevant data; and
  - (ii) a method to provide the information that must be notified, in which a file containing a record is prepared by using a medium that allows secure recording of the relevant information, such as a magnetic disk, a CD-ROM, or other medium equivalent thereto.
- (2) The method prescribed in the preceding paragraph must comply with the following technical standards:
- (i) a method referred to in (a) or (b) of item (i) of the preceding paragraph must be a method that the person who has accepted the offer is able to prepare a paperwork by outputting the information recorded in the file;
  - (ii) a method referred to in (c) of item (i) of the preceding paragraph must be a method to prevent the information that must be notified from deletion or change for six months from the date on which the relevant information is recorded in the relevant offeree file; and
- (3) when providing the information that must be notified pursuant to the provisions of paragraph (1) in place of a written notice under the main clause of Article 13, paragraph (1) of the Act, the seller or the service provider must indicate the information clearly so that the person who has accepted the offer may read it.

Article 15 The type and details of the method that must be indicated pursuant to the provisions of Article 7, paragraph (1) of the Order for Enforcement of the Act on Specified Commercial Transactions (Cabinet Order No. 295 of 1976;

hereinafter referred to as the "Order") are the following information:

- (i) methods prescribed in paragraph 1 of the preceding Article, which are used by the seller or the service provider; and
- (ii) a method to record the information in a file.

(an act of having a customer accept the offer for contract against the customer's will)

Article 16 (1) Acts specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 14 are as follows:

- (i) when confirming the acceptance of offer in an electronic contract, the seller or the service provider fails to indicate that the computer operations pertaining to the electronic contract (limited to those that are acceptance of the offers in electronic contracts; the same applies in the following item) are deemed as the acceptance of the offer in the electronic contract, so that the customer can understand it easily when performing the computer operations;
  - (ii) when confirming the acceptance of the offer in an electronic contract, the seller or the service provider fails to enable the customer to easily confirm the details of the offer and make corrections when performing the computer operations pertaining to the electronic contract; and
  - (iii) when the seller or the service provider confirms the acceptance of the offer for a sales contract or a service contract using a paperwork on which an application form is printed, the seller or the service provider fails to state that the submission of the paperwork is deemed as the acceptance of the offer, so that the customer can understand it easily.
- (2) An "electronic contract" referred to in the preceding paragraph means a sales contract or a service contract concluded between the seller or the service provider and the customer by using an electronic or magnetic means through computer screens, in which the customer accepts the offer online using the computer they use following the procedure displayed on the screen by the seller or the service provider or a person to whom the offer is entrusted by the seller or the service provider.

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

(Providing Paperwork for Telemarketing Sales)

Article 17 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 18, item (v) of the Act are as follows:

- (i) the name, address, and telephone number of the seller or the service provider, and if the seller or the service provider is a juridical person; the name of its representative;
- (ii) the name of the person who offers or concludes the sales contract or the

- service contract;
- (iii) the date on which the sales contract or the service contract is offered or concluded;
- (iv) the name of the goods and the trademark or the name of the manufacturer of the goods;
- (v) the model number or type of goods (in the case of rights or services; the type of rights or services);
- (vi) quantity of the goods;
- (vii) if there are provisions on the liability of the seller in the case the goods have a hidden defect; the details of the provisions;
- (viii) if there are provisions on cancellation of the contract, the details of the provisions; and
- (ix) if there are any special provisions beyond what is set forth in the preceding two paragraphs; the details of the provisions.

Article 18 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 19 (2) of the Act are as follows:

- (i) the name, address, and telephone number of the seller or the service provider, and if the seller or the service provider is a juridical person; the name of its representative;
- (ii) the name of the person who concludes the sales contract or the service contract;
- (iii) the date on which the sales contract or the service contract is concluded;
- (iv) the name of the goods and the trademark or the name of the manufacturer of the goods;
- (v) the model number or type of goods (in the case of rights or services; the type of rights or services);
- (vi) quantity of the goods;
- (vii) if there are provisions on the liability of the seller in the case where the goods have a hidden defect; the details of the provisions;
- (viii) if there are provisions on cancellation of the contract; the details of the provisions; and
- (ix) where there are any special provisions beyond what is set forth in the preceding two paragraphs, the details of the provisions.

Article 19 (1) The paperwork to be provided pursuant to the provisions of Article 18 or Article 19 of the Act (hereinafter referred to as the "paperwork" in this Article) must respectively meet the requirements set forth in the lower column of the following table for the particulars prescribed in the upper column of that table.

Matters	Requirements
(1) Matters concerning the liability in the case the goods have a hidden defect	None of the provisions must exempt the seller from liability for the defect in the case the goods have a hidden defect.
(2) Matters concerning cancellation of the contract	<p>(a) none of the provisions must prohibit the purchaser or the service recipient from cancelling the contract.</p> <p>(b) none of the provisions must be more disadvantageous for the purchaser or the service recipient than those prescribed in the Civil Code with regard to the obligations of the seller or the service provider in the case the contract is cancelled due to a cause imputable to the seller or the service provider.</p>
(3) Matters concerning other special provisions	No special provisions must be prescribed in violation of laws and regulations.

- (2) The paperwork must state that a person must read through its contents carefully, in red letters within the red frame.
- (3) The paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

Article 20 (1) With regard to the particulars prescribed in Article 18, item (iv) of the Act that are included in the paperwork which is provided pursuant to the provisions of Article 18 or Article 19, the details prescribed in the lower column of the following table must be respectively provided according to the classification specified in the upper column of that table, except for the cases prescribed in the following paragraph and paragraph (4).

(1) Matters concerning withdrawal of the acceptance of offer for or cancellation of a sales contract for goods	(a) the offeree (meaning the offeree prescribed in Article 24, paragraph (1) of the Act; hereinafter the same applies in this Article and Article 23-2) must be able to withdraw the acceptance of offer for or cancel the sales contract for goods in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 19 of the Act (or from the date of receipt of the document referred to in Article 18 of the Act where the offeree has received the document on an earlier date).
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	<p>(b) notwithstanding the matter stated in (a), if the offeree had not withdrawn the acceptance of offer for or cancelled the sales contract for goods due to being misled by the seller's act of misrepresenting information concerning withdrawal of the acceptance of offer for or cancellation of the sales contract in violation of the provision of Article 21, paragraph (1) of the Act, or due to being disturbed by the seller's act of intimidating the offeree in violation of the provision of paragraph (3) of that Article of the Act, the offeree must be able to withdraw the application for or cancel the sales contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 24, paragraph (1), item (i) of the Act that has been issued by the seller.</p> <p>(c) the withdrawal of the offer for or cancellation of the contract referred to in (a) or (b) must take effect when the offeree issues the document pertaining to the withdrawal of the offer for or the cancellation of the contract.</p> <p>(d) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller may not claim damages or demand payment of a penalty pertaining to the withdrawal of the application for or cancellation of the contract from the offeree.</p> <p>(e) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller must bear the costs required for taking back any goods already delivered under the sales contract.</p> <p>(f) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the charge for the goods has already been paid, the seller must promptly return the full amount to the offeree.</p>
(2) Matters concerning withdrawal of the acceptance of offer for or cancellation of a sales contract for rights	<p>(a) the offeree must be able to withdraw the acceptance of offer for or cancel the sales contract for rights in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 19 of the Act (or from the date of receipt of the document referred to in Article 18 of the Act where the offeree has received the document on an earlier date).</p>

(b) notwithstanding the matter stated in (a), if the offeree had not withdrawn the acceptance of offer for or cancelled the sales contract for rights due to being misled by the seller's act of misrepresenting information concerning withdrawal of the acceptance of offer for or cancellation of the sales contract in violation of the provision of Article 21, paragraph (1) of the Act, or due to being disturbed by the seller's act of intimidating the offeree in violation of the provision of paragraph (3) of that Article of the Act, the offeree must be able to withdraw the offer for or cancel the sales contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 24, paragraph (1), item (i) of the Act that has been issued by the seller.

(c) the withdrawal of the application for or rescission of the contract referred to in (a) or (b) must take effect when the offeree issues the document pertaining to the withdrawal of the offer for or the cancellation of the contract.

(d) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller may not claim damages or demand payment of a penalty pertaining to the withdrawal of the acceptance of offer for or cancellation of the contract from the offeree.

(e) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller must bear the costs required for returning any rights already transferred under the sales contract.

(f) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the seller may not claim payment of money equivalent to the interests gained through the exercise of the rights from the offeree even if facilities have already been used or services have already been offered through exercise of the rights.

(g) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the existing state of the offeree's land, building, or other structure has been changed due to offer of the services pertaining to the rights, the offeree may demand that the seller takes necessary measures for restoring it to the original state without charge.

	<p>(h) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the charge for the rights has already been paid, the seller must promptly return the full amount to offeree.</p>
<p>Matters concerning withdrawal of application for or rescission of a service contract</p>	<p>(a) the offeree must be able to withdraw the acceptance of offer for or cancel the service contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 19 of the Act (or from the date of receipt of the document referred to in Article 18 of the Act where the offeree has received the document on an earlier date).</p> <p>(b) notwithstanding the matter stated in (a), if the offeree had not withdrawn the acceptance of offer for or cancelled the service contract due to being misled by the service provider's act of misrepresenting information concerning withdrawal of the acceptance of offer for or cancellation of the service contract in violation of the provision of Article 21, paragraph (1) of the Act, or due to being disturbed by the service provider's act of intimidating the offeree in violation of the provision of paragraph (3) of that Article of the Act, the offeree must be able to withdraw the acceptance of offer for or cancel the service contract in writing for a period until eight days have passed from the date on which the offeree received the document referred to in Article 24, paragraph (1), item (i) of the Act that has been issued by the service provider.</p> <p>(c) the withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b) must take effect when the offeree issues the document pertaining to the withdrawal of the acceptance of offer for or the cancellation of the contract.</p> <p>(d) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the service provider may not claim damages or demand payment of a penalty pertaining to the withdrawal of the acceptance of offer for or cancellation of the contract from the offeree.</p> <p>(e) when there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), the service provider may not claim payment of the consideration for the services pertaining to the service contract or any other money from the offeree even if services have already been offered based on the service contract.</p>

