

# Act on the Provision of Financial Services

(Act No. 101 of May 31, 2000)

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## Chapter I General Provisions

### (Purpose)

Article 1 The purpose of this Act is to protect customers that receive financial services by determining matters related to the sale, etc. of financial instruments, such as what matters financial instrument providers, etc. must explain at the time of the sale, etc. of financial instruments and the liability on financial instrument providers, etc. for any damages incurred by customers due to the failure of a financial instrument provider, etc. to explain the relevant matters at the time of the sale, etc., as well as by implementing a registration system for persons engaging in financial service intermediary business and ensuring the sound and appropriate management of its business operations, thereby contributing to the sound development of the national economy.

### (Definitions)

Article 2 (1) The term "deposit, etc." as used in this Act means deposits, savings, installment savings, or installment as defined in Article 2, paragraph (4) of the Banking Act (Act No. 59 of 1981).

- (2) The term "insurance contract" as used in this Act means an insurance contract under which a person that engages in insurance business as defined in Article 2, paragraph (1) of the Insurance Business Act (Act 105 of 1995) becomes an insurer.
- (3) The term "securities" as used in this Act means the securities as defined in Article 2, paragraph (1) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) or the rights that are deemed to be securities pursuant to the provisions of paragraph (2) of that Article.
- (4) The term "market derivatives transactions" as used in this Act means the market derivatives transactions as defined in Article 2, paragraph (21) of the Financial Instruments and Exchange Act.
- (5) The term "foreign market derivatives transactions" as used in this Act means the foreign market derivatives transactions as defined in Article 2, paragraph (23) of the Financial Instruments and Exchange Act.

## **Chapter II Sale of Financial Instruments**

### (Definitions)

Article 3 (1) The phrase "sale of financial instruments" as used in this Chapter means the following acts:

- (i) conclusion of a contract on acceptance of deposits etc. with a depositor, savings depositor, installment savings depositor, or a person that makes installments as prescribed in Article 2, paragraph (4) of the Banking Act;
- (ii) conclusion of a contract on the acceptance of installments based on a mutual financing contract prescribed in Article 1 of the Mutual Financing Business Act (Act No. 42 of 1931) (hereinafter referred to as "mutual financing installments" in this item) with the person that makes mutual financing installments;
- (iii) conclusion of a trust contract in relation to a monetary trust (limited to those for which the beneficial interest pertaining to the trust contract are rights listed in Article 2, paragraph (2), item (i) or (ii) of the Financial Instruments and Exchange Act) with the settlor, which satisfies the requirements specified by Cabinet Order, such as the requirement that the investment method for the trust property has not been specified;
- (iv) conclusion of an insurance contract, or a contract related to insurance or mutual aid which is specified by Cabinet Order as being similar to an insurance contract with policyholders or persons similar thereto;
- (v) acts of having a person acquire securities (excluding the rights that are deemed to be securities pursuant to Article 2, paragraph (2) of the Financial Instruments and Exchange Act and listed in items (i) and (ii) of that paragraph) (excluding acts falling under the category of agency or

- intermediary service and the acts listed in items (viii) and (ix));
- (vi) acts of having a person acquire the following (excluding acts falling under the category of agency or intermediary service and acts falling under the category listed in item (viii) and item (ix)):
- (a) rights listed in Article 2, paragraph (2), item (i) or (ii) of the Financial Instruments and Exchange Act;
  - (b) monetary claims indicated by negotiable certificates of deposit (excluding monetary claims that are securities (in cases of securities as defined in Article 2, paragraph (1) of the Financial Instruments and Exchange Act, meaning the rights indicated on the securities)); and
  - (c) crypto-assets as defined in Article 2, paragraph (5) of the Payment Services Act (Act No. 59 of 2009);
- (vii) conclusion of a specified joint real estate venture contract as defined in Article 2, paragraph (3) of the Act on Specified Joint Real Estate Ventures (Act No. 77 of 1994) (limited to a contract in which the contribution is money and for which the division of residual assets or return of contribution when the contract ends is to be made by money, or a contract on the matters specified by Cabinet Order as those similar thereto);
- (viii) market derivatives transactions or foreign market derivatives transactions, or commission of those transactions;
- (ix) over-the-counter transactions of derivatives as defined in Article 2, paragraph (22) of the Financial Instruments and Exchange Act or the commission of those transactions;
- (x) transactions in which the parties agree to pay or receive money based on the difference between a figure to which the parties have agreed in advance as a figure of the interest rate, the value of currencies, or any other indicators, and the actual figure of the relevant indicator at a fixed time in the future (excluding those falling under transactions set forth in the preceding two items) and which are specified by Cabinet Order, or the commission of those transactions; and
- (xi) acts specified by Cabinet Order as being similar to those set forth in the preceding items.
- (2) The phrase "sale, etc. of financial instruments" as used in this Chapter means the sale of financial instruments, or an agency or intermediary therefor (including one conducted on behalf of a customer).
- (3) The term "financial instruments provider, etc." as used in this Chapter and Chapter 4 means a person carrying out the sale, etc. of financial instruments on a regular basis.

(Accountability of Financial Instruments Provider, etc.)

Article 4 (1) If a financial instruments provider, etc. carries out the sale, etc. of

financial instruments on a regular basis, the financial instruments provider, etc. must explain the following matters (hereinafter referred to as "important matters" in this Chapter) to customers at or before the time that the sale of financial instruments is carried out:

- (i) if the sale of the financial instruments involves the risk of incurring a loss of principal, due to fluctuations in the interest rate, the value of currencies, quotations on a financial instruments market (meaning a financial instruments market as defined in Article 2, paragraph (14) of the Financial Instruments and Exchange Act; hereinafter the same applies in this Article), or any other indicators as the direct cause thereof, the following matters must be explained:
  - (a) the fact that there is a risk of incurring a loss of principal;
  - (b) the relevant indicator; and
  - (c) the important portions of the structure of transactions pertaining to the sale of the financial instruments which generate the risk of incurring a loss of principal with fluctuations in the indicator set forth in sub-item (b) as the direct cause thereof;
- (ii) if the sale of the financial instruments involves the risk of incurring a loss exceeding the initial principal with fluctuations in the interest rate, the value of currencies, quotations on a financial instruments market, or any other indicators as the direct cause thereof, the following matters must be explained:
  - (a) the fact that there is a risk of incurring a loss exceeding the initial principal;
  - (b) the relevant indicator; and
  - (c) important portions of the structure of transactions pertaining to the sale of the financial instruments which generate the risk of incurring a loss exceeding the initial principal with fluctuations in the indicator set forth in sub-item (b) as the direct cause thereof;
- (iii) if the sale of the financial instruments involves the risk of incurring a loss of principal directly caused by changes in the status of the business operations or property of the person carrying out that sale of the financial instruments or any other persons, the following matters must be explained:
  - (a) the fact that there is a risk of incurring a loss of principal;
  - (b) the relevant person; and
  - (c) important portions of the structure of transactions pertaining to the sale of the financial instruments which generate the risk of incurring a loss of principal directly caused by changes in the status of the business operations or property of the person set forth in sub-item (b);
- (iv) if the sale of the financial instruments involves the risk of incurring a loss exceeding the initial principal directly caused by changes in the status of the

business operations or property of the person carrying out that sale of the financial instruments or any other persons, the following matters must be explained:

- (a) the fact that there is a risk of incurring a loss exceeding the initial principal;
  - (b) the relevant person; and
  - (c) important portions of the structure of transactions pertaining to the sale of the financial instruments which generate the risk of incurring a loss exceeding the initial principal directly caused by changes in the status of the business operations or property of the persons set forth in sub-item (b);
- (v) beyond what is provided for in items (i) and (iii), if the sale of the financial instruments involves the risk of incurring a loss of principal directly caused by grounds specified by Cabinet Order as important factors that have an impact on the customers' judgment, the following matters must be explained:
- (a) the fact that there is a risk of incurring a loss of principal;
  - (b) the relevant grounds; and
  - (c) important portions of the structure of transactions pertaining to the sale of the financial instruments which generate the risk of incurring a loss of principal, with the grounds set forth in sub-item (b) as the direct cause thereof;
- (vi) beyond what is provided for in items (ii) and (iv), if the sale of the financial instruments involves the risk of incurring a loss exceeding the initial principal, caused by the grounds specified by Cabinet Order as important factors that have an impact on the customers' judgment, the following matters must be explained:
- (a) the fact that there is a risk of incurring a loss exceeding the initial principal;
  - (b) the relevant grounds; and
  - (c) important portions of the structure of transactions pertaining to the sale of the financial instruments which generate the risk of incurring a loss exceeding the initial principal, with the grounds set forth in sub-item (b) as the direct cause thereof; and
- (vii) if the period during which the rights subject to the sale of the financial instruments may be exercised or the period during which the contract pertaining to that sale of financial instruments may be cancelled is limited, a statement to that effect must be provided.
- (2) The explanation prescribed in the preceding paragraph must be provided in a manner and to the extent necessary for the customer to understand it, in light of the knowledge, experience and status of property of the customer, and the purpose for the conclusion of the contract pertaining to the sale of the financial instruments.

- (3) The phrase "risk of incurring a loss of principal" as used in paragraph (1), items (i), (iii), and (v) means a risk that the total amount of money to be paid by a customer as a result of the sale of the financial instruments (if there is any property other than money or any right specified by Cabinet Order which is to be transferred by the relevant customer as a result of the sale of the financial instruments (hereinafter referred to as a "monetary equivalent" in this paragraph and Article 7, paragraph (2)), the amount is obtained by adding the total market value of the relevant monetary equivalent (if there is no market value, the estimated disposal value) to the relevant total amount of money to be paid) would exceed the total amount of money to be received by the relevant customer (if there is any person that receives any money, any property other than money, or any right, as designated by the relevant customer, as a result of the sale of the financial instruments, this includes the relevant person; hereinafter referred to as the "customer, etc." in this paragraph) as a result of the sale of the financial instruments (if there is any property other than money or any right to be acquired by the relevant customer, etc. as a result of the sale of the financial instruments, the amount is obtained by adding the total amount of the market value of the relevant property (if there is no market value, the estimated disposal value) other than money or right to the total amount of money to be received).
- (4) The phrase "risk of incurring a loss exceeding the initial principal" as used in paragraph (1), items (ii), (iv), and (vi) means the following risks:
- (i) a risk that the amount of the relevant loss would exceed the amount of the customer margin or any other security deposit to be paid by the customer (if there are properties other than money to be deposited by the customers as a result of the sale of the financial instruments that are prescribed by Cabinet Order (hereinafter referred to as "security deposit equivalent"), the total sum of the amount and the total market price (if market price is not available, estimated disposal price thereof) of the security deposit equivalent; the same applies in the following item and item (iii)) as a result of the sale of the financial instruments (limited to acts listed in paragraph (1), items (viii) through (x) of the preceding Article and the acts listed in item (xi) of that paragraph that are specified by Cabinet Order; hereinafter the same applies in this paragraph) when the sale of the financial instruments involves the risk of loss due to fluctuations in the interest rate, the value of currencies, quotations on financial instruments markets, or any other indicator;
  - (ii) a risk that the amount of the relevant loss would exceed the customer margin or any other security deposits to be paid by the customer as a result of the sale of the financial instruments when the sale of the financial instruments involves a risk of incurring a loss due to changes in the status of the business operations or property of the person carrying out the sale of the

- financial instruments or any other persons;
- (iii) a risk that the amount of the relevant loss would exceed the customer margin or any other security deposits to be paid by the customer as a result of the sale of the financial instruments when the sale of the financial instruments involves a risk of incurring a loss due to the grounds under paragraph (1), item (vi); and
  - (iv) risks specified by Cabinet Order as being equivalent to those listed in the preceding three items.
- (5) The phrase "structure of transactions pertaining to the sale of financial instruments" as used in item (i), (c), item (ii), (c), item (iii), (c), item (iv), (c), item (v), (c) and item (vi), (c) of paragraph (1) means the following matters:
- (i) for acts listed in paragraph (1), items (i) through (iv), and item (vii) of the preceding Article, the details of the contract provided for in those provisions;
  - (ii) for acts listed in paragraph (1), item (v) of the preceding Article, the details of securities (for securities as defined in Article 2, paragraph (1) of the Financial Instruments and Exchange Act, meaning the rights indicated in the securities, and excluding rights listed in paragraph (2), items (i) and (ii) of that Article which are deemed to be securities pursuant to the provisions of paragraph (2) of that Article) and the details of the obligations to be assumed by the customer as a result of the relevant acts;
  - (iii) for acts listed in paragraph (1), item (vi) of the preceding Article (limited to acts related to sub-item (a) of that item), the details of the rights provided for by the relevant provisions and the details of the obligations to be assumed by the customer as a result of the relevant acts;
  - (iv) for acts listed in paragraph (1), item (vi) of the preceding Article, (limited to acts related to sub-item (b) of that item), the details of the claims provided for by the relevant provisions and the details of the obligations to be incurred by the customer as a result of the relevant acts;
  - (v) for acts listed in paragraph (1), item (vi) of the preceding Article (limited to acts related to sub-item (c) of that item), the details of rights indicated in the crypto-assets prescribed in the provisions (if the rights do not exist, that fact) and the details of obligations to be incurred by the customer as a result of the relevant acts;
  - (vi) for acts listed in paragraph (1), items (viii) through (x) of the preceding Article, the structure of transactions provided for in those provisions; and
  - (vii) for acts specified by Cabinet Order under paragraph (1), item (xi) of the preceding Article, the matters specified by Cabinet Order.
- (6) If two or more financial instruments providers, etc. must explain the important matters for a single sale of a financial instrument to a customer pursuant to the provisions of paragraph (1), and one of the financial instruments providers, etc. has explained those important matters,

notwithstanding the provisions of that paragraph, the other financial instruments provider, etc. is not required to explain those important matters: provided, however, that this does not apply when the other financial instruments provider, etc. is a person specified by Cabinet Order.

- (7) The provisions of paragraph (1) do not apply to the following cases:
- (i) if the customer is a person specified by Cabinet Order as a person having expert knowledge and experience on the sale, etc. of financial instruments (the relevant customer is referred to as the "specified customer" in Article 10, paragraph (1)); and
  - (ii) if the sale of financial instruments referred to in paragraph (1) is neither commodity-related market transaction of derivatives provided in Article 2, paragraph (8), item (i) of the Financial Instruments and Exchange Act nor commission of those transactions, and the customer has manifested the intention not to require an explanation for the important matters.

(Prohibition on the Provision of Conclusive Evaluations by Financial Instruments Providers)

Article 5 If a financial instruments provider, etc. carries out the sale, etc. of financial instruments on a regular basis, the financial instruments provider, etc. must not engage in the act of providing a customer with conclusive evaluations on uncertain matters or with information that misleads the customer into believing the certainty of matters related to the sale of the financial instruments (hereinafter referred to as the "provision of conclusive evaluations, etc." in this Chapter) at or before the time that the sale of financial instruments is carried out.

(Liability for Damages of Financial Instruments Providers)

Article 6 If a financial instruments provider, etc. must give an explanation on important matters to the customer pursuant to the provisions of Article 4, and fails to explain those important matters or provides a conclusive evaluation, etc. in violation of the preceding Article, the financial instruments provider, etc. is liable for damages suffered by the relevant customer as a result thereof.

(Presumption of Losses)

Article 7 (1) If the customer claims compensation for damages pursuant to the provisions of the preceding Article, the amount of loss of principal is presumed to be the amount of losses incurred by the relevant customer due to the failure of the financial instruments provider, etc. to explain important matters or due to providing a conclusive evaluation, etc.

- (2) The term "amount of loss of principal" as used in the preceding paragraph is what remains after deducting the total of the amount of money received and



the amount of money to be received by a customer (if there is a person that has come to acquire any money, any property other than money or any right, as designated by the relevant customer, as a result of the sale of the financial instruments, this includes the relevant person; hereinafter referred to as the "customer, etc." in this paragraph) as a result of the sale of financial instruments (if there is any property other than money or any right which has been acquired or any property other than money or any right to be acquired by the relevant customer, etc. as a result of the sale of the financial instruments, the amount obtained by adding, to the total of the amount of money acquired and to be acquired, the total amount of the market value of the property other than money or right (if there is no market value, the estimated disposal value)) to the total disposal value of the property other than money or rights which has been acquired by the relevant customer, etc. as a result of the relevant sale of financial instruments and which the relevant customer, etc. has sold or otherwise disposed of, from the total of the amount of money paid and the amount to be paid by the customer as a result of the sale of financial instruments (if there is a monetary equivalent which has been transferred or a monetary equivalent which is to be transferred by the relevant customer as a result of the sale of the financial instruments, the amount obtained by adding, to the total of the amount of money paid and to be paid, the total amount of the market value of these monetary equivalents (if there is no market value, the estimated disposal value)).

(Application of the Civil Code)

Article 8 Beyond what is provided for in this Act, liability for damages of a financial instruments provider, etc. due to failure to explain important matters or due to the provision of conclusive evaluation, etc. is governed by the Civil Code (Act No. 89 of 1896).

(Ensuring Appropriate Solicitation of Sales)

Article 9 When making a solicitation in relation to the sale, etc. of financial instruments that are conducted on a regular basis, financial instruments providers, etc. must endeavor to ensure the appropriateness thereof.

(Establishment of the Solicitation Policy)

Article 10 (1) If a financial instruments provider, etc. seeks to solicit the sale, etc. of financial instruments that are conducted on a regular basis, the relevant financial instruments provider, etc. must, in advance, establish a policy for the relevant solicitation of sales (hereinafter referred to as the "solicitation policy" in this Article and Article 97); provided, however, that this does not apply to cases where the financial instruments provider, etc. is a national government,

local government, or any other person specified by Cabinet Order as one found unlikely to engage in improper solicitation of sales or a financial instruments provider, etc. that only has specified customers as its customers.

- (2) The following matters are to be provided in the solicitation policy:
- (i) matters to be taken into consideration in light of the knowledge, experience and status of property of the person subject to the solicitation of sales, and the purpose for the conclusion of the contract pertaining to the sale of the financial instruments;
  - (ii) matters to be taken into consideration for the person subject to the solicitation of sales with regard to the means and timing of solicitation of sales; and
  - (iii) beyond what is provided for in the preceding two items, matters for ensuring the appropriateness of the solicitation of sales.
- (3) If a financial instruments provider, etc. establishes a solicitation policy pursuant to the provisions of paragraph (1), the financial instruments provider must, pursuant to a method specified by Cabinet Order, promptly make the policy public. The same applies when the financial instruments provider changes it.

### **Chapter III Financial Service Intermediary Business**

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

(Definitions)

- Article 11 (1) The term "financial service intermediary business" as used in this Chapter and the following Chapter means to engage in any of the following business operations on a regular basis: deposit, etc. intermediary business operations, insurance intermediary business operations, securities, etc. intermediary business operations, or loan intermediary business operations.
- (2) The term "deposit, etc. intermediary business operations" as used in this Chapter means business operations to engage in any of the following acts by a person other than a bank agent (meaning a bank agent as defined in Article 2, paragraph (15) of the Banking Act; the same applies in Article 15, item (i), (b) and item (ii), (d), 2, and Article 16, paragraph (3), item (viii), (a)) or the persons specified by Cabinet Order:
- (i) intermediation of the conclusion of a contract (excluding contracts that are provided for by Cabinet Order as contracts requiring highly professional explanations of the contract for customers) on the acceptance of deposit, etc. for the following persons:
    - (a) a bank (meaning a bank as defined in Article 2, paragraph (1) of the Banking Act; the same applies in Article 15, item (ii), (d), 2, and item (vi), and Article 17, paragraph (1));

- (b) a long-term credit bank (meaning a long-term credit bank as defined in Article 2 of the Long Term Credit Bank Act (Act No. 187 of 1952); the same applies in Article 15, item (ii), (d), 7);
- (c) a shinkin bank;
- (d) a federation of shinkin banks;
- (e) a labor bank;
- (f) a federation of labor banks;
- (g) a credit cooperative;
- (h) a federation of cooperatives (limited to a federation engaging in the business prescribed in Article 9-9, paragraph (1), item (i) of the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949); the same applies in Article 15, item (ii), (d), 5);
- (i) an agricultural cooperative (limited to a cooperative engaging in the business prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act (Act No. 132 of 1947); the same applies in Article 15, item (ii), (d), 3);
- (j) a federation of agricultural cooperatives (limited to a federation engaging in the business prescribed in Article 10, paragraph (1), item (iii) of the Agricultural Cooperatives Act; the same applies in Article 15, item (ii), (d), 3);
- (k) a fisheries cooperative (limited to a cooperative engaging in the business prescribed in Article 11, paragraph (1), item (iv) of the Fisheries Cooperative Act (Act No. 242 of 1948); the same applies in Article 15, item (ii), (d), 4);
- (l) a federation of fisheries cooperatives (limited to a federation engaging in the business prescribed in Article 87, paragraph (1), item (iv) of the Fisheries Cooperative Act; the same applies in Article 15, item (ii), (d), 4);
- (m) a fishery processing cooperative (limited to a cooperative engaging in the business prescribed in Article 93, paragraph (1), item (ii) of the Fisheries Cooperative Act; the same applies in Article 15, item (ii), (d), 4);
- (n) a federation of fishery processing cooperatives (limited to a federation engaging in the business prescribed in Article 97, paragraph (1), item (ii) of the Fisheries Cooperative Act; the same applies in Article 15, item (ii), (d), 4); or
- (o) the Norinchukin Bank;
- (ii) intermediation of the conclusion of a contract (excluding contracts that are provided for by Cabinet Order as contracts requiring highly professional explanations of the contract for customers) on the lending of funds or the discounting of bills and notes between persons listed in (a) through (o) of the preceding item and customers (excluding intermediation that is performed by a money lender (meaning a money lender as defined in Article 2, item (ii) of

the Money Lending Business Act (Act No. 32 of 1983)) for customers); and  
(iii) intermediation of the conclusion of a contract (excluding contracts that are provided for by Cabinet Order as contracts requiring highly professional explanations for customers) on the funds transfer transactions performed for the persons listed in item (i), (a) through (o).

(3) The term "insurance intermediary business operations" as used in this Chapter means business operations to engage in intermediation of the conclusion of insurance contracts (excluding an insurance contract provided for by Cabinet Order as an insurance contract requiring highly professional explanations for customers) between the following persons and customers, conducted by persons other than a specified insurance agent that has been registered under Article 276 of the Insurance Business Act (meaning the specified insurance agent prescribed in that Article; the same applies in Article 15, item (i), (j), and item (ii), (d), 10), an insurance broker that has been registered under Article 286 of the Insurance Business Act (meaning an insurance broker as defined in Article 2, paragraph (25) of the Insurance Business Act; hereinafter the same applies in this Section), and, an officer (excluding officers who have the representative authority, and company auditors, audit and supervisory committee members, and audit committee members) or employee of a non-life insurance company (meaning a non-life insurance company as defined in Article 2, paragraph (4) of the Insurance Business Act), a non-life insurance representative that has been registered under Article 276 of the Insurance Business Act (meaning a non-life insurance representative as defined in Article 2, paragraph (21) of the Insurance Business Act), and an insurance broker that has been registered under Article 286 of the Insurance Business Act, and a specified small amount and short term insurance agent (meaning a specified small amount and short term insurance agent prescribed in Article 275, paragraph (1), item (iii) of the Insurance Business Act):

(i) an insurance company (meaning an insurance company as defined in Article 2, paragraph (2) of the Insurance Business Act; the same applies in Article 15, item (v)); or

(ii) a foreign insurance company, etc. (meaning a foreign insurance company, etc. as defined in Article 2, paragraph (7) of the Insurance Business Act; the same applies in Article 15, item (v)); or

(iii) a small amount and short term insurer (meaning a small amount and short term insurer as defined in Article 2, paragraph (18) of the Insurance Business Act; the same applies in Article 15, item (v)).

(4) The term "securities, etc. intermediary business operations" as used in this Chapter means business operations to engage in any of the following acts (excluding acts that are performed on a regular basis based on provisions of

other laws, and acts listed in item (iv) that are performed by a person engaging in an investment management business (meaning an investment management business prescribed in Article 28, paragraph (4) of the Financial Instruments and Exchange Act; the same applies in item (i), (a))), engaged in by persons other than the financial instruments business operator (meaning a financial instruments business operator as defined in Article 2, paragraph (9) of the Financial Instruments and Exchange Act; the same applies in this Section) who engages in type-I financial instruments business (meaning the type-I financial instruments business prescribed in Article 28, paragraph (1) of the Financial Instruments and Exchange Act; the same applies in item (i), (a) and Article 16, paragraph (3), item (viii), (c)) and the financial instruments intermediary service provider (meaning a financial instruments intermediary service provider as defined in Article 2, paragraph (12) of the Financial Instruments and Exchange Act; the same applies in Article 15, item (i), (k), and item (ii), (d), 11, and Article 16, paragraph (3), item (viii), (c)):

- (i) intermediation of the purchase and sale of securities (excluding the purchase and sale that are provided for by Cabinet Order as purchase and sale requiring highly professional explanations for customers) carried out between the following persons and customers (excluding intermediation falling under Article 2, paragraph (8), item (x) of the Financial Instruments and Exchange Act):
  - (a) a financial instruments business operator engaging in type-I financial instruments business (excluding the type-I small amount electronic public offering service prescribed in Article 29-4-2, paragraph (10) of the Financial Instruments and Exchange Act) or investment management business (excluding investment management business for qualified investors prescribed in Article 29-5, paragraph (1) of that Act); or
  - (b) registered financial institution as defined in Article 2, paragraph (11) of the Financial Instruments and Exchange Act;
- (ii) intermediation of the entrustment of purchase and sale of securities, or market derivatives transactions or foreign market derivatives transactions in a financial instruments exchange market as defined in Article 2, paragraph (17) of the Financial Instruments and Exchange Act or in a foreign financial instruments market as defined in paragraph (8), item (iii), (b) of that Article (excluding transactions that are provided for by Cabinet Order as transactions requiring highly professional explanations for customers) conducted between the persons listed in (a) or (b) of the preceding item and customers;
- (iii) dealing in public offering of securities (meaning public offering of securities as defined in Article 2, paragraph (3) of the Financial Instruments and Exchange Act) or secondary distribution of securities (meaning

- secondary distribution of securities as defined in paragraph (4) of that Article), or, dealing in private placement of securities (meaning private placement of securities as defined in paragraph (3) of that Article) or dealing in exclusive offer to sell, etc. to professional investors (meaning exclusive offer to sell, etc. to professional investors as defined in paragraph (6) of that Article) that are conducted for persons listed in item (i), (a) or (b) (excluding dealings that are provided for by Cabinet Order as dealings requiring highly professional explanations for customers); or
- (iv) intermediation of the conclusion of an investment advisory contract (meaning an investment advisory contract as defined in Article 2, paragraph (8), item (xi) of the Financial Instruments and Exchange Act; the same applies in Article 22, paragraph (6), item (viii), and Article 31, paragraph (2)) (excluding investment advisory contracts that are provided for by Cabinet Order as investment advisory contracts requiring highly professional explanations of the investment advisory contract for customers) or a discretionary investment contract (meaning a discretionary investment contract as defined in Article 2, paragraph (8), item (xii), (b) of the Financial Instruments and Exchange Act; the same applies in Article 22, paragraph (6), item (viii), and Article 31, paragraph (2)) (excluding discretionary investment contracts provided for by Cabinet Order as discretionary investment contracts requiring highly professional explanations for customers) conducted between the persons listed in item (i), (a) or (b) and customers.
- (5) The term "loan intermediary business operations" as used in this Chapter means business operations in intermediation (excluding intermediation on a regular basis based on the provisions of other laws and intermediation listed in items of Article 2, paragraph (1) (excluding item (ii)) of the Money Lending Business Act) engaged in by persons other than a money lender on conclusion of a contract on the lending of funds or the discounting of bills and notes between the money lender and customers (excluding contracts that are provided for by Cabinet Order as contracts requiring highly professional explanations for customers).
- (6) The term "financial service intermediary" as used in this Chapter and the following Chapter means a person who has been registered by the Prime Minister pursuant to the provisions of the following Article.
- (7) The term "certified financial service intermediary business association" as used in this Chapter and the following Chapter means a general incorporated association that has been certified pursuant to the provisions of Article 40.
- (8) The term "financial service intermediary business operations" as used in this Chapter and the following Chapter means business operations to perform any of the following business operations performed by a financial service intermediary means deposit, etc. intermediary business operations, insurance

intermediary business operations, securities, etc. intermediary business operations, or loan intermediary business operations.

- (9) The term "designated dispute resolution organization" as used in this Chapter and the following Chapter means an organization that has been designated pursuant to the provisions of Article 51, paragraph (1).
- (10) The term "complaint processing procedures" as used in this Chapter means procedures for handling financial service intermediary business operations-related complaints (meaning complaints related to financial service intermediary business operations; the same applies in Section 6).
- (11) The term "dispute resolution procedures" as used in this Chapter means procedures for resolving disputes related to financial service intermediary business operations (meaning disputes related to financial service intermediary business operations that may be settled between parties; the same applies in Section 6) without litigation proceedings.
- (12) The term "dispute resolution services" as used in this Chapter and the following Chapter means business operations related to complaint processing procedures and dispute resolution procedures, and business operations incidental thereto.
- (13) The term "category of dispute resolution services" as used in this Chapter means category of deposit, etc. intermediary business operations, insurance intermediary business operations, securities, etc. intermediary business operations, and loan intermediary business operations that are subject to dispute resolution services.
- (14) The term "basic contract for implementation of dispute resolution procedures" as used in this Chapter means a contract concluded on implementation of dispute resolution services between designated dispute resolution organizations and financial service intermediaries.

(Registration)

Article 12 A person may not engage in financial service intermediary business unless registered by the Prime Minister.

(Application for Registration)

Article 13 (1) A person that seeks to receive registration under the preceding Article (hereinafter referred to as "registration applicant" until Article 15) must submit an application form for registration stating the following information to the Prime Minister:

- (i) trade name or name, and address;
- (ii) if the registration applicant is a corporation, the names of its officers (in cases of a foreign corporation, including persons that are treated in the same manner as officers under foreign laws and regulations and the representative

- in Japan; the same applies hereinafter);
  - (iii) name and location of the business office or office for the financial service intermediary business;
  - (iv) category of business operations (meaning the category of deposit, etc. intermediary business operations, insurance intermediary business operations, securities, etc. intermediary business operations, and loan intermediary business operations; the same applies hereinafter);
  - (v) when performing loan intermediary business operations, telephone number and other contact information, etc. of the business office or office that are indicated or given explanation in advertising or soliciting loan intermediary business operations and specified by Cabinet Office Order;
  - (vi) when performing electronic financial service intermediary business operations (meaning financial service intermediary business operations carried out by means of using an electronic data processing system or any other means using information and communication technology that are provided for by Cabinet Office Order; the same applies in Article 15, item (i), (q) and Article 18, paragraph (1)), that fact;
  - (vii) if engaging in other business, the category of the business; and
  - (viii) other particulars specified by Cabinet Office Order.
- (2) The following documents must be attached to the application form for registration set forth in the preceding paragraph:
- (i) a document pledging that the registration applicant does not fall under any of Article 15, item (i), (a) through (n), item (ii), (a) through (f), or item (iii), (a) or (b);
  - (ii) if the registration applicant is a corporation, the articles of incorporation and certificate of registered information (including documents equivalent thereto);
  - (iii) documents stating what is provided for by Cabinet Office Order as the details and method of the financial service intermediary business operations;
  - (iv) if the registration applicant engages in deposit, etc. intermediary business, a document pledging that the applicant does not fall under Article 15, item (iv);
  - (v) if the registration applicant engages in insurance intermediary business operations, a document pledging that the applicant does not fall under any of Article 15, item (v), (a), (b), (c) (excluding 2), (d) (excluding the part related to (c) 2 of the item), or (e) (excluding the part related to (c) 2 of the item);
  - (vi) if the registration applicant engages in securities, etc. intermediary business operations, a document pledging that the applicant does not fall under Article 15, item (vi);
  - (vii) if the registration applicant engages in loan intermediary business operations, a document pledging that the applicant does not fall under



Article 15, item (vii); or  
(viii) other documents specified by Cabinet Office Order.

(Implementation of Registration)

Article 14 (1) When the registration set forth in Article 12 is applied, the Prime Minister must register the following information on the register of financial service intermediaries, excluding cases of rejecting the registration pursuant to the provisions of the following Article:

- (i) information listed in items of the preceding Article, paragraph (1); and
  - (ii) registration date and registration number.
- (2) When the Prime Minister makes the registration pursuant to the preceding paragraph, the Prime Minister must notify the registration applicant of that fact without delay.
- (3) The Prime Minister must make available the register of financial service intermediaries for public inspection.

(Refusal of Registration)

Article 15 If the registration applicant falls under any of the following items, or if there are false entries in the application form for registration or documents to be attached thereto or important information is not adequately stated, the Prime Minister must reject the registration:

- (i) a person falling under any of the following cases:
  - (a) in cases where a person who had been a financial service intermediary had its registration as set forth in Article 12 rescinded pursuant to the provisions of Article 38, paragraph (1) or where a person who had obtained the same type of registration (including permission or other administrative dispositions similar to the registration; the same applies in (d), 1 of the following item) in a foreign state had its registration rescinded under the laws and regulations of the foreign state equivalent to this Act, a person for whom five years have not elapsed from the date of rescission;
  - (b) in cases where a person who had been a bank's major shareholder (meaning a bank's major shareholder as defined in Article 2, paragraph (10) of the Banking Act; the same applies in (d), 2 of the following item) had its authorization as set forth in Article 52-9, paragraph (1) or the proviso to paragraph (2) of the Banking Act rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act, where a person who had been a bank holding company (meaning a bank holding company as defined in Article 2, paragraph (13) of the Banking Act; the same applies in (d) 2 of the item) had its authorization as set forth in Article 52-17, paragraph (1) or the proviso to paragraph (3) of the Banking Act rescinded pursuant to the provisions of Article 52-34, paragraph (1) of

- the Banking Act, or where a person who had been a bank agent had its permission as set forth in Article 52-36, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act, or where a person who had obtained the same type of authorization or permission (including a registration or other administrative disposition similar to the authorization or permission) in a foreign state had its authorization or permission rescinded under the laws and regulations of the foreign state equivalent to the Banking Act, a person for whom five years have not elapsed from the date of rescission;
- (c) in cases where a person who had been a specified credit business agent (meaning a specified credit business agent prescribed in Article 92-2, paragraph (3) of the Agricultural Cooperatives Act; the same applies in (d), 3 of the following item) had its license as set forth in Article 92-2, paragraph (1) of the Agricultural Cooperatives Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 92-4, paragraph (1) of the Agricultural Cooperatives Act following the deemed replacement of terms or where a person who had obtained the same type of permission (including registration or other administrative disposition similar to the permission; the same applies in (d), 3 of the following item) in a foreign state had its permission rescinded under the laws and regulations of the foreign state equivalent to the Agricultural Cooperatives Act, a person for whom five years have not elapsed from the date of rescission;
- (d) in cases where a person who had been a specified credit business agent (meaning a specified credit business agent prescribed in Article 106, paragraph (3) of the Fisheries Cooperative Act; the same applies in (d), 4 of the following item) had its permission as set forth in Article 106, paragraph (1) of the Fisheries Cooperative Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 108, paragraph (1) of the Fisheries Cooperative Act following the deemed replacement of terms or where a person who had obtained the same type of permission (including registration or other administrative disposition similar to the permission; the same applies in (d), 4 of the following item) in a foreign state had its license rescinded under the laws and regulations of the foreign state equivalent to the Fisheries Cooperative Act, a person for whom five years have not elapsed from the date of rescission;
- (e) in cases where a person who had been a credit cooperative agent (meaning a credit cooperative agent prescribed in Article 6-3, paragraph (3) of the Act on Financial Businesses by Cooperative (Act No. 183 of 1949); the same applies in (d), 5 of the following item) had its permission set forth in

- Article 6-3, paragraph (1) of the Act on Financial Businesses by Cooperative rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 6-5, paragraph (1) of the Act on Financial Businesses by Cooperative following the deemed replacement of terms or where a person who had obtained the same type of permission in a foreign state (including registration or other administrative disposition similar to the permission; the same applies in (d), 5 of the following item) had its permission rescinded under the laws and regulations of the foreign state equivalent to the Act on Financial Businesses by Cooperative, a person for whom five years have not elapsed from the date of rescission;
- (f) in cases where a person who had been a shinkin bank agent (meaning a shinkin bank agent prescribed in Article 85-2, paragraph (3) of the Shinkin Bank Act (Act No. 238 of 1951); the same applies in (d), 6 of the following item) had its permission as set forth in Article 85-2, paragraph (1) of the Shinkin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 89, paragraph (5) of the Shinkin Bank Act following the deemed replacement of terms or where a person who had obtained the same type of permission in a foreign state (including registration or other administrative disposition similar to the permission) had its permission rescinded under the laws and regulations of the foreign state equivalent to the Shinkin Bank Act, a person for whom five years have not elapsed from the date of rescission;
- (g) in cases where a person who had been a major shareholder of long-term credit bank (meaning a major shareholder of long-term credit bank prescribed in Article 16-2-2, paragraph (5) of the Long Term Credit Bank Act; the same applies in (d), 7 of the following item) had its authorization as set forth in Article 16-2-2, paragraph (1) or the proviso to paragraph (2) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 17 of the Long Term Credit Bank Act, where a person who had been a long-term credit bank holding company (meaning a long-term credit bank holding company prescribed in Article 16-4, paragraph (1) of the Long Term Credit Bank Act; the same applies in (d), 7 of the following item) had its authorization as set forth in Article 16-2-4, paragraph (1) or the proviso to paragraph (3) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 52-34, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 17 of the Long Term Credit Bank Act, or where a person who had been a long-term credit bank agent (meaning a long-term

credit bank agent prescribed in Article 16-5, paragraph (3) of the Long Term Credit Bank Act; the same applies in (d), 7 of the following item) had its permission as set forth in Article 16-5, paragraph (1) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 17 of the Long Term Credit Bank Act, or where a person who had obtained the same type of authorization or license in a foreign state (including a registration or other administrative disposition similar to the authorization or permission) had its authorization or permission rescinded under the laws and regulations of the foreign state equivalent to the Long Term Credit Bank Act, a person for whom five years have not elapsed from the date of rescission;