	<p>(f) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the service provider has already received money in relation to the service contract, it must promptly return the full amount to the offeree.</p> <p>(g) where there has been withdrawal of the acceptance of offer for or cancellation of the contract referred to in (a) or (b), if the existing state of the offeree's land, building, or other structure has been changed due to offer of the services pertaining to the service contract, the offeree may demand that the service provider takes necessary measures for restoring it to the original state without charge.</p>
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- (2) The paperwork must state that a person must read through its contents carefully, in red letters within the red frame.
- (i) the name of the goods and other information that can identify the goods; and
  - (ii) the fact that the offeree may not withdraw the acceptance of the offer or cancel the contract for the goods.
- (3) When the designated goods pertaining to the sales contract fall under the designated goods specified by Cabinet Order referred to in Article 24, paragraph (1), item (ii) of the Act, and the acceptance of the offer for the sales contract may not be withdrawn or the sales contract may not be cancelled in the case where the offeree has used or consumed the designated goods in whole or in part, the seller must include the details prescribed in the following respective items in the paperwork referred to in paragraph (1), in addition to the details prescribed in the lower columns of table (1) referred to in paragraph (1):
- (i) the name of the goods and other information that can identify the goods; and
  - (ii) the fact that the offeree may not withdraw the acceptance of the offer for the contract or cancel the contract when the offeree has used or consumed the goods in whole or in part (except the cases where the seller has forced the offeree, etc. to use the goods or to consume the goods in whole or in part).
- (4) In the case prescribed in Article 19, paragraph (2) of the Act, in which the total amount of the designated goods or the designated rights pertaining to the sales contract or the price for the designated services pertaining to the service contract is less than the amount specified by Cabinet Order referred to in Article 24, paragraph (1), item (iii) of the Act, if the acceptance of the offer for the sales contract or the service contract may not be withdrawn or the sales contract or service contract may not be cancelled, the seller or the service provider must state the fact that the offeree may not withdraw the acceptance of the offer for the contract or cancel the contract in the paperwork referred to



in paragraph (1).

- (5) The particulars prescribed in the preceding paragraphs must be provided in red letters within the red frame.

(Notice of Acceptance for Mail Order Sales)

Article 21 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 20 of the Act are as follows:

- (i) a confirmation of acceptance or non-acceptance of the offer (if the seller or the service provider notifies the person who has accepted the offer of their acceptance or non-acceptance of the offer before the cost for the goods or rights or the price for the services is paid; a notice of confirmation);
- (ii) the name, address, and telephone number of the seller or the service provider;
- (iii) the amount of money received and the total amount if any money has been received previously;
- (iv) the date on which the money is received;
- (v) the name and quantity of the goods or the type of rights or services for which the offer is accepted; and
- (vi) when confirming the acceptance of the offer; the delivery date of the goods, the transfer date of the rights, or the length for the services.

Article 22 (1) When a seller or a service provider notifies the person who has accepted the offer pursuant to the provisions of Article 20 of the Act in writing, the seller or the service provider must give a notice as prescribed in the following items:

- (i) when giving a confirmation notice of non-acceptance of the offer, the notice must state that the money that has already been paid will be refunded immediately and the method of refunding; and
  - (ii) the delivery date of the goods, the transfer date of the rights, or the length of the services must be indicated, specifying the length of the relevant contract or the relevant deadline.
- (2) The paperwork referred to in the preceding paragraph must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

(Important Matters on Telemarketing Sales)

Article 22-2 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 21, paragraph (1), item (i) of the Act are particulars prescribed in the following items:

- (i) the efficacy of the goods;
- (ii) the trademark or the name of the manufacturer of the goods;

- (iii) quantity of goods sold;
- (iv) quantity of goods required; and
- (v) the effects of the services pertaining to the services or rights.

(Prohibited Acts in Telemarketing Sales)

Article 23 Acts specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 22, item (iii) of the Act are acts prescribed in the following items:

- (i) an act of soliciting a sales contract or a service contract pertaining to telemarketing sales in ways that makes the offeree feel annoyed or an act of preventing the offeree from withdrawing the acceptance of the offer for the sales contract or service contract or cancelling the sales contract or service contract pertaining to telemarketing sales in ways that makes the offeree feel annoyed;
- (ii) an act of forcing an elderly or other person to conclude a sales contract or a service contract pertaining to telemarketing sales, by taking advantage of the impaired judgment of the elderly or other person;
- (iii) an act of solicit a contract that is deemed inappropriate in light of the customer's knowledge, experience, and asset situation;
- (iv) an act of having a client provide false information concerning age, occupation, or other particulars in the paperwork pertaining to the contract, when concluding a sales contract or a service contract pertaining to telemarketing sales;
- (v) having the purchaser use the goods or use or consume the goods in whole in part in order to prevent cancellation of a sales contract for goods specified by Cabinet Order referred to in Article 24, paragraph (1), item (ii) of the Act, when concluding the sales contract.

(Providing Paperwork after Withdrawal of Acceptance of Offer for Contract is Prevented)

Article 23-2 (1) The paperwork referred to in Article 24, paragraph (1), item (i) of the Act must include the following particulars:

- (i) the selling price of the goods or rights or the price for the services;
- (ii) the fact that the offeree may withdraw the acceptance of the offer for the sales contract or the service contract or cancel the sales contract or service contract in writing within eight days from the date on which the relevant paperwork is received, pursuant to the provisions of Article 24, paragraph (1), item (i) of the Act;
- (iii) particulars concerning the provisions of Article 24, paragraphs (2) through (7) of the Act;
- (iv) the name, address, and telephone number of the seller or the service

- provider, and if the seller or the service provider is the juridical person; the name of its representative;
- (v) the name of the person who offers or concludes the sales contract or the service contract;
  - (vi) the date on which the sales contract or the service contract is offered or concluded;
  - (vii) the name of the goods and the trademark or the name of the manufacturer of the goods;
  - (viii) the model number or type of goods (in the case of rights or services; the type of rights or services); and
  - (ix) quantity of the goods.
- (2) The paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
  - (3) When providing the information in the paperwork, the details prescribed in paragraph (1), items (ii) and (iii) must be provided in red letters within the red frame.
  - (4) The paperwork to be provided pursuant to the provisions of preceding three paragraphs must be provided in accordance with Form 1.
  - (5) When a seller or a service provider provides the paperwork referred to in Article 24, paragraph (1), item (i) of the Act to the offeree, the seller or the service provider must immediately inform the offeree of the details prescribed in paragraph (1), items (ii) and (iii) after confirming that the offeree has read through the relevant paperwork.

## **Chapter II Multilevel Marketing Transactions**

(Specified Profits)

Article 24 The requirement specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 33, paragraph (1) of the Act is any of the following requirements:

- (i) profits coming from resale of the goods, sale of goods entrusted to another person (meaning the goods referred to in Article 33, paragraph (1) of the Act; the same applies hereinafter in this chapter except Article 27, Article 28, and Article 30), or from transaction fees paid by another person that mediates the sale or another person that provides the similar services or mediates the offer for the services;
- (ii) profits coming from sale of the goods to another person that resells, sells goods entrusted to another person or mediates the sales of the goods, or from the provision of services to another person that provides the similar services or mediates the provision of the services; or
- (iii) when another person that resells, sells the goods entrusted to that person,

or mediates the sales of the goods pays a transaction fee or purchases the goods, or when another person that provides the similar services, or mediates the provision of the services pays a transaction fee or pays the price for the services; profits coming from money and goods provided by a person other than that person.

(Important Matters for Multilevel Marketing Transactions)

Article 24-2 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 34, paragraph (1), item (i) of the Act are particulars prescribed in the following items:

- (i) the efficacy of the goods;
- (ii) the trademark or the name of the manufacturer of the goods;
- (iii) quantity of goods sold; and
- (iv) the effects of the services pertaining to the services or rights.

(Places specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 34, paragraph (4) of the Act)

Article 24-3 Places specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 34, paragraph (4) of the Act are places prescribed in the following items:

- (i) a business office;
- (ii) an agency;
- (iii) a street stall, a food stall, or any other similar store;
- (iv) beyond what is set forth in the preceding three items, a place similar to a store that displays and sells the goods for a specific period.

(Advertisements for Multilevel Marketing Transactions)

Article 25 (1) Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 35, paragraph (1), item (iv) of the Act are as follows:

- (i) the name, address, and telephone number of the advertising supervisor, solicitor, or general distributors in multilevel marketing (in the case of a solicitor or a general distributor in multilevel marketing; the name, address, and telephone number of the supervisor pertaining to the multilevel marketing);
- (ii) when the supervisor, the solicitor, or the general distributor in multilevel marketing is the juridical person and places an advertisement using the method of an electronic data processing system (meaning an electronic data processing system connecting a computer used by the supervisor, the solicitor, or the general distributor in multilevel marketing to a computer used by the customer via an electric telecommunication line), the name of the supervisor,

- the solicitor, or the representative of general distributors in multilevel marketing or the person responsible for the sale concerning multilevel marketing;
- (iii) the name of the Goods;
- (iv) when advertisement is placed by electronic or magnetic means, the e-mail address of the supervisor, the solicitor, or the general distributor in multilevel marketing;
- (v) except in cases falling under the following (a) or (b), when placing an advertisement by electronic or magnetic means without receiving a request from or consent of the counterparty; the relevant statement:
  - (a) when an advertisement is placed by posting the advertisement partially in electronic or magnetic record that is sent by electronic or magnetic means based on the request or with consent of the counterparty; or
  - (b) when an advertisement is placed by a person that provides the services pertaining to the use of electronic or magnetic means to a user on a condition that an advertisement will be posted partially in the electronic or magnetic record that is to be sent by electronic or magnetic means.
- (2) With regard to the particulars prescribed in item (v) of the preceding paragraph, a supervisor, a solicitor, or a general distributor in multilevel marketing must indicate "unapproved advertisement" at the top of the titles of the electronic or magnetic record used for the advertisement, encoding the same character code as that used for the main clause; provided, however, that when the information of the titles of the electronic or magnetic record is further encoded by another encoding method as many times as necessary to transmit the electronic or magnetic record, the character code before the further encoding must be the same as the character code used for the main clause.

- Article 26 (1) When an advertisement is placed for multilevel marketing transactions pursuant to the provisions of Article 35, paragraph (1) of the Act, the purchase amount of the goods or payment amount for the services or the amount of transaction fees (if the payment for the purchase of goods, price for services is combined with a transaction fee; the total of the purchase amount of the goods, payment for the services and the amount of transaction fee) must be clearly indicated, with respect to the particulars referred to in item (ii) of that paragraph.
- (2) When an advertisement for multilevel marketing transactions is placed pursuant to the provisions of Article 35, paragraph (1), the particulars referred to in item (iii) of that paragraph must be indicated as prescribed below:
    - (i) the percentage of specified profits that can be received in the amount of proceeds from selling the goods to another person that resells, sells the goods

entrusted to that person, or mediates the sale of the goods or in the amount of price received from the provision of the services to another person that provides the similar services, or mediates the provision of the services, and summary of the method for calculating other specified profits must be indicated;

- (ii) beyond what is set forth in the preceding item, if there is a case where the specified profits are not paid in whole or in part, the relevant conditions must be indicated; and
- (iii) when indicating the amount of money that can be received or any other indicator of the specified profit, grounds or explanations that enable accurate understanding of the potential specified profit must be indicated, such as indicating numerical data showing that people who actually receive the same level of specified profit as such indicator constitute a large proportion of persons that resell, sell goods entrusted to those persons, or mediates the sale of the goods or persons that provides the similar services or mediates the provision of the services pertaining to the multilevel marketing.

(Exclusion from Application)

Article 26-2 When placing an advertisement in response to a request by the counterparty or in other cases specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 35, paragraph (2) of the Act is any of the following cases:

- (i) when the supervisor, the solicitor, or the general distributor in multilevel marketing places an advertisement by entrusting it to another person, and the trustee falls under both (a) and (b) below with respect to the entrusted business:
  - (a) the person directly receives a request from the counterparty, and places an advertisement by an electronic or magnetic means based on the request; and
  - (b) a method to express the intent that the counterparty that has requested the advertisements by using an electronic or magnetic means wants to discontinue the advertisements by using an electronic or magnetic means is described in an easy-to-understand manner, and the relevant advertisements by using an electronic or magnetic means must be discontinued when the counterparty expresses the relevant intent;
- (ii) when an advertisement is placed by the supervisor, the solicitor, or the general distributor in multilevel marketing that provides services pertaining to the use of electronic or magnetic means to a user on a condition that an advertisement will be posted partially in the electronic or magnetic record that is to be sent by electronic or magnetic means.

(Indication of the Contact Method)

Article 26-3 When an advertisement by using an electronic or magnetic means is placed without receiving a request from or consent of the counterparty and if a method to indicate the intent of the counterparty that they want to discontinue the advertisements by using an electronic or magnetic means pursuant to the provisions of Article 35, paragraph (2) of the Act, the supervisor, the solicitor, or the general distributor in multilevel marketing must indicate the following information at the top of the main clause of the electronic or magnetic record used for the advertisement, following the term "business operator", and must indicate clearly that the counterparty wants to discontinue the advertisement and that the advertisement by using electronic or magnetic means placed by the supervisor, the solicitor, or the general distributor in multilevel marketing will be discontinued, by providing the user with e-mail address of the counterparty:

- (i) name of the Supervisor, the solicitor, or the general multilevel marketing distributor; and
- (ii) e-mail address to give a notice stating that the counterparty wants to discontinue the advertisements by using electronic or magnetic means.

(Prohibition of Misleading Advertising)

Article 27 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 36 of the Act are as follows:

- (i) the type, performance, quality, or efficacy of the goods, the type, details, or effects of the services, or the type or details of the rights, or the effects of the services pertaining to the rights;
- (ii) the place of origin or place of production, the trademark, or the name of manufacturer of the goods;
- (iii) particulars concerning the specified burden for the multilevel marketing transactions;
- (iv) particulars concerning the specified profits pertaining to the multilevel marketing;
- (v) involvement of the State, a local government, any famous juridical person or other organization, or a famous individual in the goods, the rights, or the services, the supervisor, the solicitor, or the general distributor in multilevel marketing, or the business operated by the supervisor, the solicitor, or the general distributor in multilevel marketing; and
- (vi) particulars concerning cancellation of a contract for multilevel marketing transactions pertaining to multilevel marketing (including matters prescribed in Article 40 (1) to (3) and Article 40-2 (1) to (5)).

(Providing Paperwork for Multilevel Marketing Transactions)

Article 28 (1) A paperwork to be provided to a person who intends to bear the specified burden involved in multilevel marketing transactions pursuant to the provisions of Article 37, paragraph (1) of the Act must clearly indicate the following particulars pertaining to the multilevel marketing:

- (i) the name, address, and telephone number of the supervisor, and if the supervisor is the juridical person; the name of its representative;
  - (ii) when the person conducting multilevel marketing is not the supervisor, the name, address, and telephone number of the person conducting multilevel marketing, and if the person conducting multilevel marketing is the juridical person; the name of its representative;
  - (iii) important information concerning the type, performance, or quality of the goods or important information concerning the type or details of the rights or the services;
  - (iv) the name of the goods;
  - (v) important information concerning the selling price of the goods or rights, the date and method of delivery of the goods or transfer of the rights, or any other conditions for selling the goods or the rights, or important information concerning the price for the services, the date and method of providing the services, or any other conditions of providing the services;
  - (vi) particulars concerning the specified profits pertaining to the multilevel marketing;
  - (vii) particulars concerning the specified burden for the multilevel marketing transactions;
  - (viii) requirements for cancellation of a contract and other important matters concerning contracts for the multilevel marketing;
  - (ix) when the goods are sold or the services are provided through the loan affiliated installment sales prescribed in Article 2, paragraph (2) of the Installment Sales Act (Act No. 159 of 1961) or through the installment payment system prescribed in paragraph (3) of that Article; a statement that the purchaser of the goods or the service recipient may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider, the seller related to the third party sales credit, or the service provider related to the third party sales credit pursuant to the provision of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act); and
  - (x) particulars concerning the prohibited acts prescribed in Article 34 of the Act.
- (2) The paperwork referred to in the preceding paragraph must indicate that a person must read through its contents very carefully, in red letters within the



red frame.

- (3) The paperwork referred to in paragraph 1 must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

Article 29 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 37, paragraph (2), item (v) of the Act are as follows:

- (i) the name, address, and telephone number of the supervisor, and if the supervisor is a juridical person; the name of its representative;
- (ii) if the person conducting multilevel marketing is not the supervisor, the name, address, and telephone number of the person conducting multi-level marketing, and if the person is the juridical person; the name of its representative;
- (iii) the date of the contract;
- (iv) particulars concerning trademarks, trade names, or other specific indications;
- (v) particulars concerning the specified profits pertaining to the multilevel marketing;
- (vi) if there are provisions on obligations other than the specified burden; the details of the provisions;
- (vii) when the goods are sold or the services are provided through the loan affiliated installment sales prescribed in Article 2, paragraph (2) of the Installment Sales Act or through the installment payment system prescribed in paragraph (3) of that Article; a statement that the purchaser of the goods or the recipient of the services may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider, the seller related to the third party sales credit, or the service provider related to the third party sales credit pursuant to the provisions of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph 3 of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act); and
- (viii) particulars concerning the prohibited acts prescribed in Article 34 of the Act.

Article 30 (1) The paperwork to be provided by a person conducting multilevel marketing to the counterparty to the contract pursuant to the provisions of Article 37, paragraph (2) of the Act (hereinafter referred to as the "paperwork" in this Article) must respectively include the details prescribed in the lower

column of the following table with regard to the particulars prescribed in the upper column of that table.

Matters	Details
(1) Matters concerning the conditions of resale, consignment sale, or mediation of sale of the goods or the rights or offering of the same kind of services, or mediation of offers of such services	<p>(a) with regard to resale of the goods or the rights, the price of the goods or the rights to be purchased, the time and method of payment of the charge, the time and method of delivery of the goods or transfer of the rights, and where there are any other conditions of resale of the goods or the rights, the details of such conditions</p> <p>(b) with regard to consignment sale of the goods or the rights, the price of the goods or the rights to be sold on consignment, the time and method of delivery of the goods or transfer of the rights, the time and method of delivery of the received payment, and where there are any other conditions of consignment sale of the goods or the rights, the details of such conditions</p> <p>(c) with regard to offering of the same kind of services, the consideration for the services, the time and method of its payment, and where there are any other conditions of offering of the same kind of services, the details of such conditions</p> <p>(d) with regard to mediation of sales of the goods or the rights or mediation of offers of such services, where there are any conditions of the mediation, the details of such conditions</p>
(2) Matters concerning the specified burden involved in the Multilevel Marketing Transactions	<p>(a) with regard to purchase of the goods, the supplier, the quantity, and the purchase amount of the goods, the time and method of payment of the amount, and the time and method of delivering the goods</p> <p>(b) with regard to purchase of the rights, the supplier and the purchase amount of the rights, the time and method of payment of the amount, and the time and method of transferring the rights</p> <p>(c) with regard to payment of the consideration for the services, the recipient and the amount of payment, the time and method of payment, and the time and method of offering the services</p> <p>(d) with regard to provision of a transaction fee, the recipient, the amount, and the nature of the fee, and the time and method of providing the fee</p>