- (h) in cases where a person who had been a labor bank agent (meaning a labor bank agent prescribed in Article 89-3, paragraph (3) of the Labor Bank Act (Act No. 227 of 1953); the same applies in (d), 8 of the following item) had its permission as set forth in Article 89-3, paragraph (1) of the Labor Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 94, paragraph (3) of the Labor Bank Act following the deemed replacement of terms or where a person who had obtained the same type of permission in a foreign state (including registration or other administrative disposition similar to the permission) had its permission rescinded under the laws and regulations of the foreign state equivalent to the Labor Bank Act, a person for whom five years have not elapsed from the date of rescission;
- (i) in cases where a person who had been a Norinchukin Bank agent (meaning a Norinchukin Bank agent prescribed in Article 95-2, paragraph (3) of the Norinchukin Bank Act (Act No. 93 of 2001); the same applies in (d), 9 of the following item) had its permission as set forth in Article 95-2, paragraph (1) of the Norinchukin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to the provisions of Article 95-4, paragraph (1) of the Norinchukin Bank Act following the deemed replacement of terms or where a person who had obtained the same type of permission (including registration or other administrative disposition similar to the permission; the same applies in (d), 9 of the following item) in a foreign state had its permission rescinded under the laws and regulations of the foreign state equivalent to the Norinchukin Bank Act, a person for whom five years have not elapsed from the date of rescission;
- (j) in cases where a person who had been a specified insurance agent had its registration as set forth in Article 276 of the Insurance Business Act

rescinded pursuant to the provisions of Article 307, paragraph (1) of the Insurance Business Act or where a person who had been an insurance broker had its registration as set forth in Article 286 of the Insurance Business Act rescinded pursuant to the provisions of that paragraph, or where a person who had obtained the same type of registration (including permission and other administrative disposition similar to the registration; the same applies in (d), 10 of the following item) in a foreign state had its registration rescinded under the laws and regulations of the foreign state equivalent to the Insurance Business Act, a person for whom five years have not elapsed from the date of rescission;

- (k) in cases where a person who had been a financial instruments business operator had its registration as set forth in Article 29 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), or Article 57-6, paragraph (3) of the Financial Instruments and Exchange Act, where a person who had been an authorized firm for on-exchange transactions (meaning an authorized firm for on-exchange transactions prescribed in Article 60-4, paragraph (1) of the Financial Instruments and Exchange Act; the same applies in (d), 11 of the following item) had its permission as set forth in Article 60, paragraph (1) of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 60-8, paragraph (1) of the Financial Instruments and Exchange Act, where a person who had been an authorized electronic over-the-counter derivatives transactions, etc. business operator (meaning an authorized electronic over-the-counter derivatives transactions, etc. business operator prescribed in Article 60-14, paragraph (2) of the Financial Instruments and Exchange Act; the same applies in (d), 11 of the following item) had its permission as set forth in Article 60-14, paragraph (1) of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 60-8, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Financial Instruments and Exchange Act, where a person who had been a notifier of specially permitted services (meaning a notifier of specially permitted services prescribed in Article 63, paragraph (5) of the Financial Instruments and Exchange Act; the same applies in (d), 11 of the following item) was ordered to discontinue the specially permitted services for qualified institutional investors, etc. (meaning specially permitted services for qualified institutional investors, etc. prescribed in Article 63, paragraph (2) of the Financial Instruments and Exchange Act; the same applies in (k) of this item and (d), 11 of the following item), where a person who had given a notification pursuant to the provisions of Article 63-3,

paragraph (1) of the Financial Instruments and Exchange Act was ordered to discontinue the specially permitted services for qualified institutional investors, etc. pursuant to the provisions of Article 63-5, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) following the deemed replacement of terms, where a person who had been a financial instruments intermediary service provider had its registration as set forth in Article 66 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 66-20, paragraph (1) of the Financial Instruments and Exchange Act, where a person who had been a credit rating institution (meaning a credit rating institution prescribed in Article 2, paragraph (36) of the Financial Instruments and Exchange Act; the same applies in (d), 11 of the following item) had its registration as set forth in Article 66-27 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 66-42, paragraph (1) of the Financial Instruments and Exchange Act, or where a person who had been a high-speed trader (meaning a high-speed trader as defined in Article 2, paragraph (42) of the Financial Instruments and Exchange Act; the same applies in (d), 11 of the following item) had its registration as set forth in Article 66-50 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 66-63, paragraph (1) of the Financial Instruments and Exchange Act, or where a person who had obtained the same type of registration or permission (including authorization or other administrative disposition equivalent to the registration or permission; the same applies in (d), 11 of the following item) in a foreign state had its registration or permission rescinded, or where a person that engages in business operations in the same category as specially permitted services for qualified institutional investors, etc. in a foreign state was ordered to discontinue the business operations under the laws and regulations of the foreign state equivalent to the Financial Instruments and Exchange Act, a person for whom five years have not elapsed from the date of rescission or order;

- (1) in cases where a person who had been a money lender had its renewal of registration as set forth in Article 3, paragraph (1) of the Money Lending Business Act rejected pursuant to the provisions of Article 6, paragraph (1) of the Money Lending Business Act or had its registration as set forth in Article 3, paragraph (1) of the Money Lending Business Act rescinded pursuant to the provisions of Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1), or Article 24-6-6, paragraph (1) (limited to the part related to item (i)) of the Money Lending Business Act, or where a person who had obtained the same type of registration (including permission or other

administrative disposition similar to the registration; the same applies in (d), 12 of the following item) in a foreign state had its renewal of the registration rejected or its registration rescinded under the laws and regulations of the foreign state equivalent to the Money Lending Business Act, a person for whom five years have not elapsed from the date of rescission (in cases of rejection of renewal, the date when the disposition for the rejection of renewal was taken; the same applies in (d), 12 of the following item);

- (m) a person that violated the provisions of this Act, the Secured Bonds Trust Act (Act No. 52 of 1905), the Act on Engagement in Trust Business by Financial Institutions (Act No. 43 of 1943), the Agricultural Cooperatives Act, the Financial Instruments and Exchange Act, the Fisheries Cooperative Act, the Small and Medium-Sized Enterprise Cooperatives Act, the Act on Financial Businesses by Cooperative, the Commodity Futures Act (Act No. 239 of 1950), the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951), the Shinkin Bank Act, the Real Estate Brokerage Act (Act No. 176 of 1952), the Long Term Credit Bank Act, the Labor Bank Act, the Act Regulating the Receipt of Contributions, Receipt of Deposits and Interest Rates (Act No. 195 of 1954), the Installment Sales Act (Act No. 159 of 1961), the Banking Act, the Money Lending Business Act, the Act on the Deposit Transaction Agreements of Specified Commodities (Act No. 62 of 1986), the Act on Regulation of Commodity Investment (Act No. 66 of 1991), the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991) (excluding Article 32-3, paragraph (7) and Article 32-11, paragraph (1)), the Act on Specified Joint Real Estate Ventures, the Insurance Business Act, the Act on Securitization of Assets (Act No. 105 of 1998), the Act on Issuance, etc. of Bonds for Financial Corporations' Loan Business (Act No. 32 of 1999), the Norinchukin Bank Act, the Trust Business Act (Act No. 154 of 2004), or other laws specified by Cabinet Order or the laws and regulations of a foreign state equivalent thereto, that violated the provisions of Article 12 of the Prices Control Order (Imperial Order No. 118 of 1946) upon conclusion of a contract for a loan (meaning a contract for a loan as prescribed in the provisions of Article 2, paragraph (3) of the Money Lending Business Act) or upon collection of claims based on the contract, or that committed a crime as set forth in the Penal Code (Act No. 45 of 1907) or the Act on Punishment of Physical Violence and Others (Act no. 60 of 1926) and that had been sentenced to a fine (including punishment pursuant to the laws and regulations of a foreign state equivalent thereto), for whom five years have not elapsed from the day on which the person finished serving the sentence or ceased to be subject to the sentence;

- (n) a person specified by Cabinet Office Order as a person for whom there are reasonable grounds to find that the person is likely to commit a wrongful or dishonest act in relation to the financial service intermediary service business operations;
- (o) a person whose other business is found to be contrary to the public interest;
- (p) a person that does not have sufficient capacity to perform financial service intermediary business properly;
- (q) in cases of engaging in electronic financial service intermediary business operations, a person that has not developed a system to perform the electronic financial service intermediary business operations appropriately and reliably; and
- (r) a person that has not joined a certified financial service intermediary business association, etc. (meaning a certified financial service intermediary business association or what is provided for by Cabinet Office Order as similar thereto for each category of business operations (limited to what is related to each category of business operations stated in the application form for registration pursuant to the provisions of Article 13, paragraph (1)); the same applies in (r) of this item) that has not created internal rules (meaning rules for compliance by the person, its officers (including those that are provided for by Cabinet Office Order as persons found to have the same or a higher authority over a corporation as directors, accounting advisors, company auditors, executive officers, members that execute the operation, board members, or inspectors, or any persons holding positions equivalent thereto, irrespective of their job title as advisor, consultant, or any other job title; hereinafter the same applies in this Article, Article 18, paragraph (1), item (ii), (b), Article 38, paragraph (3), and Article 51, paragraph (1), items (iv) and (vi), excluding item (v), (a) and (b)) or employees) equivalent to the articles of incorporation or other rules (limited to rules related to ensuring the appropriateness of financial service intermediary business operations or to the protection of customers) of a certified financial service intermediary business association, etc., or that has not developed a system to comply with the internal rules;
- (ii) in cases where the person is a corporation, the corporation has a person who corresponds to any of the following sub-items among its officers:
  - (a) a person who is provided for by Cabinet Office Order as a person that cannot perform financial service intermediary business appropriately due to mental or physical disorder;
  - (b) a person who has become subject to an order to commence bankruptcy proceedings and has not been released from bankruptcy restrictions, or a



person who is treated in the same manner under foreign laws and regulations;

- (c) a person who has been sentenced to imprisonment without work or a heavier sentence (including any equivalent punishment under a foreign law or regulation), and for whom five years have not elapsed from the day on which the person finished serving the sentence or ceased to be subject to the sentence; or
- (d) a person who falls under any of the following cases:
  - 1. in cases where a corporation that had been a financial service intermediary had its registration as set forth in Article 12 rescinded pursuant to the provisions of Article 38, paragraph (1) or where a corporation that had obtained the same type of registration in a foreign state had its registration rescinded under the laws and regulations of the foreign state equivalent to this Act, a person who was an officer of these corporations within thirty days prior to the date of rescission and for whom five years have not elapsed from the date of rescission;
  - 2. in cases where a corporation that had been a bank had its license as set forth in Article 4, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act, where a corporation that had been a major shareholder of the bank had its authorization as set forth in Article 52-9, paragraph (1) or proviso to paragraph (2) of the Banking Act rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act, where a corporation that had been a bank holding company had its authorization as set forth in Article 52-17, paragraph (1) or the proviso to paragraph (3) of the Banking Act rescinded pursuant to the provisions of Article 52-34, paragraph (1) of the Banking Act, or where a corporation that had been a bank agent had its permission as set forth in Article 52-36, paragraph (1) of the Banking Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act, or where a corporation that had obtained the same type of license, authorization, or permission (including registration or other administrative disposition similar to the license, authorization, or permission) in a foreign state had its license, authorization, or permission rescinded under the laws and regulations of the foreign state equivalent to the Banking Act, a person who was an officer of these corporations within thirty days prior to the date of rescission and for whom five years have not elapsed from the date of rescission;
  - 3. in cases where a corporation that had been a specified credit business agent had its permission as set forth in Article 92-2, paragraph (1) of the Agricultural Cooperatives Act rescinded pursuant to the provisions

of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act following the deemed replacement of terms or where a corporation had obtained the same type of permission in a foreign state had its permission rescinded under the laws and regulations of the foreign state equivalent to the Agricultural Cooperatives Act, or where a corporation that had been an agricultural cooperative or a federation of agricultural cooperatives was ordered to dissolve pursuant to the provisions of Article 95-2 of the Agricultural Cooperatives Act or where a corporation equivalent thereto under laws and regulations of a foreign state was ordered to dissolve under the laws and regulations of the foreign state, a person who was an officer of these corporations within thirty days prior to the date of rescission or order and for whom five years have not elapsed from the date of rescission or order;

4. in cases where a corporation that had been a specified credit business agent had its permission as set forth in Article 106, paragraph (1) of the Fisheries Cooperative Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 108, paragraph (1) of the Fisheries Cooperative Act following the deemed replacement of terms or where a corporation that had obtained the same type of permission in a foreign state had its permission rescinded under the laws and regulations of the foreign state equivalent to the Fisheries Cooperative Act, or where a corporation that had been a fisheries cooperative, federation of fisheries cooperatives, a fishery processing cooperative, or federation of fishery processing cooperatives was ordered to dissolve pursuant to the provisions of Article 124-2 of the Fisheries Cooperative Act or where a corporation equivalent thereto under laws and regulations of a foreign state was ordered to dissolve under the laws and regulations of the foreign state, a person who was an officer of these corporations within thirty days prior to the date of rescission or order and for whom five years have not elapsed from the date of rescission or order;
5. in cases where a corporation that had been a credit cooperative or federation of cooperatives was ordered to dissolve pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 106, paragraph (2) of the Small and Medium-Sized Enterprise Cooperatives Act or Article 6, paragraph (1) of the Act on Financial Businesses by Cooperative following the deemed replacement of terms or where a corporation equivalent thereto under laws and regulations of a foreign state was ordered to

dissolve pursuant to the provisions of the laws and regulations of the foreign state, or where a corporation that had been a credit cooperative agent had its permission set forth in Article 6-3, paragraph (1) of the Act on Financial Businesses by Cooperative rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Businesses by Cooperative following the deemed replacement of terms or where a corporation that had obtained the same type of permission in a foreign state had its permission rescinded under the laws and regulations of the foreign state equivalent to the Act on Financial Businesses by Cooperative, a person who was an officer of these corporations within thirty days prior to the date of rescission or order and for whom five years have not elapsed from the date of rescission or order;

6. in cases where a corporation that had been a shinkin bank or federation of shinkin banks had its license as set forth in Article 4 of the Shinkin Bank Act rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Shinkin Bank Act or where a corporation that had been a shinkin bank agent had its permission as set forth in Article 85-2, paragraph (1) of the Shinkin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis to the provisions of Article 89, paragraph (5) of the Shinkin Bank Act following the deemed replacement of terms, or where a corporation that had obtained the same type of license or permission (including registration or other administrative disposition similar to the license or permission) in a foreign state had its license or permission rescinded under the laws and regulations of the foreign state equivalent to the Shinkin Bank Act, a person who was an officer of these corporations within thirty days prior to the date of rescission and for whom five years have not elapsed from the date of rescission;
7. in cases where a corporation that had been a long-term credit bank had its license as set forth in Article 4, paragraph (1) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 27 or Article 28 of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long Term Credit Bank Act, where a corporation that had been a major shareholder of a long-term credit bank had its authorization as set forth in Article 16-2-2, paragraph (1) or the proviso to paragraph (2) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 52-15, paragraph (1) of the Banking Act as applied mutatis mutandis to Article 17 of the Long

Term Credit Bank Act, where a corporation that had been a long-term credit bank holding company had its authorization as set forth in Article 16-2-4, paragraph (1) or proviso to paragraph (3) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 52-34, paragraph (1) of the Banking Act as applied mutatis mutandis to Article 17 of the Long Term Credit Bank Act, or where a corporation that had been a long-term credit bank agent had its permission set forth in Article 16-5, paragraph (1) of the Long Term Credit Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long Term Credit Bank Act, or where a corporation that had obtained the same type of license, authorization, or permission (including registration or other administrative disposition similar to the license, authorization, or permission) in a foreign state had its license, authorization, or permission rescinded under the laws and regulations of the foreign state equivalent to the Long Term Credit Bank Act, a person who was an officer of these corporations within thirty days prior to the date of rescission and for whom five years have not elapsed from the date of rescission;

8. in cases where a corporation that had been a labor bank or a federation of labor banks had its license as set forth in Article 6 of the Labor Bank Act rescinded pursuant to the provisions of Article 95 of the Labor Bank Act or where a corporation that had been a labor bank agent had its permission as set forth in Article 89-3, paragraph (1) of the Labor Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Bank Act following the deemed replacement of terms, or where a corporation that had obtained the same type of license or permission in a foreign state (including registration or other administrative disposition similar to the license or permission) had its license or permission rescinded under the laws and regulations of the foreign state equivalent to the Labor Bank Act, a person who was an officer of these corporations within thirty days prior to the date of rescission and for whom five years have not elapsed from the date of rescission;
9. in cases where a corporation that had been the Norinchukin Bank was ordered to dissolve pursuant to the provisions of Article 86 of the Norinchukin Bank Act or where a corporation equivalent thereto under laws and regulations of a foreign state was ordered to dissolve under the laws and regulations of the foreign state, or where a corporation that had been a Norinchukin Bank agent had its permission as set

- forth in Article 95-2, paragraph (1) of the Norinchukin Bank Act rescinded pursuant to the provisions of Article 52-56, paragraph (1) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act following the deemed replacement of terms or where a corporation that had obtained the same type of permission in a foreign state had its permission rescinded under the laws and regulations of the foreign state equivalent to the Norinchukin Bank Act, a person who was an officer (including management supervisory committee members) of these corporations within thirty days prior to the date of rescission or order and for whom five years have not elapsed from the date of rescission or order;
10. in cases where a corporation that had been a specified insurance agent had its registration as set forth in Article 276 of the Insurance Business Act rescinded pursuant to the provisions of Article 307, paragraph (1) of the Insurance Business Act or where a corporation that had been an insurance broker had its registration as set forth in Article 286 of the Insurance Business Act rescinded pursuant to the provisions of Article 307, paragraph (1) of the Insurance Business Act, or where a corporation that had obtained the same type of registration in a foreign state had its registration rescinded under the laws and regulations of the foreign state, a person who was an officer of these corporations within thirty days prior to the date of rescission and for whom five years have not elapsed from the date of rescission;
  11. in cases where a corporation that had been a financial instruments business operator had its registration as set forth in Article 29 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 52, paragraph (1), Article 53, paragraph (3), or Article 57-6, paragraph (3) of the Financial Instruments and Exchange Act, where a corporation that had been an authorized firm for on-exchange transactions had its permission as set forth in Article 60-14, paragraph (1) of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 60-8, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (1) of the Financial Instruments and Exchange Act, where a corporation that had been an authorized electronic over-the-counter derivatives transactions, etc. business operator had its permission as set forth in Article 60-14, paragraph (1) of the Act rescinded pursuant to the provisions of Article 60-8, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 60-14, paragraph (2) of the Financial Instruments and Exchange Act, where a corporation that

had been a notifier of specially permitted services was ordered to discontinue the specially-permitted business for qualified institutional investors, etc. pursuant to the provisions of Article 63-5, paragraph (3) of the Financial Instruments and Exchange Act, where a corporation that had given notification pursuant to the provisions of Article 63-3, paragraph (1) of the Financial Instruments and Exchange Act was ordered to discontinue the specially-permitted business for qualified institutional investors, etc. pursuant to the provisions of Article 63-5, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 63-3, paragraph (2) of the Financial Instruments and Exchange Act following the deemed replacement of terms, where a corporation that had been a financial instruments intermediary service provider had its registration as set forth in Article 66 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 66-20, paragraph (1) of the Financial Instruments and Exchange Act, where a corporation that had been a credit rating institution had its registration as set forth in Article 66-27 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 66-42, paragraph (1) of the Financial Instruments and Exchange Act, or where a corporation that had been a high-speed trader had its registration as set forth in Article 66-50 of the Financial Instruments and Exchange Act rescinded pursuant to the provisions of Article 66-63, paragraph (1) of the Financial Instruments and Exchange Act, or where a corporation that had obtained the same type of registration or permission in a foreign state had its registration or permission rescinded or where a corporation that engaged in the same type of operation as the specially-permitted business for qualified institutional investors, etc. in a foreign state was ordered to discontinue the operation under the laws and regulations of the foreign state equivalent to the Financial Instruments and Exchange Act, a person who was an officer of these corporations within thirty days prior to the date of rescission or order and for whom five years have not elapsed from the date of rescission or order; or

12. in cases where a corporation that had been a money lender had its renewal of registration as set forth in Article 3, paragraph (1) of the Money Lending Business Act rejected pursuant to the provisions of Article 6, paragraph (1) of the Money Lending Business Act or its registration as set forth in Article 3, paragraph (1) of the Money Lending Business Act rescinded pursuant to the provisions of Article 24-6-4, paragraph (1), Article 24-6-5, paragraph (1), or Article 24-6-6,

paragraph (1) (limited to the part related to item (i)) of the Money Lending Business Act, or where a corporation that had obtained the same type of registration in a foreign state had its renewal of registration rejected or its registration rescinded under the laws and regulations of the foreign state equivalent to the Money Lending Business Act, a person who was an officer of these corporations within thirty days prior to the date of rescission, and for whom five years have not elapsed from the date of rescission.