<p>(3) Matters concerning rescission of the contract under the provisions of Article 40, paragraph (1) of the Act (including matters concerning the provisions of Article 40, paragraphs (2) and (3) of the Act)</p>	<p>(a) statement that the new multilevel marketing distributor may rescind the contract in writing for a period until 20 days have passed from the date on which they received the document referred to in Article 37, paragraph (2) of the Act (or the date of the first delivery of the goods, where the specified burden pertaining to the contract relates to purchase of the goods to be resold and the date of the first delivery of the goods purchased under the contract was after the date on which they received the document)</p> <p>(b) statement that, notwithstanding the matter stated in (a), if the new multilevel marketing distributor had not rescinded the contract pursuant to the provision of Article 40, paragraph (1) of the Act due to the supervisor's or the solicitor's act, in violation of the provision of Article 34, paragraph (1) of the Act, or the general multilevel marketing distributor's act, in violation of Article 34, paragraph (2) of the Act, of misrepresenting information concerning rescission of multilevel marketing contract pursuant to the provision of Article 40, paragraph (1) of the Act, or due to being disturbed by the supervisor's, the solicitor's, or the general multilevel marketing distributor's act of intimidating the new multilevel marketing distributor in violation of the provision of Article 34, paragraph (3) of the Act, the new multilevel marketing distributor may rescind the contract in writing for a period until 20 days have passed from the date on which the new multilevel marketing distributor received the document referred to in Article 40, paragraph (1) of the Act, which has been issued by the supervisor, the solicitor, or the general multilevel marketing distributor pertaining to such multilevel marketing</p> <p>(c) statement that, when there has been rescission of the contract referred to in (a) or (b), the person conducting such multilevel marketing may not claim damages or demand payment of a penalty pertaining to the rescission of the contract from the new multilevel marketing distributor</p> <p>(d) statement that the rescission of the contract referred to in (a) or (b) takes effect when the document stating the intention to rescind the contract has been issued</p>
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	<p>(e) statement that, when there has been rescission of the contract referred to in (a) or (b), the person conducting such multilevel marketing bears the costs required for taking back any goods already delivered under the contract</p> <p>(f) statement that, where there has been rescission of the contract referred to in (a) or (b), if the charge for the goods or the rights or the consideration for the services has already been paid, or if a transaction fee has already been provided, the person conducting such multilevel marketing promptly returns the full amount to the new multilevel marketing distributor</p>
<p>(4) Matters concerning rescission of a multilevel marketing contract pertaining to goods under the provisions Article 40-2, paragraph (1) of the Act (including matters concerning the provisions of Article 40, paragraphs (2) through (5) of the Act)</p>	<p>(a) statement that, where 20 days have passed from the date on which the new multilevel marketing distributor received the document referred to in Article 37, paragraph (2) (or the date of the first delivery of the goods, where the specified burden pertaining to the contract relates to purchase of the goods to be resold and the date of the first delivery of the goods purchased under the contract was after the date on which they received the document), they may terminate the multilevel marketing contract</p> <p>(b) statement that, where a multilevel marketing contract has been rescinded pursuant to the matter described in (a), the person conducting multilevel marketing may not demand that the new multilevel marketing distributor (limited to a person who has concluded the multilevel marketing contract within the past one year; hereinafter the same in this item) pays an amount of money that exceeds the total of the sum of costs normally required for concluding and performing a contract and the following amounts and the amount of the relevant delay damages based on the statutory interest rate</p> <p>(i) the amount equivalent to the selling price of the goods delivered under the multilevel marketing contract (excluding those for which the contract concerning sales of goods [including the part of the multilevel marketing contract concerning sale of goods pertaining to the specified burden involved in the multilevel marketing transactions; hereinafter referred to as the "sales contract for goods" in this item] has been rescinded pursuant to the provisions of Article 40-2, paragraph (2) of the Act)</p>

(ii) the amount equivalent to the specified profit or other money and goods offered (limited to those concerning the goods pertaining to the sales contract for goods that was rescinded pursuant to the provisions of Article 40-2, paragraph (2) of the Act)

(c) statement that, where a multilevel marketing contract has been rescinded pursuant to the matter described in (a), if the person conducting multilevel marketing had already sold, etc. the goods pertaining to the multilevel marketing to the new multilevel marketing distributor prior to the rescission, the new multilevel marketing distributor may rescind the sales contract for goods except in the following cases

(i) where 90 days have passed from the date of delivery of the goods (where the goods are the rights to use a facility or to receive offers for services, the date of transfer of such rights; hereinafter the same applies in this item)

(ii) where the goods have been resold

(iii) where the goods have been used or consumed in whole or in part (except where the person who sold the goods pertaining to the multilevel marketing induced the new multilevel marketing distributor to use or consume in whole or in part of the goods)

(iv) cases specified in Article 10-2 of the Cabinet Order

(d) statement that, where a sales contract for goods has been rescinded pursuant to the matter described in (c), the person conducting multilevel marketing may not demand that the new multilevel marketing distributor pays an amount of money that exceeds the total of the amount specified in (i) if the case falls under (i) or the amount specified in (ii) if the case falls under (ii) and the amount of the relevant delay damages based on the statutory interest rate

(i) if the goods were returned or if rescission of the sales contract for goods was before the delivery of the goods the amount equivalent to one-tenth of the selling price of the goods

(ii) if the goods were not returned the amount equivalent to the selling price of the goods

(e) statement that, where a sales contract for goods has been rescinded pursuant to the matter described in (c), the supervisor of the series of multilevel marketing activities pertaining to the goods is jointly and severally liable to performance of the obligations of the person who sold the goods that have arisen from such rescission

	(f) where there are any special provisions on rescission of a multilevel marketing contract or a sales contract for goods, the details of such provisions
(5) Matters concerning rescission of a multilevel marketing contract pertaining to services under the provisions of Article 40-2, paragraph (1) of the Act (including matters concerning the provisions of Article 40, paragraphs (2) through (5) of the Act)	<p>(a) statement that, where 20 days have passed from the date on which the new multilevel marketing distributor received the document referred to in Article 37, paragraph (2), they may terminate the multilevel marketing contract</p> <p>(b) statement that, where a multilevel marketing contract has been rescinded pursuant to the matter described in (a), the person conducting multilevel marketing distributor pays an amount of money that exceeds the total of costs normally required for concluding and performing a contract, the amount equivalent to the consideration for the services offered under the multilevel marketing contract, and the amount of the relevant delay damages based on the statutory interest rate</p> <p>(c) where there are any special provisions concerning rescission of a multilevel marketing contract, the details of such provisions</p>
(6) Matters concerning trademarks, trade names, or other specific indications	<p>(a) trademarks, trade names, or other specific indications to be used</p> <p>(b) where there are requirements for use of the indications, the details of such requirements</p> <p>(c) where use of any trademarks, trade names, or other specific indications is prohibited, a statement to the effect</p>
(7) Matters concerning the specified profits	(a) the percentage amount of specified profit that can be received in the amount of proceeds from selling the goods or the rights to another person engaged in the resale, consignment sale, or mediation of sales of the goods or the rights or in the amount of consideration received from offering the services to another person engaged in offering the same kind of services, or mediation of offers of such services, and the method for calculating any other specified profits

	(b) beyond what is set forth in (a), when there is a case where the specified profit is not paid in whole or in part, the conditions for such a case (c) beyond what is set forth in (a) and (b), the time and method of payment of the specified profit and other conditions of payment of the specified profit
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- (2) The paperwork must indicate that a person must read through its contents very carefully, in red letters within the red frame.
- (3) The paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
- (4) When providing the information in the paperwork, the details prescribed in the lower column of table (3) referred to in paragraph (1) must be provided in red letters within the red frame.

(Prohibited Acts in Multilevel Marketing Transactions)

Article 31 Acts specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 38 (iv) of the Act are acts prescribed in the following items:

- (i) an act of preventing a person from cancelling a contract for multilevel marketing transactions pertaining to the multilevel marketing (limited to a contract with an individual who sells or mediates a sale of goods or offers or mediates offers for services pertaining to the multilevel marketing by means other than through a store or other facility similar to these; the same applies hereinafter in this Article) in ways that makes the person feel annoyed;
- (ii) an act of a general distributor in multilevel marketing that fails to inform an offeree of facts with regard to the particulars prescribed in the items of Article 34, paragraph (1) of the Act in soliciting a contract concerning multilevel marketing transactions pertaining to a string of multilevel marketing supervised by the supervisor or in order to prevent cancellation of a contract for multilevel marketing transactions pertaining to the multilevel marketing;
- (iii) an act of tempting a person to intentionally fail to inform facts or give false information with regard to the particulars prescribed in the items of Article 34, paragraph (1) of the Act in soliciting a contract concerning multilevel marketing transactions pertaining to a string of multilevel marketing supervised by the supervisor or in order to prevent cancellation of a contract for multilevel marketing transactions pertaining to the multilevel marketing;
- (iv) an act of tempting a person to intimidate another person to make that person confused in order to force that person to conclude a contract for multilevel marketing transactions pertaining to a string of multilevel marketing supervised by the supervisor or to prevent that person from

cancelling a contract for multilevel marketing transaction pertaining to the multilevel marketing;

- (v) when a person conducting the multilevel marketing must provide the paperwork prescribed in Article 37 of the Act, an act of tempting a person not to provide the paperwork or to provide a paperwork that does not include the information prescribed in that Article or a paperwork including false information;
- (vi) an act of having a minor or other person conclude a contract for multilevel marketing transaction, by taking advantage of the impaired judgment of the minor or other person;
- (vii) an act of soliciting a contract for multilevel marketing transaction that is deemed inappropriate in light of counterparty's knowledge, experience and asset situation; and
- (viii) an act of having the counterparty provide false information concerning age, occupation, or other particulars in the paperwork pertaining to the contract, when concluding a contract concerning multilevel marketing transaction pertaining to the multilevel marketing.

(Providing Paperwork after Cancellation of Contract for Multilevel Marketing Transaction is Prevented)

Article 31-2 (1) The paperwork to be provided pursuant to the provisions of Article 40, paragraph (1) must include the following information:

- (i) details of the contract for multilevel marketing transaction;
  - (ii) a statement that the offeree may cancel the contract for multilevel marketing transaction in writing within 20 days from the date on which the counterparty receives the paperwork pursuant to the provisions of Article 40, paragraph (1) of the Act;
  - (iii) particulars concerning the provisions of Article 40, paragraphs (2) and (3) of the Act;
  - (iv) the name, address, and telephone number of the supervisor, and if the supervisor is the juridical person; the name of its representative;
  - (v) when the person conducting multilevel marketing is not the supervisor, the name, address, and telephone number of the person conducting multilevel marketing, and if the person conducting multilevel marketing is the juridical person; the name of its representative; and
  - (vi) the date of the contract.
- (2) The paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
- (3) When providing the information in the paperwork, the details prescribed in paragraph (1), items (ii) and (iii) must be provided in red letters within the red frame.



- (4) The paperwork provided pursuant to the provisions of preceding three paragraphs must be provided in accordance with Form 2.
- (5) When a supervisor, a solicitor, or a general distributor in multilevel marketing provides the paperwork referred to in Article 40, paragraph (1) of the Act to a new distributor in multilevel marketing, they must immediately inform the new distributor in multilevel marketing of the details prescribed in paragraph (1), items (ii) and (iii) after confirming that the new distributor in multilevel marketing has read through the paperwork.

### **Chapter III Continued Provision of Specified Services**

(Providing Paperwork for Continued Provision of Specified Services)

Article 32 (1) The paperwork containing the outline of a contract for continued provision of specified service to be provided to a person who intends to receive the continued provision of specified service or a person who intends to purchase rights to receive the provision of specified continuous services pursuant to the provisions of Article 42, paragraph (1) of the Act must clearly indicate the following information pertaining to the contract for provision of specified continuous services:

- (i) the following information; in the case of a contract for continued provision of specified service:
  - (a) the name, address, and telephone number of the service provider, and if the service provider is a juridical person; the name of its representative;
  - (b) details of the services to be offered;
  - (c) if there are goods that need to be purchased by the person that intends to receive the service when the service is provided; the name, type, and quantity of the goods;
  - (d) the estimated amounts of the price for the services and those that must be paid by the person who intends to use the service;
  - (e) the date and method of payment of the money specified in (d);
  - (f) the length of the services;
  - (g) particulars concerning cancellation of the contract for continued provision of specified service pursuant to the provisions of Article 48, paragraph (1) of the Act (including particulars concerning the provisions of paragraphs (2) through (7) of that Article);
  - (h) particulars concerning cancellation of the contract for continued provision of specified service pursuant to the provisions of Article 49, paragraph (1) of the Act (including particulars concerning the provisions of paragraphs 2, 5, and 6 of that Article);
  - (i) when the services are offered through the loan affiliated installation sales prescribed in Article 2, paragraph (2) of the Installment Sales Act or

through the method of installment payments prescribed in paragraph 3 of that Article, a statement that the service recipient may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider or the service provider related to the third party sales credit pursuant to the provision of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act);

- (j) when conducting a prepaid transaction pertaining to continued provision of specified service (meaning a transaction pertaining to continued provision of specified service where the money exceeding 50,000 yen is received from the counterparty prior to the continued provision of specified service; the same applies hereinafter), a statement of whether or not the measure for securing the advance payment pertaining to the prepaid transaction is taken, and if the measure for securing it is taken; the details of the measure; and
  - (k) if there are special provisions, the details of the provisions.
- (ii) the following information in the case of a sales contract for specified right:
- (a) the name, address, and telephone number of the seller, and if the seller is the juridical person; the name of its representative;
  - (b) details of the services that are available through the exercise of the rights;
  - (c) if there are goods that need to be purchased by the purchaser of the right in order to receive the specified services provided continuously when the services are offered by exercising the right; the name, type, and quantity of the goods;
  - (d) the estimated amounts of the selling price of the rights and any other money that must be paid by the purchaser of the rights to receive the specified services provided continuously;
  - (e) the payment date and method for the money specified in (d);
  - (f) the length of the services that are available through the exercise of the rights;
  - (g) particulars concerning cancellation of the sales contract for specified rights pursuant to the provisions of Article 48, paragraph (1) of the Act (including particulars concerning the provisions of paragraphs (2) through (7) of that Article);
  - (h) particulars concerning cancellation of the sales contract for specified rights pursuant to the provisions of Article 49, paragraph (3) of the Act (including particulars concerning the provisions of paragraphs (4) through (6) of that Article);

- (i) when the rights are sold through the loan affiliated installation sales prescribed in Article 2, paragraph (2) of the Installment Sales Act or through the installment payment system prescribed in paragraph 3 of that Article, a statement that the purchaser of the right to receive the provision of specified continuous services may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider or the seller related to the third party sales credit pursuant to the provisions of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act);
  - (j) where there are special provisions, the details of the provisions.
- (2) The paperwork referred to in the preceding paragraph must indicate that a person must read through its contents very carefully, in red letters within the red frame.
- (3) The paperwork referred to in paragraph (1) must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

Article 33 (1) Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 42, paragraph (2), item (i) of the Act are as follows:

- (i) the type of services;
  - (ii) the form or method of offering the services;
  - (iii) hours or numbers of the service, or grand total of the relevant numbers;
  - and
  - (iv) if there are special provisions concerning the qualification, ability, etc. of the person conducting the treatment, the lecturer, or any other person directly offering the services; the details of the provisions.
- (2) Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 42, paragraph (2), item (vii) of the Act are as follows:
- (i) the name, address, and telephone number of the service provider, and if the service provider is the juridical person; the name of its representative;
  - (ii) the name of the person concludes the contract for continued provision of specified service;
  - (iii) the date on which the contract for continued provision of specified services is concluded;
  - (iv) if there are goods that need to be purchased by the person that intends to receive the services; the type and quantity of the goods;

- (v) when the services are offered through the loan affiliated installment sales prescribed in Article 2, paragraph (2) of the Installment Sales Act or through the installment payment system prescribed in paragraph 3 of that Article, a statement that the service recipient may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider or the service provider related to the third party sales credit pursuant to the provision of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act);
- (vi) when conducting a prepaid transaction pertaining to the continued provision of specified service; a statement of whether or not a measure to secure the advance payment is taken, and if the measure is taken; the details of the measure;
- (vii) if there are goods that need to be purchased by the service recipient when the service is offered; the name, address, and telephone number of the person selling the goods, and if a person is a juridical person; the name of its representative; and
- (viii) if there are special provisions, the details of the provisions.

Article 34 (1) Information specified in Article 42, paragraph (2), items (ii), (v), and (vi) of the Act to be provided in the paperwork to be provided pursuant to the provisions of that paragraph (hereinafter referred to as the "contract paperwork" in this Article) must respectively include the details prescribed in the lower column of the following table according to the classification prescribed in the upper column of that table.

(1) The consideration for the services and any other amount of money that must be paid by the service recipient	A detailed statement and the total amount of any enrollment fee, entrance fee, lesson fee, or other consideration for the services, facility maintenance fee, examination fee for an entrance test, the price of any goods that need to be purchased by the service recipient upon offering of the services, and any other expense items
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<p>(2) Matters concerning cancellation of a contract for continued provision of specified service under the provisions of Article 48, paragraph (1) of the Act (including matters concerning the provisions of paragraphs 2 through 7 of that Article)</p>	<p>(a) statement that the purchaser of the rights to receive offer of the continued provision of specified services may cancel the contract for continued provision of specified service in writing for a period until eight days have passed from the date on which the the offeree received the contract document</p> <p>(b) statement that, notwithstanding the matter stated in (a), if the person who receives an offer of continued provision of specified service had not cancelled the contract for continued provision of specified service pursuant to the provisions of Article 48, paragraph (1) of the Act due to being misled by the service provider's act of misrepresenting information concerning rescission of the contract for continued provision of specified service pursuant to the provisions of Article 48, paragraph (1) of the Act, in violation of the provisions of Article 44, paragraph (1) of the Act, or due to being disturbed by the service provider's act of intimidating the person who receives an offer for continued provision of specified service in violation of the provisions of Article 44, paragraph (3) of the Act, the person who receives an offer of continued provision of specified services may cancel the contract for continued provision of specified service in writing for a period until eight days have passed from the date on which the person who receives an offer for continued provision of specified service received the document referred to in Article 48, paragraph (1) of the Act, which has been issued by the Service Provider</p> <p>(c) statement that the cancellation of the contract referred to in (a) or (b) must take effect when the person who receives an offer for continued provision of specified service issues the document pertaining to the cancellation of the contract</p> <p>(d) statement that, when there has been cancellation of the contract referred to in (a) or (b), the service provider may not claim damages or demand payment of a penalty pertaining to the cancellation of the contract from the person who receives an offer for continued provision of specified service</p>
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(e) statement that, where there has been cancellation of the contract referred to in (a) or (b), the service provider may not claim payment of the consideration for the service pertaining to the contract for continued provision of specified service or any other money from the person who receives an offer for continued provision of specified service even if the service has already been offered based on the contract for continued provision of specified service

(f) statement that, where there has been cancellation of the contract referred to in (a) or (b), if the service provider has already received any money in association with the contract for continued provision of specified service, it must promptly return the full amount to the person who receives an offer for continued provision of specified service

(g) statement that, where there has been cancellation of the contract referred to in (a) or (b), if the service provider sells, acts as an agent for sale, or intermediates the sale of the related goods, the person who receives an offer for continued provision of specified service may also rescind the sales contract for related goods

(h) where the request for the cancellation referred to in (g) is to be made with a person other than the service provider, a statement to the effect and the person with which the request should be made

(i) statement that the cancellation of the contract referred to in (g) must take effect when the document pertaining to rescission of the document is issued

(j) statement that, where there has been cancellation of the contract referred to in (g), the person who sold the related goods may not claim compensation for damage or demand payment of a penalty pertaining to the cancellation of the contract from the person who receives an offer for continued provision of specified service

(k) statement that, where there has been cancellation of the contract referred to in (g), the person who sold the related goods must bear the costs required for taking back any goods already delivered under the sales contract for related goods

(l) statement that, where there has been cancellation of the contract referred to in (g), if the person who sold the related goods has already received any money in association with the sales contract for related goods, it must promptly return the full amount to the person who receives an offer for continued provision of specified service

<p>(3) Matters concerning rescission of a contract for continued provision of specified service under the provisions of Article 49(1) of the Act (including matters concerning the provisions of Paragraphs 2, 5, and 6 of the same Article)</p>	<p>(a) statement that, where eight days have passed from the date on which the person who receives an offer for continued provision of specified service received the contract document, the person may terminate the contract for continued provision of specified service</p> <p>(b) statement that, where there has been cancellation of the contract referred to in (a), the service provider may not demand that the person who receives an offer for continued provision of specified service pays an amount of money that exceeds the total of the consideration for the service offered, the amount of damages normally caused by the cancellation or the amount of costs normally required for concluding and performing a contract, and the amount of the relevant delay damages, as well as the method of settling the consideration for the service offered</p> <p>(c) statement that, where there has been cancellation of the contract referred to in (a), if the service provider sells, acts as an agent for sale, or intermediates the sale of the related goods, the person who receives an offer for continued provision of specified service may also rescind the sales contract for related goods</p> <p>(d) where the request for the cancellation referred to in (c) is to be made with a person other than the service provider, a statement to the effect and the person with which the request should be made</p> <p>(e) statement that, where there has been cancellation of the contract referred to in (c), the person who sold the related goods may not demand that the person who receives an offer for continued provision of specified service pays an amount of money that exceeds the total of the amount equivalent to an ordinary royalty for the related goods (when an amount deducting the market value for the related goods at the time of their return from the amount equivalent to their selling price exceeds the amount equivalent to an ordinary royalty, the amount apply), the amount equivalent to the selling price of the related goods or the amount of costs normally required for concluding and performing a contract, and the amount of the relevant delay damages</p>
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	(f) where there are any special provisions concerning cancellation of a contract for continued provision of specified service or a sales contract for related goods, the details of the provisions
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(2) If the service provider intends to prohibit cancellation of the sales contract for the relevant goods pertaining to the contract for continued provision of specified service when the goods fall under the relevant goods specified by Cabinet Order referred to in the proviso to Article 48, paragraph (2) of the Act and the goods have been used or consumed in whole or in part, the paperwork referred to in the preceding paragraph must include the details prescribed in the following items in addition to the details prescribed in the lower column of table (ii) in that paragraph:

- (i) the name of the goods and other information that can identify the relevant goods; and
  - (ii) the fact that when the goods have been used or consumed in whole or in part, (except when the seller has induced the person who receives the specified services provided continuously to use or consume the goods in whole or in part), the contract for continued provision of specified service may not be cancelled.
- (3) Particulars prescribed in the lower column of table (ii) referred to in paragraph (1) and the particulars prescribed in the preceding paragraph must be provided in red letters within the red frame.
- (4) The contract paperwork must indicate that a person must read through its contents very carefully, in red letters within the red frame.
- (5) The contract paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

Article 35 (1) Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 42, paragraph (3), item (i) of the Act are as follows:

- (i) the type of the services that are available through the exercise of the rights;
  - (ii) the form or method of offering the services that are available through the exercise of the rights;
  - (iii) the number of hours, times, or grand total of the relevant number of the services that are available through the exercise of the rights; and
  - (iv) if there are special provisions concerning the qualification, ability, etc. of the person conducting the treatment, the lecturer, or any other person directly offering the services with respect to the services that are available through the exercise of the rights; the details of the provisions.
- (2) Particulars specified by Order of the Ministry of Economy, Trade and



Industry referred to in Article 42, paragraph (3), item (vii) of the Act are as follows:

- (i) the name, address, and telephone number of the seller, and if a seller is a juridical person; the name of its representative;
- (ii) the name of the person who concludes the sales contract for specified right;
- (iii) the date on which the sales contract for specified right is concluded;
- (iv) if there are goods that need to be purchased by the purchaser of the rights to receive the specified services provided continuously when the services through the exercise of the rights are offered; the type and quantity of the goods;
- (v) when the rights are sold through the loan affiliated installment sales prescribed in Article 2, paragraph (2) of the Installment Sales Act or through the method of installment payments prescribed in paragraph (3) of that Article; a statement that the purchaser of the rights to receive the continued provision of specified service may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider or the seller related to the third party sales credit pursuant to the provisions of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act);
- (vi) if there are goods that need to be purchased by the purchaser of the rights to receive the specified services provided continuously when the services are offered; the name, address, and telephone number of the person selling the goods, and if a person is a juridical person; the name of its representative; and
- (vii) if there are special provisions; the details of the provisions.

Article 36 (1) Particulars prescribed in Article 42, paragraph (3), items (ii), (v), and (vi) of the Act to be provided in the paperwork to be provided pursuant to the provisions of that paragraph (hereinafter referred to as the "contract paperwork" in this Article) must respectively include the details prescribed in the lower column of the following table according to the classification prescribed in the upper column of that table.

<p>(1) The selling price of the rights and any other amount of money that must be paid by the purchaser of the rights to receive an offer for the continued provision of specified service</p>	<p>A detailed statement and the total amount of the selling price of the rights, the price of any goods that need to be purchased by the purchaser of the rights to receive an offer for the continued provision of specified service upon offering of the services through exercise of the rights, and any other expense items</p>
<p>(2) Matters concerning cancellation of a contract for continued provision of specified service under the provisions of Article 48, paragraph (1) of the Act (including matters concerning the provisions of paragraphs 2 through 7 of that Article)</p>	<p>(a) statement that the purchaser of the rights to receive an offer for the continued provision of specified service may cancel the contract for continued provision of specified service in writing for a period until eight days have passed from the date on which the purchaser received the contract document</p>

(b) statement that, notwithstanding the matter stated in (a), if the purchaser of the rights to receive an offer for the continued provision of specified service had not cancelled the contract for continued provision of specified service under the provisions of Article 48, paragraph (1) of the Act due to being misled by the seller's act of misrepresenting information concerning cancellation of the contract for continued provision of specified service under the provisions of Article 48, paragraph (1) of the Act, in violation of the provisions of Article 44, paragraph (1) of the Act, or due to being disturbed by the seller's act of intimidating the purchaser of the rights to receive an offer for the continued provision of specified service in violation of the provisions of Article 44, paragraph (3) of the Act, the purchaser of the rights to receive an offer for the continued provision of specified service may cancel the contract for continued provision of specified service in writing for a period until eight days have passed from the date on which the purchaser of the rights to receive an offer for the Specified continued provision of specified service cancel the document referred to in Article 48, paragraph (1) of the Act, which has been issued by the seller

(c) statement that the cancellation of the contract referred to in (a) or (b) must take effect when the purchaser of the rights to receive an offer for the continued provision of specified service issues the document pertaining to the cancellation of the contract

(d) statement that, where there has been cancellation of the contract referred to in (a) or (b), the seller may not claim damages or demand payment of a penalty pertaining to the cancellation of the contract from the purchaser of the rights to receive an offer for the continued provision of specified service

(e) statement that, when there has been cancellation of the contract referred to in (a) or (b), the seller must bear the costs required for returning any rights already transferred under the contract for continued provision of specified service

(f) statement that, where there has been cancellation of the contract referred to in (a) or (b), the seller may not claim payment of the amount equivalent to the interests gained through exercising the rights from the purchaser of the rights to receive an offer for the continued provision of specified service even if the service has already been offered through exercising the rights

(g) statement that, where there has been cancellation of the contract referred to in (a) or (b), if the seller has already received any money in association with the sales contract for specified right, it must promptly return the full amount to the purchaser of the rights to receive an offer for the continued provision of specified service

(h) statement that, where there has been cancellation of the contract referred to in (a) or (b), if the seller sells, acts as an agent for sale, or intermediates the sale of the related goods, the purchaser of the rights to receive an offer for the continued provision of specified service may also cancel the sales contract for related goods

(i) where the request for the cancellation referred to in (h) is to be made with a person other than the seller, a statement to the effect and the person with which the request should be made

(j) statement that the cancellation of the contract referred to in (h) must take effect when the document pertaining to cancellation of the document is issued

(k) statement that, where there has been cancellation of the contract referred to in (h), the person who sold the related goods may not claim compensation for damages or demand payment of a penalty pertaining to the cancellation of the contract from the purchaser of the rights to receive an offer for the continued provision of specified service

(l) statement that, when there has been cancellation of the contract referred to in (h), the person who sold the related goods must bear the costs required for taking back any goods already delivered under the sales contract for related goods

(m) statement that, where there has been cancellation of the contract referred to in (h), if the person who sold the related goods has already received any money in association with the sales contract for related goods, it must promptly return the full amount to the purchaser of the rights to receive an offer for the continued provision of specified service

<p>(3) Matters concerning rescission of a sales contract for specified right under the provisions of Article 49, paragraph (3) of the Act (including matters concerning the provisions of paragraphs 4 through 6 of that Article)</p>	<p>(a) statement that, where eight days have passed from the date on which the purchaser of the rights to receive an offer for the continued provision of specified service received the contract document, the purchaser may cancel the sales contract for specified right</p> <p>(b) statement that, where there has been cancellation of the contract referred to in (a), the seller may not demand that the purchaser of the rights to receive an offer for the continued provision of specified service pays an amount of money that exceeds the total of the amount equivalent to the interests that can normally be gained through exercising the rights (when an amount deducting the market value for the rights at the time of their return from the amount equivalent to their selling price exceeds the amount equivalent to the interests that can normally be gained through exercising the rights, the amount applies), the amount equivalent to the selling price of the rights, the amount of costs normally required for concluding and performing a contract, and the amount of the relevant delay damages</p> <p>(c) statement that, where there has been cancellation of the contract referred to in (a), if the seller sells, acts as an agent for sale, or intermediates the sale of the related goods, the purchaser of the rights to receive an offer for the continued provision of specified service may also cancel the sales contract for related goods</p> <p>(d) where the request for the cancellation referred to in (c) is to be made with a person other than the seller, a statement to the effect and the person with which the request should be made</p>
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	<p>(e) statement that, where there has been cancellation of the contract referred to in (c), the person who sold the related goods may not demand that the purchaser of the rights to receive an offer for the continued provision of specified service pays an amount of money that exceeds the total of the amount equivalent to an ordinary royalty for the related goods (when an amount deducting the market value for the related goods at the time of their return from the amount equivalent to their selling price exceeds the amount equivalent to an ordinary royalty, the amount applies), the amount equivalent to the selling price of the related goods or the amount of costs normally required for concluding and performing a contract, and the amount of the relevant delay damages</p> <p>(f) where there are any special provisions on cancellation of a sales contract for specified right or a sales contract for related goods, the details of the provisions</p>
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- (2) If the seller intends to prohibit cancellation of the sales contract for the relevant goods pertaining to the sales contract for specified right when the goods fall under the relevant goods as specified by Cabinet Order referred to in the proviso to Article 48, paragraph (2) of the Act and the goods have been used or consumed in whole or in part, the paperwork referred to in the preceding paragraph must include the details prescribed in the following items in addition to the details prescribed in the lower column of table (2) in that paragraph:
- (i) the name of the goods and other information that can identify the relevant goods; and
  - (ii) the fact that when the goods have been used or consumed in whole or in part (except the case when the seller has forced the purchaser of the rights to receive the specified service provided continuously to use or consume the goods in whole or in part), a contract may not be cancelled.
- (3) Particular prescribed in the lower column of table (2) referred to in paragraph (1) and the particulars prescribed in the preceding paragraph must be provided in red letters within the red frame.
- (4) The contract paperwork must indicate that a person must read through its contents very carefully, in red letters within the red frame.
- (5) The contract paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

(Prohibition of Misleading Advertising)

Article 37 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 43 of the Act are as follows:

- (i) the type or details of the services or the rights;

- (ii) the effects or the purpose of the services;
- (iii) involvement of the State, a local government, any famous juridical person or other organization, or a famous individual in the services or the rights, the service provider or the seller, or the business operated by the service provider or the seller;
- (iv) the price for the services or the selling price of the rights;
- (v) the payment date and method for the price for the services or the cost for the rights;
- (vi) the length of the services; and
- (vii) the name, address, and telephone number of the service provider or the seller;
- (viii) if there is money to be borne by the recipient of the continued specified service other than the money specified in item (iv); the name and the amount of money.

(Important Matters for Continued Provision of Specified Services)

Article 37-2 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 44, paragraph (1), item (ii) of the Act are particulars prescribed in the following items:

- (i) the efficacy of the goods;
- (ii) the trademark or the name of the manufacturer of the goods;
- (iii) quantity of goods sold; and
- (iv) quantity of goods required.

(Keeping Documents)

Article 38 (1) The documents describing the business and asset situation under Article 45, paragraph (1) of the Act are the balance sheet, the profit and loss statement, and the business report (in the case of a person that is not a company; documents equivalent to these).

- (2) The relevant documents must be prepared in each business year within three months from the ending date of the business year, and kept without delay at an office where the business pertaining to the contract for continued provision of specified service is conducted.
- (3) The kept documents must be retained for a period until the day on which three years have passed from the date on which the documents are kept.