(e) a person who falls under any of the following cases:

1. an officer whose dismissal was ordered pursuant to the provisions of Article 38, paragraph (3) or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to this Act, and for whom five years have not elapsed from the date of the disposition;
2. an officer whose dismissal was ordered pursuant to the provisions of Article 27, Article 52-34, paragraph (1), or Article 52-56, paragraph (2) of the Banking Act or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Banking Act, and for whom five years have not elapsed from the date of the disposition;
3. an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 92-4, paragraph (1) of the Agricultural Cooperatives Act following the deemed replacement of terms, an officer whose reelection was ordered pursuant to the provisions of Article 95, paragraph (2) of the Agricultural Cooperatives Act, or an officer who was ordered to be dismissed or re-elected in a foreign state under the laws and regulations of the foreign state equivalent to the Agricultural Cooperatives Act, and for whom five years have not elapsed from the date of the disposition;
4. an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 108, paragraph (1) of the Fisheries Cooperative Act following the deemed replacement of terms, an officer whose reelection was ordered pursuant to the provisions of Article 124, paragraph (2) of the Banking Act, or an officer who was ordered to be dismissed or re-elected in a foreign state under the laws and regulations of the foreign state equivalent to the Fisheries Cooperative Act, and for whom five years have not elapsed from the date of the disposition;
5. an officer whose dismissal was ordered pursuant to the provisions of

Article 27 of the Banking Act as applied mutatis mutandis pursuant to Article 6, paragraph (1) of the Act on Financial Businesses by Cooperative following the deemed replacement of terms or pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5, paragraph (1) of the Act on Financial Businesses by Cooperative, or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Act on Financial Businesses by Cooperative, and for whom five years have not elapsed from the date of the disposition;

6. an officer whose dismissal was ordered pursuant to the provisions of Article 27 of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (1) of the Shinkin Bank Act or pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (5) of the Shinkin Bank Act, or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Shinkin Bank Act, and for whom five years have not elapsed from the date of the disposition;
7. an officer whose dismissal was ordered pursuant to the provisions of Article 27, Article 52-34, paragraph (1) or Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 17 of the Long Term Credit Bank Act, or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Long Term Credit Bank Act, and for whom five years have not elapsed from the date of the disposition;
8. an officer whose replacement was ordered pursuant to the provisions of Article 95, paragraph (1) of the Labor Bank Act or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (3) of the Labor Bank Act following the deemed replacement of terms, or an officer whose replacement or dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Labor Bank Act, and for whom five years have not elapsed from the date of the disposition;
9. an officer (including a management supervisory committee member) whose dismissal was ordered pursuant to the provisions of Article 86 of the Norinchukin Bank Act or an officer whose dismissal was ordered pursuant to the provisions of Article 52-56, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 95-4, paragraph (1) of the Norinchukin Bank Act following the deemed



replacement of terms, or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Norinchukin Bank Act, and for whom five years have not elapsed from the date of the disposition;

10. an officer whose dismissal or removal was ordered pursuant to the provisions of Article 52, paragraph (2), Article 60-8, paragraph (2) (including as applied mutatis mutandis pursuant to Article 60-14, paragraph (2)), Article 66-20, paragraph (2), Article 66-42, paragraph (2), or Article 66-63, paragraph (2) of the Financial Instruments and Exchange Act or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Financial Instruments and Exchange Act, and for whom five years have not elapsed from the date of the disposition; or
  11. an officer whose dismissal was ordered pursuant to the provisions of Article 24-6-4, paragraph (2) of the Money Lending Business Act or an officer whose dismissal was ordered in a foreign state under the laws and regulations of the foreign state equivalent to the Money Lending Business Act, and for whom five years have not elapsed from the date of the disposition;
- (f) a person who falls under any of the sub-items (a) through (n) of the preceding item;
- (iii) in cases where a person is an individual, a person who falls under any of the following sub-items:
- (a) a person who falls under any of the sub-items (a) through (e) of the preceding item; or
  - (b) in cases where a minor does not have the same legal capacity to act as an adult concerning financial service intermediary business and whose statutory agent (in cases where a statutory agent is a corporation, including its officers; the same applies in item (v), (e)) falls under any of the sub-items (a) through (f) of the preceding item;
- (iv) in cases of engaging in deposit, etc. intermediary business operations, a person that falls under the case provided for by Cabinet Office Order as a case where conducting other businesses is likely to hinder the appropriate and reliable deposit, etc. intermediary business operations;
- (v) in cases of engaging in insurance intermediary business operations, a person that falls under any of the following sub-items:
- (a) an insurance company, foreign insurance company, etc. or small amount and short term insurance provider, or officers or employees thereof;
  - (b) an insurance agent (meaning an insurance agent set forth in Article 2, paragraph (23) of the Insurance Business Act; hereinafter the same applies in this Section) (excluding a person that acts as an agent or intermediary

- for the conclusion of insurance contracts for an insurance company, foreign insurance company, etc. or small amount and short term insurer based on the entrustment by the insurance company, foreign insurance company, etc. or small amount and short term insurer or based on re-entrustment by the person that accepted the entrustment) or an officer or employee of an insurance broker; or
- (c) there is a person who falls under any of the following persons among the employees engaging in intermediation of the conclusion of insurance contracts:
1. a person who falls under any of item (ii), (a) through (f), or either (a) or (b);
  2. a person who committed a significantly inappropriate act in relation to insurance intermediary business operations or solicitation of insurance (meaning solicitation of insurance as defined in Article 2, paragraph (26) of the Insurance Business Act; the same applies in Article 17, paragraph (3)) within three years prior to the date of application for registration; or
  3. an insurance agent (limited to a person who acts as an agent or intermediary for conclusion of insurance contracts for an insurance company, foreign insurance company, etc. or small amount and short-term insurer based on the entrustment by the insurance company, foreign insurance company, etc. or small amount and short term insurer or based on re-entrustment by the person that accepted the entrustment) or an insurance broker;
- (d) in cases where the person is a corporation, it has an officer who falls under any of (a), (b), or (c) 2 or 3; or
- (e) in cases where the person is an individual, a minor who does not have the same legal capacity to act as an adult concerning financial service intermediary business and whose statutory agent falls under any of (a), (b), or (c) 2 or 3;
- (vi) in cases of engaging in securities, etc. intermediary business operations, a bank or other persons provided for by Cabinet Order; or
- (vii) in cases of engaging in loan intermediary business operations, a person any of whose employees that are provided for by Cabinet Order, falls under any of item (ii), (a) through (f).

(Registration of Changes)

Article 16 (1) When a financial service intermediary seeks to change the particulars set forth in Article 13, paragraph (1), item (iv) or (vi), the financial service intermediary must obtain registration of change by the Prime Minister pursuant to the provisions of Cabinet Office Order.

- (2) The provisions of Article 14 (excluding the items of paragraph (1)) and the preceding Article (excluding item (i), (a) through (o), item (ii), and item (iii)) apply mutatis mutandis pursuant to the registration of change referred to in the preceding paragraph. In this case, the term "the following information" in Article 14, paragraph (1) is deemed to be replaced with "information related to the change," the term "each item" in the preceding Article is deemed to be replaced with "each item (excluding item (i), (a) through (o), item (ii), and item (iii))," the term "engaging in deposit, etc. intermediary business operations" in item (iv) of the preceding Article is deemed to be replaced with "engaging in deposit, etc. intermediary business operations by the registration of change set forth in paragraph (1) of the following Article," the term "insurance intermediary business operations" in item (v) of the preceding Article is deemed to be replaced with "insurance intermediary business operations by the registration of change set forth in paragraph (1) of the following Article," the term "securities, etc. intermediary business operations" in item (vi) of the preceding Article is deemed to be replaced with "securities, etc. intermediary business operations by the registration of change set forth in paragraph (1) of the following Article," and the term "loan intermediary business operations" in item (vii) of the preceding Article is deemed to be replaced with "loan intermediary business operations by the registration of change set forth in paragraph (1) of the following Article."
- (3) If a financial service intermediary comes to fall under any of the following items, the person specified in that item must notify the Prime Minister of that fact without delay, pursuant to the provisions of Cabinet Office Order:
- (i) a particular set forth in the items of Article 13, paragraph (1) (excluding items (iv) and (vi)) changes: the financial service intermediary;
  - (ii) the business outline or business method of the financial service intermediary business operations stated in the documents set forth in Article 13, paragraph (2), item (iii) changes: the financial service intermediary;
  - (iii) the financial service intermediary discontinues the financial service intermediary business, has the whole of its business pertaining to the financial service intermediary business succeeded to through a company split, or transfers the whole of its business pertaining to the financial service intermediary business: the individual or the corporation that discontinues the financial service intermediary business, has it succeeded to, or transfers it;
  - (iv) the financial service intermediary is an individual, and that individual dies: the heir thereof;
  - (v) the financial service intermediary is a corporation, and that corporation disappears in a merger: the officer that represented the corporation;
  - (vi) the financial service intermediary is a corporation, and that corporation

- becomes subject to an order to commence bankruptcy proceedings: the bankruptcy trustee;
- (vii) the financial service intermediary is a corporation, and that corporation is dissolved on grounds other than a merger or an order to commence bankruptcy proceedings: the liquidator;
- (viii) the financial service intermediary engaging in the business operations set forth in the following sub-items (a) through (d) becomes a person specified in (a) through (d), respectively: the financial service intermediary that has become the person specified in sub-items (a) through (d), respectively:
- (a) deposit, etc. intermediary business operations: a bank agent or a person specified by Cabinet Order;
  - (b) insurance intermediary business operations: an insurance agent, or an insurance broker, or any officer or employee thereof;
  - (c) securities, etc. intermediary business operations: a financial instruments business operator engaging in type I financial instruments business or a financial instruments intermediary service provider; or
  - (d) loan intermediary business operations: a money lender; and
- (ix) the financial service intermediary falls under cases provided for by Cabinet Office Order: a person provided for by Cabinet Office Order.
- (4) If a financial service intermediary engaging in the business operations set forth in item (viii), sub-items (a) through (d) of the preceding paragraph becomes a person specified in sub-items (a) through (d), respectively (excluding a person engaging in only one business operation out of those set forth in sub-items (a) through (d)), the financial service intermediary is deemed to have obtained the registration of change as referred to in paragraph (1) indicating that it no longer engages in the business operations set forth in sub-items (a) through (d), respectively.
- (5) Upon accepting a notification under paragraph (3) (limited to the part related to item (i)), the Prime Minister must register the particulars provided in the notification in the register of financial service intermediaries.
- (6) If a financial service intermediary comes to fall under any of paragraph (3), item (iii) through item (vii) or if a financial service intermediary engaging in only one business operation out of those set forth in item (viii), sub-items (a) through (d) of that paragraph becomes a person specified in sub-items (a) through (d), respectively, the registration under Article 12 of the financial service intermediary ceases to be effective.

(Special Provisions of the Banking Act and Other Laws)

Article 17 (1) Notwithstanding the provisions of the Banking Act or other laws specified by Cabinet Order, a bank that has obtained registration under Article 12 related to each category of insurance intermediary business operations or

other persons specified by Cabinet Order may engage in insurance intermediary business operations (limited to the cases specified by Cabinet Office Order as posing little risk of resulting in insufficient protection of policyholders, etc. (meaning policyholders, etc. as defined in Article 5, paragraph (1), item (iii), (a) of the Insurance Business Act; the same applies in Article 22, paragraph (2) and Article 28, paragraph (2))).

- (2) The deposit, etc. intermediary business operations performed by a financial service intermediary that has obtained registration under Article 12 related to each category of deposit, etc. intermediary business operations is deemed not to fall under bank agency services as defined in Article 2, paragraph (14) of the Banking Act; specified credit business agency services prescribed in Article 92-2, paragraph (2) of the Agricultural Cooperatives Act; specified credit business agency services prescribed in Article 106, paragraph (2) of the Fisheries Cooperative Act; credit cooperative agency services prescribed in Article 6-3, paragraph (2) of the Act on Financial Businesses by Cooperative; shinkin bank agency services prescribed in Article 85-2, paragraph (2) of the Shinkin Bank Act; long-term credit bank agency services prescribed in Article 16-5, paragraph (2) of the Long Term Credit Bank Act; labor bank agency services prescribed in Article 89-3, paragraph (2) of the Labor Bank Act; and Norinchukin Bank agency services prescribed in Article 95-2, paragraph (2) of the Norinchukin Bank Act.
- (3) Intermediary in concluding an insurance contract performed by a financial service intermediary that has obtained registration under Article 12 related to each category of insurance intermediary business operations is deemed not to fall under solicitation of insurance.
- (4) With regard to the application of the provisions of the Insurance Business Act, if a financial service intermediary that has obtained registration under Article 12 related to each category of insurance intermediary business operations engages in those business operations, the financial service intermediary and its officers, and employees are deemed not to be insurance agents or insurance brokers.
- (5) Securities, etc. intermediary business operations engaged in by a financial service intermediary that has obtained registration under Article 12 related to each category of those business operations are deemed not to fall under a financial instruments business as defined in Article 2, paragraph (8) of the Financial Instruments and Exchange Act.

(Special Provisions on Electronic Financial Service Intermediary Business Operations)

Article 18 (1) Notwithstanding the provisions of Article 52-61-2 of the Banking Act, if a financial service intermediary engaging in electronic financial service

intermediary business operations falls under all of the following requirements, the financial service intermediary may engage in electronic payment services (meaning electronic payment services as defined in Article 2, paragraph (17) of the Banking Act; the same applies hereinafter):

- (i) it is a person that does not fall under any of the following sub-items:
  - (a) a person that does not have the financial basis that satisfies the requirements specified by Cabinet Office Order as those found to be necessary for performing electronic payment services in an appropriate and reliable manner; and
  - (b) a person subject to any of the following dispositions, and for whom five years have not elapsed from the date of the disposition:
    - 1. a rescission of registration referred to in Article 52-61-2 of the Banking Act pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of that Act;
    - 2. a rescission of registration referred to in Article 92-5-2, paragraph (1) of the Agricultural Cooperatives Act, made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of the Banking Act as applied mutatis mutandis pursuant to Article 92-5-9, paragraph (1) of the Agricultural Cooperatives Act following the deemed replacement of terms;
    - 3. a rescission of registration referred to in Article 110, paragraph (1) of the Fisheries Cooperative Act, made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of the Banking Act as applied mutatis mutandis pursuant to Article 117, paragraph (1) of the Fisheries Cooperative Act following the deemed replacement of terms;
    - 4. a rescission of registration referred to in Article 6-5-2, paragraph (1) of the Act on Financial Businesses by Cooperative, made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of the Banking Act as applied mutatis mutandis pursuant to Article 6-5-10, paragraph (1) of the Act on Financial Businesses by Cooperative following the deemed replacement of terms;
    - 5. a rescission of registration referred to in Article 85-4, paragraph (1) of the Shinkin Bank Act, made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of the Banking Act as applied mutatis mutandis pursuant to Article 89, paragraph (7) of the Shinkin Bank Act following the deemed replacement of terms;
    - 6. a rescission of registration referred to in Article 89-5, paragraph (1) of the Labor Bank Act, made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of the Banking Act as applied mutatis mutandis pursuant to Article 94, paragraph (5) of the Labor Bank Act following the deemed replacement of terms;

7. a rescission of registration referred to in Article 95-5-2, paragraph (1) of the Norinchukin Bank Act, made pursuant to the provisions of Article 52-61-17, paragraph (1) or (2) of the Banking Act as applied mutatis mutandis to Article 95-5-10, paragraph (1) of the Norinchukin Bank Act following the deemed replacement of terms;
  8. a rescission of registration referred to in Article 60-3 of the Shoko Chukin Bank Limited Act (Act No. 74 of 2007), made pursuant to the provisions of Article 60-19, paragraph (1) or (2) of that Act; or
  9. a rescission of registration of the same type of registration as that referred to in 1 through 8, which the financial service intermediary has obtained in a foreign state under the laws and regulations of the foreign state that are equivalent to the Banking Act, Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Labor Bank Act, Norinchukin Bank Act, or Shoko Chukin Bank Limited Act (including permission or other administrative dispositions similar to the registration):
- (c) a person that has been issued any of the following orders, and for whom five years have not elapsed from the date of the order:
1. an order to discontinue electronic payment services, which is issued pursuant to the provisions of Article 38, paragraph (2);
  2. an order to discontinue specified electronic payment services for credit business prescribed in Article 92-5-2, paragraph (2) of the Agricultural Cooperatives Act, which is issued pursuant to the provisions of Article 92-5-8, paragraph (4) of that Act;
  3. an order to discontinue specified electronic payment services for credit business prescribed in Article 110, paragraph (2) of the Fisheries Cooperative Act, which is issued pursuant to the provisions of Article 116, paragraph (4) of that Act;
  4. an order to discontinue electronic payment services for credit cooperatives prescribed in Article 6-5-2, paragraph (2) of the Act on Financial Businesses by Cooperative, which is issued pursuant to the provisions of Article 6-5-9, paragraph (4) of that Act;
  5. an order to discontinue electronic payment services for shinkin banks prescribed in Article 85-4, paragraph (2) of the Shinkin Bank Act, which is issued pursuant to the provisions of Article 85-11, paragraph (4) of that Act;
  6. an order to discontinue electronic payment services for labor banks prescribed in Article 89-5, paragraph (2) of the Labor Bank Act, which is issued pursuant to the provisions of Article 89-12, paragraph (4) of that Act;

7. an order to discontinue electronic payment services for Norinchukin Bank prescribed in Article 95-5-2, paragraph (2) of the Norinchukin Bank Act, which is issued pursuant to the provisions of Article 95-5-9, paragraph (4) of that Act;
  8. an order to discontinue electronic payment services for Shoko Chukin Banks prescribed in Article 60-2, paragraph (1) of the Shoko Chukin Bank Limited Act, which is issued pursuant to the provisions of Article 60-32, paragraph (4) of that Act; or
  9. an order to discontinue business operations that are the same type of business operations as those referred to in 1 through 8 under laws and regulations of a foreign state equivalent to this Act, Agricultural Cooperatives Act, Fisheries Cooperative Act, Act on Financial Businesses by Cooperative, Shinkin Bank Act, Labor Bank Act, Norinchukin Bank Act, or Shoko Chukin Bank Limited Act;
- (d) a person subject to a fine (including any equivalent sentence under laws and regulations of a foreign state) for violating the provisions of the Shoko Chukin Bank Limited Act or any other laws provided for by Cabinet Order, or for violating the provisions of laws and regulations of a foreign state equivalent to those laws, and for whom five years have not elapsed from the day on which the person became subject to that fine or ceased to be subject to its enforcement;
- (ii) if the person is a corporation, a person that does not fall under any of the following sub-items:
- (a) a foreign corporation that has not designated its representative in Japan; and
  - (b) a corporation whose officers include a person falling under any of the following cases:
    1. in cases where a corporation was subject to a disposition set forth in (b), 1 through 9 of the preceding item, a person who was an officer of the corporation within 30 days prior to the date of the disposition, and for whom five years have not elapsed from the date of the disposition;
    2. in cases where a corporation was subject to an order set forth in (c), 1 through 9 of the preceding item, a person who was an officer of the corporation within 30 days prior to the date of the order, and for whom five years have not elapsed from the date of the order; or
    3. a person that falls under any of sub-items (b) through (d) of the preceding item; or
- (iii) if the person is an individual, a person that does not fall under any of the following cases:
- (a) a person domiciled in a foreign state who has not designated their agent in Japan; or