(Prohibited Acts in Continued Provision of Specified Services)

Article 39 Acts specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 46, item (iii) of the Act are acts prescribed in the following items:

- (i) an act of soliciting a contract for continued provision of specified service in

- ways that makes a person feel annoyed or an act of preventing a person from cancelling a contract for continued provision of specified service in ways that makes the person feel annoyed;
- (ii) an act of having an elderly or other person to conclude a contract for continued provision of specified service by taking advantage of the impaired judgment of the elderly or other person;
  - (iii) an act of soliciting a contract that is deemed inappropriate in light of the customer's knowledge, experience, and asset situation;
  - (iv) an act of having a person provide false information concerning age, occupation, or other particulars in the paperwork pertaining to the contract, when concluding a contract for continued provision of specified service;
  - (v) in order to prevent cancellation of a sales contract for relevant goods specified by Cabinet Order referred to in the proviso to Article 48, paragraph (2) of the Act, an act of having the recipient of the continued specified service use the goods or consume the goods in whole or in part when concluding the sales contract for the goods; and
  - (vi) an act of refusing the performance of obligations in whole or in part under the sales contract for the relevant goods or the obligations due to the cancellation of the contract, or an act of unjustly delaying the performance of obligation (when the service provider or the seller acts as an agent or a broker for sale of the relevant goods; an act of inducing a person to refuse the performance of obligations under the sales contract for the relevant goods or the performance of obligations due to the cancellation of the contract in whole or in part, or unjustly delay the performance of obligations).

(Providing Paperwork after Cancellation of Contract for Continued Provision of Specified Service is Prevented)

Article 39-2 (1) The paperwork referred to in Article 48, paragraph (1) of the Act must contain the following information:

- (i) details of the contract for continued provision of specified service and the name of the relevant goods;
- (ii) the price for the services or the selling price of the rights, and any other money that must be paid by the recipient of the continued specified service, etc.;
- (iii) a statement that a person may cancel the contract for continued provision of specified service, etc. in writing within eight days from the date on which the person receives the paperwork, pursuant to the provisions of Article 48, paragraph (1) of the Act;
- (iv) particulars concerning the provisions of Article 48, paragraphs (2) through (7) of the Act;
- (v) the name, address, and telephone number of the service provider or the



- seller, and if the service provider or the seller is the juridical person; the name of its representative;
- (vi) the name of the person who offers or concludes the contract for continued provision of specified service;
  - (vii) the date on which the contract for continued provision of specified service is concluded; and
  - (viii) if there are any relevant goods; the name, address, and telephone number of the person selling the relevant goods, and if the person is the juridical person; the name of its representative.
- (2) The document must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
- (3) When providing the information in the paperwork, the details prescribed in paragraph (1), items (iii) and (iv) must be provided in red letters within the red frame.
- (4) The paperwork provided pursuant to the provisions of preceding three paragraphs must be provided in accordance with Form 3.
- (5) When a service provider or a seller provides the paperwork referred to in Article 48, paragraph (1) of the Act to the recipient of the continued specified service, etc., they must immediately inform the recipient of the continued specified service, etc. of the details prescribed in paragraph (1), items (iii) and (iv) after confirming that the recipient of the continued specified service, etc. has read through the paperwork.

## **Chapter IV Business Opportunity Sales Transactions**

(Important Matters Concerning the Business Opportunity Sales Transactions)

Article 39-3 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 52, paragraph (1), item (i) of the Act are particulars prescribed in the following items:

- (i) the efficacy of the goods;
- (ii) the trademark or the name of the manufacturer of the goods;
- (iii) quantity of goods sold; and
- (iv) quantity of goods required; and
- (v) the effects of the services pertaining to the services or the rights.

(Places specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 52, paragraph (3) of the Act)

Article 39-4 Places specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 52, paragraph (3) of the Act are places specified in the following items:

- (i) a business office;

- (ii) an agency;
- (iii) a street stall, a food stall, or any other store similar to these;
- (iv) beyond what is set forth in the preceding three items, a place similar to a store that displays and sells the goods for a specific period.

(Advertisements for Business Opportunity Sales Transactions)

Article 40 (1) Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 53, paragraph (1), item (iv) of the Act are as follows:

- (i) the name, address, and telephone number of the person that sells business opportunity;
  - (ii) when the person that sells business opportunity is the juridical person and places advertisement by a method using an electronic data processing system (meaning an electronic data processing system connecting a computer used by the person selling business opportunity to a computer used by the customer via an electric telecommunication line); the name of the representative of the person selling business opportunity or the person responsible for the business concerning business opportunity;
  - (iii) the name of the goods;
  - (iv) when an advertisement is placed by using electronic or magnetic means; the e-mail address of the person selling business opportunity;
  - (v) except the cases falling under (a) or (b) below, when an advertisement is placed by using electronic or magnetic means without receiving a request from or consent of the counterparty; the relevant statement:
    - (a) when an advertisement is placed by posting the advertisement partially in the electronic or magnetic record that is sent by electronic or magnetic means based on the request from or with consent of the counterparty; or
    - (b) when an advertisement is placed by a person that provides services pertaining to the use of electronic or magnetic means to a user on a condition that an advertisement will be posted partially in the electronic or magnetic record that is to be sent by electronic or magnetic means.
- (2) With regard to the particulars prescribed in item (v) of the preceding paragraph, a person selling business opportunity must indicate "unapproved advertisement" at the top of the titles of the electronic or magnetic record used for the advertisement, encoding the same characters as the character code that is used for the main clause; provided, however, that when the information in the titles of the electronic or magnetic record is further encoded by another encoding method as many times as necessary to transmit the electronic or magnetic record, the character code before the further encoding must be the same as the character code used for the main clause.

Article 41 (1) When an advertisement is placed for sales transaction related to business opportunity Related Sales Transactions pursuant to the provisions of Article 53, paragraph (1) of the Act, the purchase amount of the goods (meaning the goods referred to in Article 51, paragraph (1) of the Act; the same applies hereinafter in this chapter except the following Article) or the amount to be paid for the price for the services or the amount of transaction fee (when a purchase of goods or payment for the price for the services is combined with the payment for a transaction fee; the total amount for purchasing goods or for paying the price for the services combined with the amount of transaction fee) must be clearly indicated, with respect to the particulars referred to in item (ii) of that paragraph.

- (2) When an advertisement for a business transaction related to business opportunity is placed pursuant to the provisions of Article 53, paragraph (1), the particulars referred to in item (iii) of that paragraph must be indicated as followings:
- (i) details of the business to be offered or mediated must be indicated;
  - (ii) important information concerning the conditions for offering or mediating the business must be indicated according to the ways of offering or mediating the business, such as the number of times they offer or mediate the business during a specific period or the conditions for the rewards for the business;
  - (iii) when indicating the amount of money that can be received or any other indicator of the profits from business opportunities, grounds or explanations that enable accurate understanding of the profitability of the business opportunity must be indicated, such as indicating numerical data showing that people who actually receive the same level of profits from business opportunities as such indicator constitute a large proportion of persons conducting a sales transaction related to business opportunity pertaining to the sales related to business opportunity.

(Exclusion from Application)

Article 41-2 When an advertisement is placed in response to a request from the counterparty or in other cases specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 53, paragraph (2) of the Act is any of the following cases:

- (i) when the person conducting Business Opportunity Related Sales place an advertisement by entrusting it to another person, and the entrusted person falls under both (a) and (b) below with respect to the entrusted business:
  - (a) the person directly receives a request from the counterparty, and places an advertisement by an electronic or magnetic means based on the request; and
  - (b) a method to express the intent that the counterparty that has requested

the advertisements by using an electronic or magnetic means wants to discontinue the advertisements by using an electronic or magnetic means is described in an easy-to-understand manner, and the relevant advertisements must be discontinued when the counterparty expresses the relevant intent;

- (ii) when an advertisement is placed by a person that provides services pertaining to the use of electronic or magnetic means to a user on a condition that an advertisement will be posted partially in the electronic or magnetic record that is to be sent by electronic or magnetic means.

#### (Indication of the Contact Method)

Article 41-3 When an advertisement by using an electronic or magnetic means is placed without receiving a request from or consent of the counterparty, and if a method to indicate the intent of the counterparty that they want to discontinue the advertisement by using an electronic or magnetic means pursuant to the provisions of Article 53, paragraph (2) of the Act, the person conducting Business Opportunity Related Sales must indicate the following information at the top of the main clause of the electronic or magnetic record used for the advertisement, following the term "business operator", and must indicate clearly that the counterparty wants to discontinue the advertisement and that the advertisement by using an electronic or magnetic means placed by the person conducting Business Opportunity Related Sales will be discontinued, by providing the e-mail address of the counterparty:

- (i) name of the person conducting Business Opportunity Related Sales; and
- (ii) e-mail address to give a notice stating that the counterparty wants to discontinue the advertisements by using electronic or magnetic means.

#### (Prohibition of Misleading Advertising)

Article 42 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 54 of the Act are as follows:

- (i) particulars concerning the specified burden required for the business opportunity sales transactions;
- (ii) particulars concerning the profits from the sales transactions related to business opportunities and any other conditions for offering the businesses;
- (iii) the type, performance, quality, or efficacy of the goods, the type, details, or effects of the services, or the type or details of the rights, or the effects of the services pertaining to the rights;
- (iv) the place of origin or place of production, the trademark, or the name of manufacturer of the goods;
- (v) involvement of the State, a local government, any famous juridical person or other organization, or a famous individual in the goods, the rights, or the

- services, the person that sells business opportunities, or the business operated by the person that sells business opportunity; and
- (vi) particulars concerning cancellation of a contract for sales transaction related to business opportunity pertaining to the sales of business opportunity (including the particulars prescribed in Article 58, paragraph (1) through (3) of the Act).