- (b) a person that falls under any of (b), 1 or 2 of the preceding item;
- (2) If a financial service intermediary engages in electronic payment services pursuant to the provisions of the preceding paragraph, the financial service intermediary is deemed to be an electronic payment service provider as defined in Article 2, paragraph (18) of the Banking Act, and the provisions of Article 52-61-6, paragraphs (1) and (3), Article 52-61-7, paragraph (1), Articles 52-61-8 through 52-61-16, Article 52-61-17, paragraph (1) (excluding items (i) and (ii)), Articles 52-61-19 through 52-61-30, Article 53, paragraph (5), and Article 56 (limited to the part related to item (xiv) and items (xvi) through (xviii)) of the Banking Act, and the provisions of Chapter 9 of the Banking Act related to these provisions, and the provisions of Article 92-5-8 of the Agricultural Cooperatives Act, Article 116 of the Fisheries Cooperative Act, Article 6-5-9 of the Act on Financial Businesses by Cooperative, Article 85-11 of the Shinkin Bank Act, Article 89-12 of the Labor Bank Act, Article 95-5-9 of the Norinchukin Bank Act and Article 60-32 of the Shoko Chukin Bank Limited Act apply. In this case, the phrase "set forth in any of the items of Article 52-61-3, paragraph (1)" in Article 52-61-6, paragraph (1) of the Banking Act is deemed to be replaced with "prescribed in Article 18, paragraph (3) of the Act on the Provision of Financial Services (Special Provisions on Electronic Financial Service Intermediary Business Operations)"; the term "Article 52-61-3, paragraph (2), item (iii)" in paragraph (3) of that Article is deemed to be replaced with "Article 18, paragraph (4), item (ii) of the Act on Provision of Financial Services"; the term "any of the following items" in Article 52-61-17, paragraph (1) of that Act is deemed to be replaced with "item (iii)"; the phrase "revoke the registration under Article 52-61-2, or order the suspension of all or a part of its business during a fixed period of no longer than six months" in that paragraph is deemed to be replaced with "order the suspension of all or a part of its electronic payment services during a fixed period of no longer than six months"; and any other necessary technical replacement of terms is specified by Cabinet Order.
- (3) If a financial service intermediary engages in electronic payment services pursuant to the provisions of paragraph (1), the financial service intermediary must notify the Prime Minister of the particulars set forth in the items of Article 52-61-3, paragraph (1) of the Banking Act, pursuant to the provisions of Cabinet Office Order.
- (4) The following documents must be attached to any notification under the provisions of the preceding paragraph:
- (i) a document in which a person making the notification pledges that the person satisfies the requirements set forth in the items of paragraph (1);
  - (ii) a document stating what is specified by Cabinet Office Order as the details and means of electronic payment services; and

(iii) other documents specified by Cabinet Office Order.

- (5) The Prime Minister must prepare a register of financial service intermediaries that have given a notification under the provisions of paragraph (3) and must make that register available for public inspection.

(Restriction on the Use of a Trade Name)

Article 19 A person that is not a financial service intermediary must not use a trade name or name that refers to it as a financial service intermediary, and must not use any trade name or name that is confusingly similar thereto.

(Posting of Signs)

Article 20 (1) A financial service intermediary must post a sign in the format specified by the Cabinet Office Order in a place easily visible to the public at each of its business offices or other offices that conduct financial service intermediary business operations.

- (2) In cases where a financial service intermediary engages in financial service intermediary business operations by means of using an electronic data processing system or by any other means using information and communication technology, the financial service intermediary must publish the trade name, name, category of business operations it engages in, and other particulars specified by the Cabinet Office Order by the use of the internet or by other means specified by Cabinet Office Order.

- (3) A person other than a financial service intermediary must not post the sign referred to in paragraph (1) or a sign similar thereto.

(Prohibition of Lending One's Name)

Article 21 A financial service intermediary must not allow another person to engage in financial service intermediary business using its name.

(Security Deposits)

Article 22 (1) A financial service intermediary must make security deposits with the deposit office nearest to its principal business office or other relevant office.

- (2) The amount of the security deposits referred to in the preceding paragraph is specified by Cabinet Order in consideration of the state of the financial service intermediary business operations and the necessity of protecting customers, etc. (meaning customers, policyholders, etc. other than customers, or a person who has become a guarantor in a contract for the lending of funds or the discounting of bills and notes concluded through an intermediary as prescribed in Article 11, paragraph (5); the same applies in paragraph (4) and paragraph (2) of the following Article).

- (3) If a financial service intermediary has concluded a contract stipulating that

the required amount of security deposits is to be deposited for the financial service intermediary by the order of the Prime Minister pursuant to the provisions of Cabinet Order and has notified the Prime Minister of that fact, the financial service intermediary may withhold depositing all or part of the amount of security deposits referred to in paragraph (1) concerning the amount to be deposited under the relevant contract, so long as the contract remains in effect.

- (4) If the Prime Minister finds it necessary for the protection of customers, etc., the Prime Minister may order a person that has concluded a contract as set forth in the preceding paragraph with a financial service intermediary or the relevant financial service intermediary, to deposit all or part of the amount equivalent to the amount to be deposited under that contract.
- (5) A financial service intermediary may not engage in financial service intermediary business, unless it has deposited the security deposits under paragraph (1) (including the conclusion of a contract under paragraph (3)); the same applies in paragraph (8) and paragraph (10), item (iii) of this Article, and Article 91, item (i)) and has notified the Prime Minister of this.
- (6) Concerning claims against a person specified in the following items in relation to the acts set forth in the relevant items performed by a financial service intermediary, the person specified in those items has the right to receive payment in preference over other creditors regarding the security deposits made by the financial service intermediary:
  - (i) an act set forth in Article 11, paragraph (2), item (i): a person who has concluded a contract for the acceptance of deposit, etc. through that act;
  - (ii) an act set forth in Article 11, paragraph (2), item (ii): a person who has concluded a contract for lending funds or discounting bills and notes through that act;
  - (iii) an act set forth in Article 11, paragraph (2), item (iii): a person who has concluded a contract for funds transfer transactions through that act;
  - (iv) intermediation as prescribed in Article 11, paragraph (3): a policyholder who has concluded an insurance contract through the intermediation, an insured covered by the insurance contract, or a beneficiary of insurance proceeds;
  - (v) an act set forth in Article 11, paragraph (4), item (i): a person who has concluded purchase and sale contract of securities through that act;
  - (vi) act set forth in Article 11, paragraph (4), item (ii): a person who has concluded purchase and sale contract of securities, or a contract related to market derivatives transactions or foreign market derivatives transactions, through that act;
  - (vii) an act set forth in Article 11, paragraph (4), item (iii): a person who has acquired securities through that act;

- (viii) an act set forth in Article 11, paragraph (4), item (iv): a person who has concluded an investment advisory contract or a discretionary investment contract through that act; and
  - (ix) intermediation prescribed in Article 11, paragraph (5): a person who has concluded a contract for lending funds or discounting bills and notes through the intermediation or a person that became a guarantor in relation to that contract.
- (7) The necessary particulars relevant to the exercise of the rights referred to in the preceding paragraph are specified by Cabinet Order.
- (8) If the amount of the security deposits that was deposited by a financial service intermediary comes to fall short of the amount specified by Cabinet Order under paragraph (2) due to the exercise of the right referred to in paragraph (6) or any other reason, the financial service intermediary must deposit the shortfall within two weeks from the date specified by Cabinet Office Order and notify the Prime Minister of this without delay.
- (9) National government bonds, local government bonds or any other securities specified by Cabinet Office Order may serve as the security deposits to be deposited pursuant to the provisions of paragraph (1) or the preceding paragraph.
- (10) The security deposits that have been deposited pursuant to the provisions of paragraph (1), (4), or (8) may be fully or partly refunded with the Prime Minister's approval, if the financial service intermediary comes to fall under any of the following items:
- (i) the financial service intermediary comes to fall under any of Article 16, paragraph (3), items (iii) through (vii) or the financial service intermediary engaging in only one business operation out of those set forth in item (viii), sub-items (a) through (d) of that paragraph becomes a person specified in sub-items (a) through (d), respectively;
  - (ii) the registration under Article 12 is rescinded pursuant to the provisions of Article 38, paragraph (1) or (4); or
  - (iii) the amount of the security deposits that have been deposited by the financial service intermediary has come to exceed the amount specified by Cabinet Order under paragraph (2) for reasons such as changes in the state of financial service intermediary business operations.
- (11) When granting the approval set forth in the preceding paragraph, the Prime Minister may designate a period for the recovery and the recoverable amount of the security deposits, within the limit that the Prime Minister finds necessary to ensure the payment of any claim that has arisen in relation to the act set forth in the items of paragraph (6) performed by a financial service intermediary.
- (12) Beyond what is provided for in the preceding paragraphs, the necessary

particulars relevant to security deposits are specified by Cabinet Office Order or Ministry of Justice Order.

(Financial Service Intermediary Liability Insurance Contract)

Article 23 (1) A financial service intermediary that has concluded a financial service intermediary liability insurance contract (meaning a contract guaranteeing that, in cases where compensation liability for damages arises in relation to financial service intermediary business operations, an insurer compensates the loss arising from the compensation by the financial service intermediary and that the policyholder pays the insurance premium to the insurer; hereinafter the same applies in this Article) pursuant to the provisions of Cabinet Order, may, with the Prime Minister's approval, choose not to deposit all or part of the security deposit referred to in paragraph (1) of the preceding Article in accordance with the amount of insurance proceeds under the contract, so long as the contract remains in effect.

(2) If the Prime Minister finds it necessary for the protection of customers, etc., the Prime Minister may order a financial service intermediary that has concluded a financial service intermediary liability insurance contract to deposit all or part of the amount of security deposits which the financial service intermediary may choose not to deposit pursuant to the provisions of the preceding paragraph.

(3) Beyond what is provided for in the preceding two paragraphs, any necessary particulars for financial service intermediary liability insurance contracts are specified by Cabinet Office Order.

## **Section 2 Business Operations**

(Duty of Good Faith of Financial Service Intermediaries)

Article 24 A financial service intermediary as well as its officers and employees must act fairly and in good faith with customers in performing business operations.

(Provision of Information)

Article 25 (1) A financial service intermediary, when engaging in financial service intermediary business operations, must clearly indicate the following particulars to customers in advance:

- (i) the trade name or name, and address of the financial service intermediary;
- (ii) the category of business operations registered on the registry of financial service intermediaries prescribed in Article 14, paragraph (1);
- (iii) the fact that the financial service intermediary does not have the authority to represent a person set forth in Article 11, paragraph (2), item (i), (a)

- through (o), the items of paragraph (3) or paragraph (4), item (i), (a) or (b), or a money lender, and other particulars of the financial service intermediary's authority;
- (iv) the purport of the provisions of Article 27;
  - (v) the particulars of the financial service intermediary's liability for damages; and
  - (vi) other particulars specified by Cabinet Office Order.
- (2) A financial service intermediary, upon request of a customer, must disclose the amount of commission, reward or any other consideration that the financial service intermediary receives for financial service intermediary business operations, or any other particulars specified by Cabinet Office Order.

(Measures Concerning Business Operations)

Article 26 Unless otherwise provided in this Act or any other law, a financial service intermediary, pursuant to the provisions of Cabinet Office Order, must explain important matters related to its financial service intermediary business operations to customers, appropriately handle customer information acquired in connection with its financial service intermediary business operations, and take other measures to ensure the sound and appropriate management of its financial service intermediary business.

(Ban on Depositing Money)

Article 27 A financial service intermediary must not, for any reason, receive a deposit in the form of money or other property from a customer, or have a person specified by Cabinet Order as being closely related to the financial service intermediary deposit money or other property of a customer in connection with the financial service intermediary business it conducts; provided, however, that this does not apply in a case specified by Cabinet Office Order as one in which there is little likelihood of this resulting in insufficient protection of customers.

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

Article 28 (1) A financial service intermediary must take the measures specified in any of the following items in accordance with the category of cases set forth in that item:

- (i) in cases where the financial service intermediary engages in deposit, etc. intermediary business operations: measures specified in the following sub-item (a) or (b) in accordance with the category of cases set forth in the sub-item (a) or (b):
  - (a) if there is a designated dispute resolution organization for deposit, etc.

- intermediary business operations (meaning a designated dispute resolution organization for which the category of dispute resolution services is deposit, etc. intermediary business operations; hereinafter the same applies in this Article): measures to conclude a basic contract for the implementation of dispute resolution procedures related to deposit, etc. intermediary business operations with a designated dispute resolution organization for deposit, etc. intermediary business operations; or
- (b) if there is no designated dispute resolution organization for deposit, etc. intermediary business operations: complaint processing measures (meaning measures to have the person set forth in Article 62, paragraph (3), item (iii) provide advice or guidance to the employee or any other workers engaging in the business of processing complaints from customers, etc. or any other measures specified by Cabinet Office Order as being equivalent thereto; hereinafter the same applies in this paragraph) and dispute resolution measures (meaning measures to resolve disputes with customers, etc. through certified dispute resolution procedures as defined in Article 2, item (iii) of the Act on Promotion of the Use of Alternative Dispute Resolution (Act No. 151 of 2004) or any other measure specified by Cabinet Office Order as being equivalent thereto; hereinafter the same applies in this paragraph), related to deposit, etc. intermediary business operations;
- (ii) in cases where the financial service intermediary engages in insurance intermediary business operations: measures specified in the following sub-item (a) or (b) in accordance with the category of cases set forth in sub-item (a) or (b):
- (a) if there is a designated dispute resolution organization for insurance intermediary business operations (meaning a designated dispute resolution organization for which the category of dispute resolution services is insurance intermediary business operations; hereinafter the same applies in this Article): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with insurance intermediary business operations with a designated dispute resolution organization for insurance intermediary business operations; or
- (b) if there is no designated dispute resolution organization for insurance intermediary business operations: complaint processing measures and dispute resolution measures related to insurance intermediary business operations;
- (iii) in cases where the financial service intermediary engages in securities, etc. intermediary business operations: measures specified in the following sub-item (a) or (b) in accordance with the category of cases set forth in sub-item (a) or (b):

- (a) if there is a designated dispute resolution organization for securities, etc. intermediary business operations (meaning a designated dispute resolution organization for which the category of dispute resolution services is securities, etc. intermediary business operations; hereinafter the same applies in this Article): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with securities, etc. intermediary business operations with a designated dispute resolution organization for securities, etc. intermediary business operations ; or
- (b) if there is no designated dispute resolution organization for securities, etc. intermediary business operations: complaint processing measures and dispute resolution measures related to securities, etc. intermediary business operations;
- (iv) in cases where the financial service intermediary engages in loan intermediary business operations: measures specified in the following sub-item (a) or (b) in accordance with the category of cases set forth in sub-item (a) or (b):
  - (a) if there is a designated dispute resolution organization for loan intermediary business operations (meaning a designated dispute resolution organization for which the category of dispute resolution services is loan intermediary business operations; hereinafter the same applies in this Article): measures to conclude a basic contract for the implementation of dispute resolution procedures in connection with loan intermediary business operations with a designated dispute resolution organization for loan intermediary business operations; or
  - (b) if there is no designated dispute resolution organization for loan intermediary business operations: complaint processing measures and dispute resolution measures related to loan intermediary business operations.
- (2) The term "customers, etc." prescribed in item (i), (b) of the preceding paragraph means a customer, policyholder, etc. other than a customer or a person seeking funds, etc. (meaning a person seeking funds, etc. as defined in Article 2, paragraph (6) of the Money Lending Business Act), or a person who was an obligor, etc. (meaning an obligor, etc. as defined in paragraph (5) of that Article).
- (3) Once a financial service intermediary has taken measures to conclude a basic contract for the implementation of dispute resolution procedures pursuant to the provisions of paragraph (1), the financial service intermediary must disclose the name or trade name of the designated dispute resolution organization that is the counterparty to the basic contract for the implementation of dispute resolution procedures.



- (4) The provisions of paragraph (1) do not apply during the period specified in the following items in accordance with the category of cases set forth in the items:
- (i) if a case that fell under a category of cases set forth in paragraph (1), item (i), (a), item (ii), (a), item (iii), (a), or item (iv), (a) has come to fall under a category of cases set forth in item (i), (b), item (ii), (b), item (iii), (b), or item (iv), (b) of that paragraph: the period specified by the Prime Minister as the necessary period for taking the measures specified in paragraph (1), item (i), (b), item (ii), (b), item (iii), (b), or item (iv), (b) at the time of granting authorization for the discontinuation of dispute resolution services under the provisions of Article 72, paragraph (1) or at the time of rescinding the designation under the provisions of Article 73, paragraph (1);
  - (ii) if for a case that fell under a category of the cases set forth in paragraph (1), item (i), (a), item (ii), (a), item (iii), (a), or item (iv), (a), the discontinuation of the dispute resolution services of a designated dispute resolution organization for deposit, etc. intermediary business operations under item (i), (a) of that paragraph, a designated dispute resolution organization for insurance intermediary business operations under item (ii), (a) of that paragraph, a designated dispute resolution organization for securities, etc. intermediary business operations under item (iii), (a) of that paragraph, or a designated dispute resolution organization for loan intermediary business operations under item (iv), (a) of that paragraph (hereinafter collectively referred to as "designated dispute resolution organization for each category of business" in this item) has been authorized under the provisions of Article 72, paragraph (1) or the designation under the provisions of Article 51, paragraph (1) has been rescinded for the designated dispute resolution organization for each category of business pursuant to the provisions of Article 73, paragraph (1) (excluding the case set forth in the preceding item): the period specified by the Prime Minister as the necessary period for taking the measures specified in paragraph (1), item (i), (a), item (ii), (a), item (iii), (a), or item (iv), (a) at the time of granting the authorization or at the time of rescinding the designation; and
  - (iii) if a case that fell under a category of the cases set forth in paragraph (1), item (i), (b), item (ii), (b), item (iii), (b), or item (iv), (b), has come to fall under the cases set forth in item (i), (a), item (ii), (a), item (iii), (a), or item (iv), (a) of that paragraph: the period specified by the Prime Minister as the necessary period for taking the measures specified in paragraph (1), item (i), (a), item (ii), (a), item (iii), (a), or item (iv), (a) at the time of the designation under the provisions of Article 51, paragraph (1).

(Mutatis Mutandis Application of the Banking Act)

Article 29 The provisions of Article 52-44, paragraph (2) and Article 52-45 of the

Banking Act apply mutatis mutandis to a financial service intermediary that engages in deposit, etc. intermediary business operations. In this case, the terms or phrases listed in the middle column of the following table that appear in the provisions of the Banking Act as listed in the left-hand column of that table are deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table and any other necessary technical replacement of terms is specified by Cabinet Order.

Article 52-44, paragraph (2)	Article 2, paragraph (14), item (i)	Article 11, paragraph (2), item (i) (Definitions) of the Act on Provision of Financial Services
	a contract for specified deposit, etc.	a contract on the acceptance of what is specified by Cabinet Office Order as a deposit, etc. (meaning a deposit, etc. as defined in Article 2, paragraph (1) (Definitions) of the Act on the Provision of Financial Services; hereinafter the same applies in this paragraph and item (iv) of the following Article) that has the risk of incurring loss of the principal due to fluctuations in the money percentage, value of currencies, quotations on a financial instruments market as defined in Article 2, paragraph (14) (Definitions) of the Financial Instruments and Exchange Act, or any other index (the contract is referred to as "a contract for specified deposit, etc." in the following Article)
	agent or intermediary	intermediary
	of depositor, etc.	of depositor, etc. (meaning a depositor, savings depositor, installment savings depositor (including a person that makes the installments as defined in Article 2, paragraph (4)); hereinafter the same applies in this paragraph)
	deposits or installment savings, etc.	deposits, etc.
Parts other than those listed in the items of Article 52-45, and item (iii) of that Article	agent or intermediary	intermediary

Article 52-45, item (iv)	with the principal bank	with the counterparty financial institution (meaning a counterparty to a contract for the acceptance of deposit, etc., the lending of funds or the discounting of bills and notes, or funds transfer transactions that a customer concludes through deposit, etc. intermediary business as defined in Article 11, paragraph (2) (Definitions) of the Act on the Provision of Financial Services conducted by a financial service intermediary as defined in paragraph (6) of the Article; hereinafter the same applies in this Article)
	the principal bank	the counterparty financial institution
	agent or intermediary	intermediary
	the principal bank)	the counterparty financial institution)
Article 52-45, item (v)	the principal bank	the counterparty financial institution

(Mutatis Mutandis Application of the Insurance Business Act)

Article 30 The provisions of Article 293, Article 294, paragraphs (1) and (2), Article 294-2, Article 295, Article 298, Article 300, paragraph (1), and Article 309, paragraphs (7), (8), and (10) of the Insurance Business Act apply mutatis mutandis to a financial service intermediary that engages in insurance intermediary business operations. In this case, the terms or phrases listed in the middle column of the following table that appear in the provisions of the Insurance Business Act as listed in the left-hand column of that table are deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table and any other necessary technical replacement of terms is specified by Cabinet Order.

Article 293	by an insurance broker in concluding an insurance contract	by a financial service intermediary in concluding an insurance contract (meaning an insurance contract as defined in Article 2, paragraph (2) (Definitions) of the Act on the Provision of Financial Services; the same applies hereinafter) on behalf of a customer
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Article 294, paragraph (1)	employee thereof	employee thereof (limited to an employee for which notification pursuant to Article 74 (Notification of Officers and Employees Conducting Intermediation of Conclusion of Insurance Policy) of the Act on the Provision of Financial Services has been given; the same applies in the following Article and Article 300, paragraph (1))
	the conclusion of an insurance contract, insurance sales, [or an act of urging a customer to subscribe to an insurance contract for group insurance (meaning insurance for which a group or its representative is the policyholder and the persons who belong to that group are the insured; the same applies in the following Article, Article 294-3, paragraph (1) and Article 300, paragraph (1))] which has been concluded or solicited by the relevant company, officer, agent, broker or employee	an intermediary for the conclusion of an insurance contract, [or an act of urging a customer to subscribe to an insurance contract for group insurance (meaning insurance for which a group or its representative is the policyholder and the persons who belong to that group are the insured; the same applies in the following Article, Article 294-3, paragraph (1) and Article 300, paragraph (1))] of which the relevant financial services intermediary, or its officer or employee has acted as an intermediary for the conclusion
	solicitation of insurance for	an intermediary for the conclusion of
Article 294, paragraph (2)	or [any related acts performed as] an an agent or intermediary	or [any related acts performed as] an intermediary
Article 294-2	[the conclusion of an insurance contract,] solicitation of insurance, [or an act of urging a customer to subscribe to an insurance contract for group insurance] which has been concluded or solicited by the relevant company, officer, agent, broker or employee	an intermediary for the conclusion of an insurance contract, or an act of urging a customer to subscribe to an insurance contract for group insurance of which the relevant financial services intermediary, or its officer or employee has acted as intermediary for the conclusion

Article 295, paragraph (1)	for an insurance broker, limited to those contracts specified by Cabinet Office Order	[limited to those contracts specified by] Cabinet Office Order
Article 300, paragraph (1)	[the conclusion of an insurance contract,] solicitation of insurance [or an act of urging a customer to subscribe to an insurance contract for group insurance] which has been concluded or solicited by the relevant company, officer, agent, broker or employee	an intermediary for the conclusion of an insurance contract, or an act of urging a customer to subscribe to an insurance contract for group insurance of which the relevant financial financial services intermediary, or its officer or employee has acted as an intermediary for the conclusion
	[in case of an act of urging a customer to subscribe to an insurance contract for group insurance] which has been concluded or solicited by the relevant company, officer, agent, broker or employee	[in case of an act of urging a customer to subscribe to an insurance contract for group insurance] of which the relevant financial services intermediary, or its officer or employee has acted as intermediary for the conclusion
	[in case of conclusion of a specified insurance contract prescribed in the following Article] or agency or intermediary therefor	[in case of] an intermediary for [conclusion of a specified insurance contract prescribed in the following Article]
Article 300, paragraph (1), item (viii)	of the insurance company, etc. or foreign insurance company, etc.	of the insurance company, etc. or the foreign insurance company, etc. that is a counterparty to an insurance contract of which the insurance policyholder concludes through intermediation for the conclusion performed by a financial service intermediary (hereinafter referred to as a "counterparty financial institution" in this item)
	include the insurance company, etc. or foreign insurance company, etc.	include the counterparty financial institution

(Mutatis Mutandis Application of the Financial Instruments and Exchange Act)

Article 31 (1) The provisions of Article 38-2, Article 66-14 (excluding item (i), (a) and (b), and item (iii)), and Article 66-14-2 of the Financial Instruments and Exchange Act apply mutatis mutandis to a financial service intermediary that

engages in securities, etc. intermediary business operations. In this case, the terms or phrases listed in the middle column of the following table that appear in the provisions of the Financial Instruments and Exchange Act as listed in the left-hand column of that table are deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table and any other necessary technical replacement of terms is specified by Cabinet Order.

Article 38-2	the investment advisory and agency business or investment management business	securities, etc. intermediary business operations (limited to business operations to conclude the act set forth in Article 11, paragraph (4), item (iv) of the Act on the Provision of Financial Services; the same applies in Article 66-14)
Article 38-2, item (i)	, discretionary investment contract, or contract specified in Article 2, paragraph (8), item (xii), (a)	or discretionary investment contract, or contract related to an intermediary thereof
Article 66-14, items (i) and (ii)	financial instruments intermediary services	securities, etc. intermediary business
Article 66-14-2	as the other party	as the other party or for a general investor
	, a case in which the financial instruments intermediary service provider intermediates a purchase for an entrusting financial instruments business operator, etc. which is not based on a solicitation of general investors, or any other case	or any other case

(2) The provisions of Chapter 3, Section 1, Subsection 5 (excluding Article 34-2, paragraphs (6) through (8) and Article 34-3, paragraphs (5) and (6)), Section 2, Subsection 1 of that Chapter (excluding Articles 35 through 36-4, Article 37-2, Article 37-3, paragraph (3), Article 37-5, Article 37-6, paragraphs (1) and (2), the proviso to paragraph (4), and paragraph (5), Article 37-7, Article 38, items (vii) and (viii), Article 38-2, and Articles 40-2 through 40-7), and Article 45 (excluding items (iii) and (iv)) of the Financial Instruments and Exchange Act

apply mutatis mutandis to a financial service intermediary that engages in financial service intermediary business operations related to a specified financial service contract (meaning a contract for specified deposit, etc. prescribed in Article 52-44, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 29 following the deemed replacement of terms; a specified insurance contract prescribed in Article 300 of the Insurance Business Act; purchase and sale contracts of securities concluded through the acts listed in Article 11, paragraph (4), item (i); purchase and sale contracts of securities, or contracts related to market derivatives transactions or foreign market derivatives transactions through the acts set forth in item (ii) of that paragraph; a contract on acquisition of securities through the acts set forth in item (iii) of that paragraph; or an investment advisory contract or a discretionary investment contract concluded through the acts set forth in item (iv) of that paragraph). In this case, the terms or phrases listed in the middle column of the following table that appear in the provisions of the Financial Instruments and Exchange Act as listed in the left-hand column of that table are deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table and any other necessary technical replacement of terms is specified by Cabinet Order.

Article 34	a contract for the financial instruments business operator, etc. to perform an act that constitutes a financial instruments transaction (meaning an act as set forth in the items of Article 2, paragraph (8); the same applies hereinafter) with the customer as the other party or on behalf of the customer (hereinafter such contract is referred to as a "financial instruments transaction contract"	a specified financial service contract (meaning a specified financial service contract as defined in Article 31, paragraph (2) of the Act on the Provision of Financial Services; the same applies hereinafter
	Article 2, paragraph (31), item (iv)	Article 2, paragraph (31), item (iv)

	a financial instruments transaction contract [with that professional investor of a type specified by Cabinet Office Order] as constituting the same type of contract as the financial instruments transaction contract	a specified financial service contract [with that professional investor of a type specified by Cabinet Office Order] as constituting] the same type of contract as the specified financial service contract
	has never in the past concluded	has never in the past conducted intermediation of the conclusion of
	concluding	conducting intermeiation of the conclusion of
Article 34-2, paragraph (2)	or by the time it concludes	or by the time it conducts intermediation of the conclusion of
Article 34-2, paragraph (3), item (iii)	or concludes	or conducts intermediation of the conclusion of
Article 34-2, paragraph (5), item (ii)	[with which the financial instruments business operator, etc.] concludes	[to a subject contract of which the financial service intermediary] conducts intermediation of the conclusion
Article 34-3, paragraph (2), item (ii)	in concluding	in conducting intermediation of the conclusion of
Article 34-3, paragraph (2), item (iv) (a)	a subject contract with	a subject contract through intermediation of
Article 34-3, paragraph (2), items (v) and (vi)	in concluding a subject contract with	in conducting intermediation of the conclusion of a subject contract for
Article 34-3, paragraph (4), item (ii)	concludes	conducts intermediation of the conclusion of
Article 34-3, paragraph (10) and Article 34-4, paragraph (5)	[by the time it first] concludes	[by the time it first] conducts intermediation of the conclusion of
Article 37, paragraph (2)	the performance of an act that constitutes a financial instruments transaction	the conclusion of a specified financial service contract
Article 37-3, paragraph (1)	seeks to conclude	conducts intermediation of the conclusion of



<p>must deliver [a document stating the following particulars to the customer in advance, pursuant to the provisions of Cabinet Office Order]</p>	<p>must deliver [a document stating the following particulars to the customer in advance, pursuant to the provisions of Cabinet Office Order] and, in order to contribute to protecting depositors, etc. (meaning depositors, etc. as defined in Article 52-44, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 29 of the Act on the Provision of Financial Services following the deemed replacement of terms; hereinafter the same applies in this paragraph) concerning a contract for specified deposit, etc. (meaning a contract for specified deposit, etc. as defined in Article 52-44, paragraph (2) of the Banking Act as applied mutatis mutandis pursuant to Article 29 of the Act on the Provision of Financial Services following the deemed replacement of terms; the same applies in Article 38, item (i) and Article 39, paragraphs (1) and (3)), and to protecting insurance policyholders, etc. (meaning insurance policyholders, etc. as defined in Article 17, paragraph (1) of the Act on the Provision of Financial Services; hereinafter the same applies in this paragraph) concerning a specified insurance contract (meaning specified insurance contract as defined in Article 300-2 of the Insurance Business Act; the same applies hereinafter), it must provide information on the details of the specified financial service contract or other information that will serve as reference to depositor, etc. or policyholders, etc. pursuant to the provisions of Cabinet Office Order</p>
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Article 37-3, paragraph (1), item (i)	the trade name or name, and address of the financial instruments business operator, etc.	the trade name or name, and address (in cases where a counterparty financial institution (meaning a counterparty to a specified financial service contract that a customer concludes through financial service intermediary business operations as defined in Article 11, paragraph (8) of the Act on the Provision of Financial Services conducted by a financial service intermediary as defined in paragraph (6) of that Article; the same applies hereinafter) is a foreign insurance company, etc. as defined in paragraph (3), item (ii) of that Article, location of a branch, etc. in Japan (meaning a branch, etc. in Japan as defined in Article 185, paragraph (1) of the Insurance Business Act)) of the financial service intermediary and the counterparty financial institution related to the specified financial service contract
Article 37-3, paragraph (1), item (v)	an act that constitutes a financial instruments transaction carried out	a specified financial service contract concluded
Article 37-6, paragraph (3)	If a financial instruments transaction contract becomes subject to a cancelation under paragraph (1),	If a financial service intermediary paid compensation for damages and other money to the counterparty financial institution in association with cancellation of a specified financial service contract (excluding a specified insurance contract; the same applies in the following paragraph) at the request of a customer,

	[the customer] to pay damages or a penalty for the cancellation of that financial instruments transaction contract that exceeds the amount specified by Cabinet Office Order as the amount of fees, reward, or other consideration payable by the customer with regard to that financial instruments transaction contract (referred to as a "consideration" in the following paragraph) for the period until the cancellation of that financial instruments transaction contract	the customer that has cancelled the contract to pay that compensation for damages or other money that the financial service intermediary paid
Article 37-6, paragraph (4)	under paragraph (1)	at the request of the customer
	financial instruments transaction contract	specified financial service contract
Article 38, item (i)	the conclusion of a financial instruments transaction contract or in connection with the solicitation thereof	the solicitation or intermediation of the conclusion of a specified financial service contract (excluding a contract for specified deposit, etc. and a specified insurance policy; the same applies in the following item)
Article 38, item (ii)	soliciting the customer to conclude a financial instruments transaction contract	soliciting the customer to conclude a financial instrument transaction contract or conducting intermediation of the conclusion thereof

Article 39, paragraph (1), item (i)	purchase and sale or other transaction of securities (excluding purchase and sale with a repurchase requirement and a predetermined repurchase price, and other transactions specified by Cabinet Order) or a derivatives transaction (hereinafter collectively referred to as "purchase and sale or other transaction of securities, etc." in this Article)	the conclusion of a specified financial service contract
	the securities or derivatives transaction (hereinafter collectively referred to as "securities, etc." in this Article)	the specified financial service contract
	a loss	a loss (in cases of a specified insurance contract, meaning the amount obtained by deducting the total amount of insurance proceeds, rewards and other benefits from the total amount of the insurance premiums, in the case where the total amount of the insurance premiums to be paid by the customer following the conclusion of the specified insurance contract exceeds the total amount of insurance proceeds, rewards and other benefits to be paid out to the customer following the conclusion of the specified insurance contract; hereinafter the same applies in this paragraph, and paragraphs (3) and (5))
	to supplement its profits	to supplement its profits, in cases of a contract for specified deposit, etc. or a specified insurance contract, without concluding those contracts

Article 39, paragraph (1), item (ii)	purchase and sale or other transaction of securities, etc.	the conclusion of a specified financial service contract
	those securities, etc.	that specified financial service contract
	will add [to the profits that the customer has accrued in connection with those securities, etc.]	will add to the profits that the customer has accrued in connection with those securities, etc., in cases of a contract for specified deposit, etc. or a specified insurance contract, without concluding those contracts
Article 39, paragraph (1), item (iii)	purchase and sale or other transaction of securities, etc.	the conclusion of a specified financial service contract
	those securities, etc.	that specified financial service contract
	in order to add [to the profits that the customer has accrued in connection with those securities, etc.]	in order to add to the profit that the customer has accrued in connection with those securities, etc., in cases of a contract for specified deposit, etc. or a specified insurance contract, without concluding those contracts
each item of Article 39, paragraph (2)	purchase and sale or other transaction of securities, etc.	the conclusion of a specified financial service contract
Article 39, paragraph (3)	[, which is] specified by Cabinet Office Order as [a potential cause of a dispute between a financial instruments business operator, etc. and its customer]	[, which is a potential cause of a dispute between a financial instruments business operator, etc. and its customer] (in cases of a specified financial service contract excluding a contract for specified deposit, etc. and a specified insurance contract; limited to what is provided for by Cabinet Office Order)
	the provision of [an economic benefit as referred to in item (iii) of that paragraph]	the provision of an economic benefit as referred to in item (iii) of that paragraph (excluding the acts related to a contract for specified deposit, etc. and a specified insurance contract out of these acts)
Article 39, paragraph (4)	and a financial instruments business operator, etc.	and a counterparty financial institution
	Article 2, paragraph (8), item (ix)	Article 11, paragraph (4), item (iii) of the Act on the Provision of Financial Services
Article 40, item (i)	an act that constitutes a financial instruments transaction	the conclusion of a specified financial service contract

Article 45, item (ii)	has concluded	has conducted intermediation of the conclusion thereof
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(Mutatis Mutandis Application of the Money Lending Business Act)

Article 32 The provisions of Articles 12-4 through 12-9, Article 14 (excluding item (iv)), Articles 15 through 18, Articles 19-2 through 20-2, Article 21 (excluding paragraph (2), item (v)), and Article 22 of the Money Lending Business Act apply mutatis mutandis to a financial service intermediary that engages in loan intermediary business operations. In this case, the terms or phrases listed in the middle column of the following table that appear in the provisions of the Money Lending Business Act as listed in the left-hand column of that table are deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table and any other necessary technical replacement of terms is specified by Cabinet Order.

Article 12-6, item (i)	a contract for a loan	a contract for a loan (limited to a contract related to loan intermediary business operations (meaning loan intermediary business operations as defined in Article 11, paragraph (5) of the Act on the Provision of Financial Services); the same applies hereinafter)
Article 12-8, paragraph (5)	a loan contract,	a loan (limited to a loan related to loan intermediary business operations; the same applies hereinafter) contract,
Article 15, paragraph (1), item (i)	the trade name, [name, and registration number] of the money lender	the trade name, [name, and registration number of] the financial service intermediary and the money lender (meaning a counterparty of a loan contract concluded by a customer through loan intermediary business operations conducted by a financial service intermediary (meaning a financial service intermediary as defined in Article 11, paragraph (6) of the Act on the Provision of Financial Services; the same applies hereinafter); the same applies hereinafter)
Article 15, paragraph (2)	electronic or magnetic records	electronic or magnetic records (meaning electronic or magnetic records as defined in Article 62, paragraph (8) of the Act on the Provision of Financial Services; the same applies in Article 21, paragraph (2))

	[other than][those listed in Article 4, paragraph (1), item (vii) and registered in] the money lender's registry.	[other than] those listed in Article 13, paragraph (1), item (v) of the Act on the Provision of Financial Services and registered in the register of financial service intermediaries as prescribed in Article 14, paragraph (1) of that Act, and [those listed in Article 4, paragraph (1), item (vii) and registered in] the register of money lenders.
Article 16, paragraph (2), item (ii)	[other] money lenders	customers of loan intermediary business operations conducted by other financial service intermediaries or money lenders other than the money lender,
Article 16-2, paragraph (1)	In concluding	In concluding or conducting intermediation of the conclusion of
	[by the time of] conclusion thereof	[by the time of] conclusion or formation of the contract
Article 16-2, paragraph (1), item (i)	the trade name, [name, and registration number] of the money lender	the trade name, [name, and registration number] of the financial service intermediary and the money lender
Article 16-2, paragraph (2)	In concluding [a basic contract for a revolving credit loan]	In concluding or conducting intermediation of the conclusion of a basic contract for a revolving credit loan (limited to a loan related to loan intermediary business operations; the same applies hereinafter)
	[by the time of] conclusion thereof	[by the time of] conclusion or formation of the basic contract for a revolving credit loan
Article 16-2, paragraph (2), item (i)	the trade name, [name, and registration number] of the money lender	the trade name, [name, and registration number] of the financial service intermediary and the money lender
Article 16-2, paragraph (2), item (ii)	money lender	money lender
Article 16-3, paragraph (1), item (i)	money lender	financial service intermediary that engages in loan intermediary business operations or the money lender
Article 17, paragraph (1)	has concluded	has concluded or conducted intermediation of the conclusion of

Article 17, paragraph (1), item (i)	the trade name, [name, and registration number] of the money lender	the trade name, [name, and registration number] of the financial service intermediary and the money lender
Article 17, paragraph (2)	has concluded	has concluded or conducted intermediation of the conclusion of
Article 17, paragraph (2), item (i)	the trade name, [name, and registration number of] the money lender	the trade name, [name, and registration number] of the financial service intermediary and the money lender
Article 17, paragraph (2), item (iii)	money lender	money lender
Article 17, paragraph (5)	has concluded [a contract for a revolving guarantee]	has concluded or conducted intermediation of the conclusion of a contract for a revolving guarantee (limited to a contract related to loan intermediary business operations; the same applies hereinafter)
Article 17, paragraph (6)	has concluded [a contract for a revolving credit loan]	has concluded or conducted an intermediary for the conclusion of a contract for a revolving credit loan (limited to a contract related to loan intermediary business operations; the same applies in paragraph (3) of the following Article)
Article 19-2	the books provided in the preceding Article	the books and documents prescribed in Article 33 of the Act on the Provision of Financial Services

### Section 3 Accounting

(Books and Documents related to Business Operations)

Article 33 Financial service intermediaries must prepare and keep books and documents for their financial service intermediary business pursuant to the provisions of Cabinet Office Order.