(Providing Paperwork for Business Opportunity Sales Transactions)

Article 43 (1) A paperwork to be provided to a person who intends to bear the specified burden required for a sales transaction related to business opportunity pursuant to the provisions of Article 55, paragraph (1) of the Act must clearly indicate the following information pertaining to the sales of business opportunity:

- (i) the name, address, and telephone number of the person that sells the business opportunity, and if the person is the juridical person; the name of its representative;
  - (ii) important information concerning the type, performance, or quality of the goods (excluding rights to use a facility or to receive the services) or important information concerning the type or details of the rights or the services;
  - (iii) the name of the goods;
  - (iv) important information concerning the conditions to offer or mediate the business using the goods or the services offered;
  - (v) particulars concerning the specified burden required for the sales transaction related to business opportunity;
  - (vi) requirements to cancel a contract and other important information concerning contracts pertaining to the sales of business opportunity; and
  - (vii) when the goods are sold or the services are offered through the loan affiliated installation sales prescribed in Article 2, paragraph (2) of the Installment Sales Act or through the installment payment system prescribed in paragraph (3) of that Article, a statement that the purchaser of the goods or the service recipient may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider, the seller related to the third party sales credit, or the service provider related to the third party sales credit pursuant to the provisions of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph 3 of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act).
- (2) The paperwork referred to in the preceding paragraph must indicate that a person must read through its contents very carefully, in red letters within the

red frame.

- (3) The paperwork referred to in paragraph (1) must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.

Article 44 Particulars specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 55, paragraph (2), item (v) of the Act are as follows:

- (i) the name, address, and telephone number of the person that sells the business opportunity, and if the person is the juridical person; the name of its representative;
- (ii) the name of the person who concludes the contract for sales transaction related to business opportunity pertaining to the sales of business opportunity;
- (iii) the date of the contract;
- (iv) the name of the goods and the trademark or the name of the manufacturer of the goods;
- (v) if there are provisions for obligations other than the specified burden; the details of the provisions; and
- (vi) when the Goods are sold or the services are offered through the loan affiliated installment sales prescribed in Article 2 (2) of the Installment Sales Act or through the installment payment system prescribed in paragraph (3) of that Article; a statement that the purchaser of the goods or the service recipient may duly assert against the loan provider or the third party credit provider any defense which has arisen against the seller affiliated with the loan provider, the seller related to the third party sales credit, or the service provider related to the third party sales credit pursuant to the provisions of Article 29-4, paragraph (2) of that Act (including as applied mutatis mutandis pursuant to the provisions of paragraph (3) of that Article) or Article 30-4 of that Act (including as applied mutatis mutandis pursuant to the provisions of Article 30-5, paragraph (1) of that Act).

Article 45 (1) The paperwork provided by the person that sells the business opportunity to the counterparty to the contract pursuant to the provisions of Article 55, paragraph (2) of the Act (hereinafter referred to as the "paperwork" in this Article) must respectively meet the requirements set forth in the lower column of the following table with regard to the particulars prescribed in the upper column of that table.

Matters	Requirements
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(1) Matters concerning the liability in the case the goods (excluding rights to use a facility or to receive an offer for services) have a hidden defect	None of the provisions must exempt the seller from liability for the defect in the case the goods (excluding rights to use a facility or to receive an offer for services) have a hidden defect.
(2) Matters concerning cancellation of the contract	(a) none of the provisions must prohibit the counterparty of business opportunity related sales transactions from cancelling the contract. (b) none of the provisions must be more disadvantageous for the counterparty of business opportunity related sales transactions than those prescribed in the Civil Code with regard to the obligations of the person conducting business opportunity related sales in the case the contract is cancelled due to a cause imputable to the person conducting business opportunity related sales.
(3) Matters concerning other special provisions	No special provisions must be prescribed in violation of laws and regulations.

(2) The paperwork must respectively provide the details prescribed in the lower column of the following table with regard to the particulars prescribed in the upper column of that table.

Matters	Details
(1) Matters concerning the conditions for making available or mediating the business using the goods or the services offered	(a) details of the business to be made available or mediated  (b) the number of times or the number of hours the business is made available or mediated per week, per month, or during any other specific period, or any other quantity of the business to be made available or mediated (c) where the unit rate of the reward for the business per session or per hour, or any other unit rate of the reward has been specified, the unit rate (d) the methods of calculating the details specified in (b) and (c) or any other business opportunity profits

	<p>(e) beyond what is set forth in (d), when there is a case where the business opportunity profits are not paid in whole or in part, the conditions for the case must be indicated</p> <p>(f) beyond what is set forth in (d) and (e), the time and method of payment of the business opportunity profits and any other conditions of payment of the business opportunity profits</p>
<p>(2) Matters concerning the specified burden involved in the business opportunity related sales transactions</p>	<p>(a) with regard to purchase of the goods (excluding rights to use a facility or to receive offer of services), the supplier, the quantity, and the purchase amount of the goods, the time and method of payment of the amount, and the time and method of delivery of the goods</p> <p>(b) with regard to purchase of the rights, the supplier and the purchase amount of the rights, the time and method of payment of the amount, and the time and method of transfer of the rights</p> <p>(c) with regard to payment of the consideration for the services, the recipient and the amount of payment, the time and method of payment, and the time and method of offering the services</p> <p>(d) with regard to provision of a transaction fee, the recipient, the amount, and the nature of the fee, and the time and method of providing the fee</p> <p>(e) where part of the transaction fee is to be reimbursed, the conditions of the reimbursement</p>
<p>(3) Matters concerning cancellation of the contract (including matters concerning the provisions of Article 58, paragraphs (1) through (3) of the Act)</p>	<p>(a) statement that the counterparty of the business opportunity related sales transactions may cancel the contract in writing for a period until 20 days have passed from the date on which the counterparty received the document referred to in Article 55, paragraph (2) of the Act</p>



<p>(b) statement that, notwithstanding the matter stated in (a), if the counterparty of the business opportunity related sales transactions had not cancelled the contract due to being misled by the act of the person conducting business opportunity related sales of misrepresenting information concerning cancellation of the sales contract for business opportunity in violation of the provisions of Article 52, paragraph (1) of the Act, or due to being disturbed by the act of the person conducting business opportunity related sales of intimidating the counterparty of the business opportunity related sales transactions in violation of the provisions of Article 52, paragraph (2) of the Act, the counterparty of the business opportunity related sales transactions may cancel the contract in writing for a period until 20 days have passed from the date on which the counterparty of the business opportunity related sales transactions received the document referred to in Article 58, paragraph (1) of the Act, which has been issued by the person conducting business opportunity related sales</p> <p>(c) statement that, when there has been cancellation of the contract referred to in (a) or (b), the person selling business opportunity may not claim compensation for damages or demand payment of a penalty pertaining to the cancellation of the contract from the counterparty of the business opportunity related sales transactions</p> <p>(d) statement that the cancellation of the contract referred to in (a) or (b) must take effect when the counterparty of the business opportunity related sales transactions issues the document stating the intention to cancel the contract</p> <p>(e) statement that, when there has been cancellation of the contract referred to in (a) or (b), the person selling business opportunity must bear the costs required for taking back any goods (excluding rights to use a facility or to receive an offer for services) already delivered under the contract</p> <p>(f) statement that, where there has been cancellation of the contract referred to in (a) or (b), if the charge for the goods or the consideration for the services pertaining to the contract has already been paid, or if a transaction fee has already been provided, the person selling business opportunity must promptly return the full amount to the counterparty of the business opportunity related sales transactions</p>
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(3) The paperwork must indicate that a person must read through its contents very carefully, in red letters within the red frame.

- (4) The paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
- (5) When providing the information in the paperwork, the details prescribed in the lower column of table (3) referred to in paragraph (2) must be provided in red letters within the red frame.

(Prohibited Acts in Business Opportunity Sales Transactions)

Article 46 Acts specified by Order of the Ministry of Economy, Trade and Industry referred to in Article 56, item (iv) of the Act are acts prescribed in the following items:

- (i) an act of preventing a person from cancelling a contract for sales transactions related to business opportunity pertaining to the sales of business opportunity (limited to a contract with an individual who conducts business offered or mediated related to the sales of business opportunity at a place other than a place of business or other facility similar to this; the same applies hereinafter in this Article) in ways that make the person feel annoyed;
- (ii) an act of forcing a minor or other person to conclude a contract for sale of business opportunity pertaining to the sales of business opportunity, by taking advantage of the impaired judgment of the minor or other person;
- (iii) an act of soliciting a contract that is deemed inappropriate in light of the knowledge, experience, and asset situation of the counterparty to the sales transaction related to business opportunity; and
- (iv) an act of forcing the counterparty to provide false information concerning age, occupation, or other information in the paperwork pertaining to the contract, when concluding the sales contract for business opportunity pertaining to the sale of business opportunity.

(Providing Paperwork after Cancellation of Sales Contracts for Business Opportunities is Prevented)

Article 46-2 (1) The paperwork referred to in Article 58, paragraph (1) of the Act must provide the following information:

- (i) details of the contract for sales transactions related to business opportunity;
- (ii) a statement that the counterparty may cancel the contract for sales transaction related to business opportunity in writing within 20 days from the date on which the counterparty receives the paperwork pursuant to the provisions of Article 58, paragraph (1) of the Act;
- (iii) particulars concerning the provisions of Article 58, paragraphs (2) and (3) of the Act;
- (iv) the name, address, and telephone number of the person that sells business opportunity, and if the person is the juridical person; the name of its

- representative;
- (v) the name of the person who concludes the contract for sales transactions related to business opportunity pertaining to the sale of business opportunity; and
- (vi) the date of the contract.
- (2) The paperwork must use larger letters and numbers than those with a font size of 8 points specified in the Japanese Industrial Standards Z 8305.
- (3) When providing the information in the paperwork, the details prescribed in paragraph (1), items (ii) and (iii) must be described in red letters within the red frame.
- (4) The paperwork provided pursuant to the provisions of preceding three paragraphs must be provided in accordance with Form 4.
- (5) When a person selling business opportunity provides the paperwork referred to in Article 58, paragraph (1) of the Act to the counterparty to the sales transaction related to business opportunity, that person must immediately inform the counterparty to the sales transaction related to business opportunity of the details prescribed in paragraph (1), items (ii) and (iii) after confirming that the counterparty to the sales transaction related to business opportunity has read through the paperwork.

## **Chapter V Miscellaneous Provisions**

(Procedure for Making Proposals to the Competent Minister)

- Article 47 (1) A person who intends to make a proposal to the competent minister pursuant to the provisions of Article 60, paragraph (1) of the Act must submit a written proposal including the following information:
- (i) the name and address of the person making the proposal;
- (ii) the mode of transactions pertaining to the proposal;
- (iii) purport of the proposal; and
- (iv) any other information for references.
- (2) The written proposal submitted pursuant to the provisions of preceding paragraph must be submitted in accordance with Form 5.

Form 1 (Re: Article 7-2 and Article 23-2)

Form 2 (Re: Article 31-2)

Form 3 (Re: Article 39-2)

Form 4 (Re: Article 46-2)

Form 5 (Re: Article 47)