(Submission of Business Reports)

Article 34 (1) Each business year, financial service intermediaries must prepare a report on their financial service intermediary business and submit it to the Prime Minister within three months after the end of each business year, pursuant to the provisions of Cabinet Office Order.

(2) Each business year, pursuant to the provisions of Cabinet Office Order,



financial service intermediaries must prepare documents stating the particulars stated in the business report referred to in the preceding paragraph which are specified by Cabinet Office Order as particulars that are found to be necessary in terms of the protection of customers, and must keep those documents at all of its business offices or offices for financial service intermediary business and make them available for public inspection or, pursuant to the provisions of Cabinet Office Order, must publicize them by the use of the internet or by other means specified by Cabinet Office Order.

#### **Section 4 Supervision**

(Making Reports or Submitting Materials)

- Article 35 (1) If the Prime Minister finds it to be necessary for ensuring the sound and appropriate management of financial service intermediary business by a financial service intermediary, the Prime Minister may request the financial service intermediary to report or submit materials that will serve as reference for the business operations or financial status thereof.
- (2) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of financial service intermediary business by a financial service intermediary, the Prime Minister, to the extent necessary, may request a person conducting transactions with the financial service intermediary concerning its financial service intermediary business operations, a person that is entrusted with its business operations by the financial service intermediary (including a person that is entrusted by the person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in the following paragraph, and paragraphs (2) and (5) of the following Article), or a person that provides guarantees on a regular basis, on a contract for the lending of funds or the discounting of bills and notes that is concluded through the loan intermediary business operations or a contract stipulating any specific action as an intermediary in concluding that contract (referred to as the "guarantee business operator" in the following paragraph, and paragraphs (2) and (5) of the following Article) to report or submit materials that will serve as reference for the business operations or financial status of the financial service intermediary.
- (3) A person conducting transactions with a financial service intermediary concerning its financial service intermediary business, a person that is entrusted with business operations by the financial service intermediary, or a guarantee business operator may refuse to report or submit materials under the provisions of the preceding paragraph if the person has legitimate grounds for doing so.

(On-Site Inspections)

Article 36 (1) If the Prime Minister finds it necessary for ensuring the sound and appropriate management of financial service intermediary business by a financial service intermediary, the Prime Minister may have relevant officials enter the business office, office, or other facilities of the financial service intermediary, have those officials ask questions about its business operations or financial status, and have them inspect its books, documents, and any other articles.

(2) If the Prime Minister finds it to be particularly necessary for ensuring the sound and appropriate management of financial service intermediary business by a financial service intermediary, the Prime Minister, to the extent necessary, may have relevant officials enter the facilities of a person conducting transactions with the financial service intermediary concerning its financial service intermediary service operations, of a person that is entrusted with business operations by the financial service intermediary, or of a guarantee business operator, have those officials ask questions about the financial service intermediary or necessary matters for the inspection, or have them inspect its books, documents, and any other articles.

(3) In the cases referred to in the preceding two paragraphs, the relevant officials must carry their identification cards with them, and must present them if a relevant person requests them to do so.

(4) The authorities under paragraphs (1) and (2) must not be construed as being granted for criminal investigation purposes.

(5) A person conducting transactions with the financial service intermediary concerning its financial service intermediary business operations, a person that is entrusted with business operations by the financial service intermediary, or a guarantee business operator may refuse the questioning or inspection under the provisions of paragraph (2) if the person has legitimate grounds for doing so.

(Business Improvement Orders)

Article 37 If the Prime Minister finds it necessary for ensuring the sound and appropriate management of financial service intermediary business by a financial service intermediary in light of the business conditions of that financial service intermediary, the Prime Minister, to the extent necessary, may order the financial service intermediary to change the details and methods of its business operations and order other measures that are necessary from a supervisory perspective.

(Supervisory Dispositions)

Article 38 (1) If a financial service intermediary falls under any of the following

items, the Prime Minister may rescind its registration under Article 12, or order the financial service intermediary to suspend all or part of its business operations for a fixed period of no longer than six months:

- (i) the financial service intermediary falls under any of Article 15, items (i) through (iii);
  - (ii) the financial service intermediary falls under Article 15, item (iv) in cases where it has received the registration under Article 12 (limited to the registration related to the category of deposit, etc. intermediary business operations);
  - (iii) the financial service intermediary falls under Article 15, item (v) in cases where it has received the registration under Article 12 (limited to the registration related to the category of insurance intermediary business operations);
  - (iv) the financial service intermediary falls under Article 15, item (vi) in cases where it has received the registration under Article 12 (limited to the registration related to the category of securities, etc. intermediary business operations);
  - (v) the financial service intermediary falls under Article 15, item (vii) in cases where it has received the registration under Article 12 (limited to the registration related to the category of loan intermediary business operations);
  - (vi) it is discovered that the financial service intermediary has received the registration under Article 12 by wrongful means; or
  - (vii) the financial service intermediary violates this Act or a disposition by the Prime Minister based on this Act, or it is otherwise found to have committed a significantly inappropriate act in relation to financial service intermediary business operations.
- (2) If a financial service intermediary that engages in electronic payment services pursuant to the provisions of Article 18, paragraph (1) violates the provisions of the Banking Act as applied pursuant to the provisions of Article 18, paragraph (2) or violates a disposition by the Prime Minister based on those provisions, or is otherwise found to have committed a significantly inappropriate act in relation to electronic payment services, the Prime Minister may order the financial service intermediary to discontinue the electronic payment services.
- (3) If an officer of a financial service intermediary falls under any of the following items or commits an act that falls under paragraph (1), item (vii), the Prime Minister may order the financial service intermediary to dismiss the officer:
- (i) the officer falls under any of Article 15, item (ii), (a) through (f); or
  - (ii) in cases where a financial service intermediary has received the

registration under Article 12 (limited to the registration related to the category of insurance intermediary business operations), the officer falls under Article 15, item (v), (a), (b), or either (c) 2 or 3.

- (4) If the Prime Minister is unable to ascertain the location of the business offices or offices of a financial service intermediary or is unable to ascertain the whereabouts of a financial service intermediary (in the case of a corporation, the whereabouts of the officer representing the corporation), the Prime Minister, pursuant to the provisions of Cabinet Office Order, may issue public notice of that fact and rescind the registration of the financial service intermediary under Article 12 if no report is made by the financial service intermediary even after 30 days have elapsed from the day of the public notice.
- (5) The provisions of Chapter 3 of the Administrative Procedure Act (Act No. 88 of 1993) do not apply to a disposition under the preceding paragraph.

#### (Deletion of Registrations)

Article 39 In the following cases, the Prime Minister must delete the registration of a financial service intermediary:

- (i) the Prime Minister rescinds the registration under Article 12 pursuant to the provisions of paragraph (1) or (4) of the preceding Article; or
- (ii) the registration under Article 12 ceases to be effective pursuant to the provisions of Article 16, paragraph (6).

### **Section 5 Certified Financial Service Intermediary Business Association**

#### (Certification of Financial Service Intermediary Business Association)

Article 40 The Prime Minister may certify a general incorporated association that has been incorporated by a financial service intermediary and that satisfies the following requirements, to engage in the business operations prescribed in the following Article (hereinafter referred to as "certified business operations"), upon application by the general incorporated association, pursuant to the provisions of Cabinet Order:

- (i) its purpose is to ensure the appropriate operation of financial service intermediary business operations and to contribute to the sound development of the business operations and the protection of customers;
- (ii) its articles of incorporation stipulate that financial service intermediaries are to be included as its members (hereinafter referred to as "association members" in this Section and Article 92, item (vi));
- (iii) the general incorporated association has established the necessary means for business implementation for performing certified business operations appropriately and reliably; and
- (iv) the general incorporated association has the sufficient knowledge, ability,

and financial basis for conducting the certified business operations appropriately and reliably.

(Business Operations of Certified Financial Service Intermediary Business Associations)

Article 41 A certified financial service intermediary business association is to perform the following business operations:

- (i) business operations such as providing guidance and recommendations to association members in order to have them comply with the provisions of this Act, other laws and regulations, and with the rules referred to in item (iii) in engaging in financial service intermediary business;
- (ii) business operations such as giving the necessary guidance and recommendations for ensuring the propriety of contracts and otherwise protect customers of financial service intermediary business with regard to the financial service intermediary business performed by association members;
- (iii) establishing necessary rules for ensuring the propriety of financial service intermediary business performed by association members and for appropriate handling of information that they handle;
- (iv) investigating association members' compliance with this Act, orders that are based on this Act, dispositions that are based on this Act or the orders, or the articles of incorporation and other rules, or the principle of good faith in transactions;
- (v) collecting, organizing, and providing information necessary for protecting customers of financial service intermediary business;
- (vi) processing complaints filed by customers, etc. (meaning customers, etc. prescribed in Article 28, paragraph (2); the same applies in Article 43, paragraph (1) and the following Section) related to financial service intermediary business performed by association members;
- (vii) carrying out the notification receipt work prescribed in Article 78, paragraph (1) or registration work prescribed in that paragraph, performed pursuant to the provisions of paragraph (1) or (2) of that Article;
- (viii) handling public relation activities for customers of financial service intermediary business; and
- (ix) beyond what is set forth in the preceding items, providing services that contribute to the sound development of financial service intermediary business and to the protection of customers of financial service intermediary business.

(Public Inspection of Association Membership Lists)

Article 42 (1) A certified financial service intermediary business association

must make its membership list available for public inspection.

- (2) A person that is not a certified financial service intermediary business association must not use a word in its name or trade name which could give rise to the misconception that it is a certified financial service intermediary business association.
- (3) A person that is not an association member of the certified financial service intermediary business association must not use a word in its name or trade name which could give rise to the misconception that it is an association member of the certified financial service intermediary business association.

#### (Dealing with Customer Complaints)

- Article 43 (1) If a customer, etc. of a financial service intermediary files for the resolution of a complaint related to the financial service intermediary business performed by association members of a certified financial service intermediary business association, the certified financial service intermediary business association must provide consultation and necessary advice to the customer, etc. who filed for the resolution, and investigate the circumstances related to the complaint, as well as notify the association members of the content of the complaint and ask the association members to promptly process the complaint.
- (2) If a certified financial service intermediary business association finds it necessary for the resolution of the complaint under a filing referred to in the preceding paragraph, it may ask the association members to provide a written or oral explanation or to submit materials.
  - (3) If a request under the provisions of the preceding paragraph is made by a certified financial service intermediary business association, an association member must not refuse the request without legitimate grounds.
  - (4) A certified financial service intermediary business association must fully inform its association members about the filing referred to in paragraph (1), the circumstances related to the complaint, and the result of the resolution.
  - (5) The provisions of paragraph (1) do not apply to cases where a certified financial service intermediary business association has been designated pursuant to the provisions of Article 51, paragraph (1) and the filing for the resolution set forth in paragraph (1) is related to the complaint for the category of dispute resolution services related to the designation.

#### (Report to the Certified Financial Service Intermediary Business Association)

- Article 44 (1) If an association member has acquired information on acts that result in insufficient protection of customers performed by a financial service intermediary or any other information specified by Cabinet Office Order as necessary for protecting customers of the financial service intermediary business, the association member must report the fact to the certified financial

service intermediary business association.

- (2) If a certified financial service intermediary business association receives a request from an association member to provide any information prescribed in the preceding paragraph that it holds, it must provide the association member with that information unless it has legitimate grounds for not doing so.

(Duty of Confidentiality)

Article 45 (1) An officer or employee of a certified financial service intermediary business association or persons that were in these positions (hereinafter collectively referred to as "officers, etc." in the following paragraph) must not divulge or misappropriate any confidential information learned of in the course of their duties.

- (2) Officers, etc. of a certified financial service intermediary business association must not use any information learned of in the course of their duties other than for the purpose of providing it for use in the certified business operations.

(Particulars Required to Be Stated in the Articles of Incorporation)

Article 46 In addition to the particulars set forth in the items of Article 11, paragraph (1) of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) and the provisions of the articles of incorporation prescribed in Article 40, item (ii), a certified financial service intermediary business association must stipulate in its articles of incorporation that if an association member violates this Act, an order that is based on this Act, a disposition that is based on this Act or the order, or the rules referred to in Article 41, item (iii), or if an association member engages in an act that is contrary to the principle of good faith in transactions, the certified financial service intermediary business association will order the suspension or restriction of rights as an association member provided in the articles of incorporation, or will expel the association member from the certified financial service intermediary business association.

(Operational Rules)

Article 47 A certified financial service intermediary business association must establish rules concerning the particulars related to the certified business operations and obtain the authorization of the Prime Minister for those rules. The same applies if the certified financial service intermediary business association seeks to change the rules.

(Making Reports or Submitting Materials)

Article 48 (1) If the Prime Minister finds it to be necessary for protecting customers, the Prime Minister may request a certified financial service

intermediary business association to report or submit materials that will serve as reference for its business operations or financial status.

- (2) If the Prime Minister finds it to be particularly necessary for protecting customers, the Prime Minister, to the extent necessary, may request a person that is entrusted with business operations by a certified financial service intermediary business association (including a person that is entrusted by the person (including entrustment at two or more degrees of separation from the original entrustment); the same applies in the following paragraph, and paragraphs (2) and (5) of the following Article) to submit reports or materials that will serve as reference for the business operations or financial status of the certified financial service intermediary business association.
- (3) A person that is entrusted with business operations by a financial service intermediary business association may refuse to submit reports or materials pursuant to the provisions of the preceding paragraph if it has legitimate grounds for doing so.

#### (On-Site Inspections)

- Article 49 (1) If the Prime Minister finds it to be necessary for protecting customers, the Prime Minister may have relevant officials enter the business offices, offices or other facilities of a certified financial service intermediary business association, have those officials ask questions about its business operations or financial status, and have them inspect its books, documents, and any other articles.
- (2) If the Prime Minister finds it to be particularly necessary for protecting customers, the Prime Minister, to the extent necessary, may have relevant officials enter the facilities of a person that is entrusted with business operations by a certified financial service intermediary business association, have those officials ask questions about the certified financial service intermediary business association or matters necessary for the inspection, or have them inspect its books, documents, and any other articles.
  - (3) In the case referred to in the preceding two paragraphs, the officials must carry their identification cards with them, and must present them if a relevant person requests them to do so.
  - (4) The authorities under the provisions of paragraphs (1) and (2) must not be construed as being granted for criminal investigation purposes.
  - (5) A person that is entrusted with business operations by a certified financial service intermediary business association may refuse the questions or inspections pursuant to the provisions of paragraph (2) if the person has legitimate grounds for doing so.

#### (Supervision Orders)



Article 50 (1) If the Prime Minister finds that improvement is necessary in connection with the management of the certified business operations, the Prime Minister, to the extent necessary for the implementation of the provisions of this Section, may order a certified financial service intermediary business association to take necessary measures for its improvement.

(2) If the Prime Minister finds that the management of the business operations of a certified financial service intermediary business association is in violation of the provisions of this Section, an order that is based on the provisions of this Section, or a disposition that is based on this Section or the order, the Prime Minister may rescind its certification or order the suspension of all or part of its business operations for a fixed period of no longer than six months.

### **Section 6 Designated Dispute Resolution Organizations**

(Designation of a Person to Conduct Dispute Resolution Services)

Article 51 (1) At the application of a person satisfying the following requirements, the Prime Minister may designate the person as a person that conducts dispute resolution services:

- (i) it is a corporation (including an association or foundation without legal personality that has a designated representative person or administrator, and excluding a corporation and any other foreign organizations incorporated under foreign laws and regulations; the same applies in item (iv), (d));
- (ii) it does not fall under the category of a person that has had the designation under this paragraph rescinded pursuant to Article 73, paragraph (1) and for whom five years have not elapsed from the date of the rescission, nor does it fall under the category of a person that has had the designation under the provisions of other laws which is specified by Cabinet Order as pertaining to business operations equivalent to dispute resolution services rescinded and for whom five years have not elapsed from the date of the rescission;
- (iii) it does not fall under the category of a person subject to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorneys Act (Act No. 205 of 1949) or for violating the provisions of foreign laws and regulations that are equivalent to those of these laws, and for whom five years have not elapsed from the day on which it finished serving the sentence or ceased to be subject to the sentence;
- (iv) it has no officer that fall under any of the following sub-items:
  - (a) a person specified by Cabinet Office Order as being unable to appropriately perform duties related to dispute resolution services due to mental or physical disorder;
  - (b) a person that is subject to an order to commence bankruptcy proceedings

- and that has not been released from bankruptcy restrictions, or a person that is treated in the same manner under foreign laws and regulations;
- (c) a person sentenced to imprisonment or a heavier sentence (including any equivalent punishment under foreign laws and regulations), and for whom five years have not elapsed from the day on which the person finished serving the sentence or ceased to be subject to the sentence;
  - (d) a person that, within one month prior to the date of the rescission, was an officer (including a person who is treated in the same manner under foreign laws and regulations; the same applies in (d)) of a corporation, for which a designation under this paragraph has been rescinded pursuant to the provisions of Article 73, paragraph (1) or an administrative disposition similar to that designation that has been received in a foreign state under the laws and regulations of the foreign state equivalent to this Act, has been rescinded, and for whom five years have not elapsed from the day of the rescission; or a person that, within one month prior to the date of the rescission, was an officer of a corporation, for which a designation pursuant to the provisions of other laws that is specified by Cabinet Order as being equivalent to dispute resolution services, has been rescinded, or an administrative disposition similar to that designation specified by Cabinet Order that has been received in a foreign state under the laws and regulations of the foreign state equivalent to those other laws, has been rescinded, and for whom five years have not elapsed from the day of the rescission; or
  - (e) a person subject to a fine (including an equivalent sentence under foreign laws and regulations) for violating the provisions of this Act or the Attorneys Act, or for violating the provisions of foreign laws and regulations equivalent to those of these laws, and for whom five years have not elapsed from the day on which the person finished serving the sentence or ceased to be subject to the sentence.
  - (v) it has sufficient financial and technical basis to perform dispute resolution services in an appropriate manner;
  - (vi) the composition of its officers and employees is unlikely to hinder the fair implementation of dispute resolution services;
  - (vii) its rules for implementing dispute resolution services (hereinafter referred to as the "operational rules" in this Section) conform to laws and regulations and are found to be sufficient for implementing dispute resolution services fairly and appropriately pursuant to the provisions of this Act; and
  - (viii) as a result of hearing opinions pursuant to the following paragraph, the proportion of the number of financial service intermediaries that have stated an objection to the matters concerning the cancellation of the basic contract for the implementation of dispute resolution procedures, other contents of

the basic contract for the implementation of dispute resolution procedures (excluding the matters set forth in the items of Article 56, paragraph (2)), and other contents of the operational rules (excluding the matters that must be contained in those rules pursuant to paragraph (3) of that Article and the matters that are necessary for conforming to the criteria set forth in the items of paragraph (4) and paragraph (5), item (i) of that Article) (limited to objections for which there are reasonable grounds) to the total number of financial service intermediaries is less than the proportion specified by Cabinet Order.

- (2) A person seeking to file an application as referred to in the preceding paragraph must explain the contents of the operational rules to financial service intermediaries, hear opinions as to whether there are any objections to the contents (if there are objections, including the grounds for them) and prepare documents stating the results of the hearing, in advance and pursuant to the provisions of Cabinet Office Order.
- (3) When seeking to make a designation under the provisions of paragraph (1), the Prime Minister must consult with the Minister of Justice in advance with regard to whether the relevant person satisfies the requirements set forth in items (v) through (vii) of that paragraph (limited to the part related to the business operations of dispute resolution procedures, and with regard to the requirements set forth in item (vii), limited to the requirements related to the criteria set forth in the items of Article 56, paragraph (4) and the items of paragraph (5) of that Article).
- (4) A designation under the provisions of paragraph (1) is to be made for each category of dispute resolution services, and the proportion referred to in item (viii) of that paragraph is to be calculated for each category of dispute resolution services.
- (5) Upon making a designation under the provisions of paragraph (1), the Prime Minister must give public notice of the trade name or name and the location of the principal business office or office of the designated dispute resolution organization and the category of dispute resolution services under the designation, as well as the day on which the Prime Minister made the designation, in the official gazette.

(Application for Designation)

Article 52 (1) A person who seeks to obtain the designation pursuant to the provisions of paragraph (1) of the preceding Article must submit an application form for designation to the Prime Minister, which states the following particulars:

- (i) the category of dispute resolution services for which the person seeks to obtain designation;

- (ii) the person's trade name or name;
  - (iii) the name and location of the person's principal business office or office, or any other business offices or offices that conduct dispute resolution services; and
  - (iv) the names or trade names of the officers.
- (2) The following documents must be attached to the application form for designation referred to in the preceding paragraph:
- (i) a document pledging that the applicant falls under the requirements set forth in paragraph (1), items (iii) and (iv) of the preceding Article;
  - (ii) the articles of incorporation and the corporation's certificate of registered information (including anything equivalent thereto);
  - (iii) the operational rules;
  - (iv) a document stating the matters related to the organization;
  - (v) an inventory of assets, balance sheet, and any other documents clarifying that the applicant has the necessary financial basis for conducting dispute resolution services that are specified by Cabinet Office Order;
  - (vi) the documents prescribed in paragraph (2) of the preceding Article and any other documents specified by Cabinet Office Order as documents to prove that the applicant satisfies the requirements set forth in paragraph (1), item (viii) of that Article; and
  - (vii) beyond what is set forth in the preceding items, documents specified by Cabinet Office Order.

(Duty of Confidentiality)

- Article 53 (1) A dispute resolution mediator (meaning a dispute resolution mediator appointed pursuant to the provisions of Article 62, paragraph (2); the same applies in the following paragraph, paragraph (2) of the following Article, and Article 56, paragraphs (2) and (4)), an officer or employee of a designated dispute resolution organization, or a person that has held any of these positions, must not divulge or use for personal benefit any confidential information obtained in the course of their dispute resolution services.
- (2) With regard to the application of the Penal Code and other penal provisions, the dispute resolution mediator, or officer or employee of a designated dispute resolution organization is deemed to be an official engaged in public service pursuant to laws and regulations.

(Business Operations of Designated Dispute Resolution Organizations)

- Article 54 (1) A designated dispute resolution organization is to perform dispute resolution services pursuant to the provisions of this Act and the operational rules.
- (2) Designated dispute resolution organizations (including dispute resolution

mediators) may receive dues, fees, or any other reward for performing dispute resolution services pursuant to the basic contract for the implementation of dispute resolution procedures or any other contract concluded with a member financial service intermediary (meaning a financial service intermediary with which the organization has concluded a basic contract for the implementation of dispute resolution procedures; hereinafter the same applies in this Section) that is a counterparty, or its customer, etc. or with a person other than these persons.

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

Article 55 Designated dispute resolution organizations must not entrust a person other than another designated dispute resolution organization or a person that has obtained designation under the provisions of other laws which is specified by Cabinet Order as being equivalent to dispute resolution services (the other designated dispute resolution organization or the person is referred to as an "entrusted dispute resolution organization" in Article 62, paragraphs (4) and (5)) with the business operations related to the complaint processing procedures and dispute resolution procedures.

(Operational Rules)

Article 56 (1) Designated dispute resolution organizations must establish operational rules in respect of the following matters:

- (i) matters relevant to the content of the basic contract for implementation of dispute resolution procedures;
- (ii) matters relevant to the conclusion of the basic contract for implementation of dispute resolution procedures;
- (iii) matters relevant to the implementation of dispute resolution services;
- (iv) matters relevant to the dues that a member financial service intermediary bears for the costs required for dispute resolution services;
- (v) if a designated dispute resolution organization collects fees for implementing dispute resolution services from the member financial service intermediary which is a party or from its customer, etc. (hereinafter simply referred to as a "party" in this Section), matters relevant to the fees;
- (vi) matters relevant to coordination with other designated dispute resolution organizations, or national government organs, local governments, private firms, or any other persons providing consultation, processing complaints, or implementing dispute resolution;
- (vii) matters relevant to the processing of complaints about dispute resolution services; and
- (viii) beyond what is set forth in the preceding items, matters specified by

Cabinet Office Order as being necessary for the implementation of dispute resolution services.

- (2) The basic contract for implementation of dispute resolution procedures referred to in item (i) of the preceding paragraph must have the following matters as its content:
- (i) that a designated dispute resolution organization commences complaint processing procedures or dispute resolution procedures based on an application for the resolution of a complaint related to financial service intermediary business operations from the customer, etc. of a member financial service intermediary or based on an application for dispute resolution procedures from a party;
  - (ii) that when a designated dispute resolution organization or dispute resolution mediator commences complaint processing procedures, or commences dispute resolution procedures based on an application from the customer, etc. of a member financial service intermediary, the designated dispute resolution organization or dispute resolution mediator may request that the member financial service intermediary respond to these procedures, and that the member financial service intermediary must not refuse the request without legitimate grounds;
  - (iii) that a designated dispute resolution organization or dispute resolution mediator may request that a member financial service intermediary make reports or submit books, documents, and any other articles in the course of complaint processing procedures or dispute resolution procedures, and that the member financial service intermediary must not refuse the request without legitimate grounds;
  - (iv) that a dispute resolution mediator may prepare a settlement proposal that is necessary for resolving the dispute related to financial service intermediary business operations in the course of dispute resolution procedures, and recommend that the parties accept the proposal;
  - (v) that, if there is no prospect of reaching a settlement between the parties by recommending that they accept the settlement proposal referred to in the preceding item in dispute resolution procedures, and the dispute resolution mediator finds it to be reasonable in light of the nature of the case, the intentions of the parties, the parties' pursuance of the procedures, or any other circumstances, the dispute resolution mediator may prepare a special conciliation proposal that is necessary for resolving the dispute related to financial service intermediary business operations and present the proposal to the parties, while giving them the reason for this;
  - (vi) that, if dispute resolution procedures are commenced for a claim in pending litigation, a member financial service intermediary must report to the designated dispute resolution organization the fact that the litigation is

- pending, the grounds for the claim under litigation, and the progress of the litigation;
- (vii) that, if litigation is filed in connection with a claim that is subject to dispute resolution procedures, a member financial service intermediary must report to the designated dispute resolution organization the fact that the litigation has been filed and the grounds for the claim under litigation;
  - (viii) that, beyond what is provided for in the preceding two items, if a member financial service intermediary is requested to report the progress of the litigation connected to a claim that is subject to dispute resolution procedures or any other matters, the member financial service intermediary must report those matters to the designated dispute resolution organization;
  - (ix) that, if the litigation referred to in item (vi) or (vii) comes to be no longer pending before the court, or if the judicial decision on the litigation becomes final and binding, the member financial service intermediary must report the fact to the designated dispute resolution organization and give the details thereof;
  - (x) that a member financial service intermediary must provide the necessary information or take other measures in order to fully inform its customer, etc. of the implementation of dispute resolution services by the designated dispute resolution organization; and
  - (xi) beyond what is set forth in the preceding items, matters specified by Cabinet Office Order as being necessary for facilitating the processing of complaints related to financial service intermediary business operations or the resolution of disputes related to financial service intermediary business operations.
- (3) The operational rules with regard to the matters related to the conclusion of the basic contract for implementation of dispute resolution procedures referred to in paragraph (1), item (ii) must have as their content that, if the designated dispute resolution organization receives an offer to conclude a basic contract for implementation of dispute resolution procedures from a financial service intermediary, unless the financial service intermediary is expected to be unreliable in performing obligations connected with the basic contract for implementation of dispute resolution procedures or any other obligations connected with the implementation of dispute resolution services, the designated dispute resolution organization must not refuse the offer.
- (4) The operational rules with regard to the matters set forth in paragraph (1), item (iii) must conform to the following criteria:
- (i) measures have been taken to ensure coordination between complaint processing procedures and dispute resolution procedures;
  - (ii) the operational rules establish the method for appointing a dispute resolution mediator and for eliminating a dispute resolution mediator if the

- mediator has an interest in the party to a dispute related to financial service intermediary business operations or if there are any other circumstances that are likely to hinder the fair implementation of dispute resolution procedures;
- (iii) if the designated dispute resolution organization has decided to engage in operations for dispute resolution procedures in a dispute related to financial service intermediary business operations to which its substantial controller, etc. (meaning a person specified by Cabinet Office Order as one that is related to the designated dispute resolution organization in such a way as to substantially control the business of the designated dispute resolution organization or to have a material influence on the business due to their holding of shares in the designated dispute resolution organization, their financing of the designated dispute resolution organization, or any other circumstances) or the subsidiary company, etc. of the designated dispute resolution organization (meaning a person specified by Cabinet Office Order as one to which the designated dispute resolution organization is related in such a way as to substantially control the business due to the holding of their shares or any other circumstances) is a party, measures have been taken to prevent the substantial controller, etc., subsidiary company, etc., or designated dispute resolution organization from exercising undue influence on the dispute resolution mediator;
  - (iv) the operational rules establish measures for receiving the advice of an attorney-at-law when the dispute resolution mediator is not an attorney-at-law (unless the dispute resolution mediator is a judicial scrivener prescribed in Article 3, paragraph (2) of the Judicial Scriveners Act (Act No. 197 of 1950) in dispute resolution procedures that are carried out for a dispute prescribed in paragraph (1), item (vii) of that Article) and the implementation of dispute resolution procedures requires expert knowledge with regard to the interpretation and application of laws and regulations;
  - (v) the operational rules establish an appropriate means of giving notice upon implementing dispute resolution procedures;
  - (vi) the operational rules establish a standard operation process from the commencement to the termination of dispute resolution procedures;
  - (vii) the operational rules establish the requirements and formalities for the customer, etc. of a member financial service intermediary to file an application for the resolution of a complaint related to financial service intermediary business operations with the designated dispute resolution organization, or for a party to a dispute related to financial service intermediary business operations to file an application for dispute resolution procedures with the designated dispute resolution organization;
  - (viii) the operational rules establish procedures for a designated dispute



- resolution organization to promptly notify the customer, etc. of a member financial service intermediary which is to be the other party to a dispute related to financial service intermediary business operations when it receives an application for dispute resolution procedures from a member financial service intermediary, as well as for confirming with the customer, etc. whether or not the customer will request the implementation of dispute resolution procedures in response to this;
- (ix) the operational rules establish procedures for the designated dispute resolution organization to promptly notify the member financial service intermediary which is to be the other party to a dispute related to financial service intermediary business operations of that fact, when it receives an application for dispute resolution procedures referred to in item (vii) from the customer, etc. of the member financial service intermediary;
  - (x) the operational rules establish the method of retaining, returning, and otherwise handling books, documents, and any other articles submitted in the course of dispute resolution procedures;
  - (xi) the operational rules establish means for properly keeping the confidential information of the parties to a dispute related to financial service intermediary business operations and of any third party, that is included in an opinion stated or books, documents, and any other articles submitted or presented in the course of dispute resolution procedures, in accordance with the nature of the confidential information; the same applies to confidential information stated in the dispute resolution procedures record prescribed in Article 62, paragraph (9);
  - (xii) the operational rules establish the requirements and formalities for the parties to a dispute related to financial service intermediary business operations to terminate the dispute resolution procedures;
  - (xiii) the operational rules stipulate that if the dispute resolution mediator judges there to be no prospect of reaching a settlement between the parties to the dispute related to financial service intermediary business operations through dispute resolution procedures, the dispute resolution mediator will promptly terminate the dispute resolution procedures and notify the parties to the dispute related to financial service intermediary business operations of that fact; and
  - (xiv) the operational rules establish measures for the dispute resolution mediators, officers, and employees of the designated dispute resolution organization to reliably retain any confidential information learned of in the course of dispute resolution services.
- (5) The operational rules on the matters set forth in paragraph (1), items (iv) and (v) must conform to the following criteria:
- (i) the operational rules establish the amount of the dues prescribed in

- paragraph (1), item (iv), the fees prescribed in item (v) of the paragraph, or the method of calculating them and the method of payment (referred to as the "amount of dues, etc." in the following item); and
- (ii) the amount of dues, etc. is not extremely unreasonable.
- (6) The term "special conciliation proposal" as used in paragraph (2), item (v) means a settlement proposal that the member financial service intermediary must accept except in the following cases:
- (i) the customer, etc. of the member financial service intermediary that is a party (hereinafter referred to as the "party customer, etc." in this paragraph) does not accept the settlement proposal;
  - (ii) at the time when the settlement proposal is presented, litigation has not been filed in connection with a claim subject to the dispute resolution procedures, but by one month after the day on which the member financial service intermediary learns that the party customer, etc. has accepted the settlement proposal, the litigation has been filed in connection with the relevant claim and has not been withdrawn;
  - (iii) at the time when the settlement proposal is presented, litigation has been filed in connection with a claim subject to the dispute resolution procedures, and by one month after the day on which the member financial service intermediary learns that the party customer, etc. has accepted the settlement proposal, the litigation has not been withdrawn; or
  - (iv) by one month after the day on which the member financial service intermediary learns that the party customer, etc. has accepted the settlement proposal, an arbitration agreement provided for in Article 2, paragraph (1) of the Arbitration Act (Act No. 138 of 2003) is entered into or a settlement or conciliation other than through the relevant settlement proposal is reached between the parties with regard to the dispute related to financial service intermediary business operations for which the dispute resolution procedures have been implemented.
- (7) Changes to the operational rules do not become effective without the authorization of the Prime Minister.
- (8) When seeking to grant the authorization under the preceding paragraph, the Prime Minister must consult with the Minister of Justice in advance as to whether the operational rules subject to that authorization conform to the criteria set forth in the items of paragraph (4) and the items of paragraph (5) (limited to the parts related to the operation of dispute resolution procedures).

(Disclosure of a Breach of a Basic Contract for Implementation of Dispute Resolution Procedures)

Article 57 (1) If the obligations that a member financial service intermediary bears pursuant to a basic contract for implementation of dispute resolution

procedures are breached, and a designated dispute resolution organization hears the opinion of the member financial service intermediary and finds there to be no legitimate grounds for the breach, the designated dispute resolution organization must disclose the trade name or name of the member financial service intermediary and the fact of the breach to the public, as well as report the fact to the Prime Minister, without delay.

- (2) A designated dispute resolution organization must endeavor to provide information, consultation, and other support to member financial service intermediary and to other persons, in order to preemptively prevent complaints related to financial service intermediary business operations and disputes related to financial service intermediary business operations, and to facilitate the processing of complaints related to financial service intermediary business operations and the resolution of disputes related to financial service intermediary business operations.

(Prohibition on the Employment of Organized Crime Group Members)

Article 58 Designated dispute resolution organizations must not allow an organized crime group member (meaning an organized crime group member as defined in Article 2, item (vi) of the Act on Prevention of Unjust Acts by Organized Crime Group Members; hereinafter the same applies in this Article) or a person for whom five years have not elapsed from the day on which that person ceased to be an organized crime group member to engage in dispute resolution services, nor may they use the person as an assistant in dispute resolution services.

(Prohibition on Discriminatory Treatment)

Article 59 Designated dispute resolution organizations must not subject any particular member financial service intermediary to unfair discriminatory treatment.

(Keeping Records)

Article 60 Designated dispute resolution organizations must prepare and keep records of their dispute resolution services pursuant to the provisions of Cabinet Office Order, in addition to the records under the provisions of Article 62, paragraph (9).

(Complaint Processing Procedures)

Article 61 If a customer, etc. of a member financial service intermediary files an application for the resolution of a complaint related to financial service intermediary business operations, designated dispute resolution organizations must provide the customer, etc. with consultation and necessary advice, and

investigate the circumstances to which the complaint related to financial service intermediary business operations pertains, as well as notify the member financial service intermediary of the content of the complaint related to financial service intermediary business operations, and request the member financial service intermediary to promptly process the complaint.

(Dispute Resolution Procedures)

- Article 62 (1) In order to resolve a dispute related to financial service intermediary business operations related to a member financial service intermediary, a party may file an application for dispute resolution procedures with a designated dispute resolution organization with which the member financial service intermediary has concluded a basic contract for implementation of dispute resolution procedures.
- (2) If a designated dispute resolution organization receives the application referred to in the preceding paragraph, it is to appoint dispute resolution mediators.
- (3) Dispute resolution mediators are to be appointed from among persons of the highest moral character that fall under any of the following items (excluding any person that has an interest in a party connected with the application referred to in paragraph (1)). In this case, at least one of the dispute resolution mediators must be a person that falls under item (i) or (iii) (or under item (i), (iii) or (iv), if the application pertains to a dispute provided for in Article 3, paragraph (1), item (vii) of the Judicial Scriveners Act).
- (i) an attorney-at-law who has been practicing for five years or more in total;
  - (ii) a person that has engaged in financial service intermediary business operations for ten years or more in total;
  - (iii) a person specified by Cabinet Office Order as having specialized knowledge of and experience in consultation on complaints that arise between consumers and businesses with regard to consumer affairs or on any other consumer affairs matters;
  - (iv) if the application pertains to a dispute prescribed in Article 3, paragraph (1), item (vii) of the Judicial Scriveners Act, a judicial scrivener as defined in paragraph (2) of that Article who has engaged in summary court legal representation services, etc. as defined in that paragraph for five years or more in total; or
  - (v) a person specified by Cabinet Office Order as a person equivalent to one as set forth in any of the preceding items.
- (4) A designated dispute resolution organization is to send the application referred to in paragraph (1) into dispute resolution procedures by dispute resolution mediators appointed pursuant to the provisions of paragraph (2) (hereinafter simply referred to as "dispute resolution mediators" in this Article

and paragraph (1) of the following Article); provided, however, that if the dispute resolution mediators find that it is not appropriate to carry out dispute resolution procedures due to it being found that the customer, etc. of the member financial service intermediary that is a party under that application has sufficient ability to properly resolve the dispute related to financial service intermediary business operations or due to any other grounds, or if the dispute resolution mediators find that a party has filed the application referred to in paragraph (1) for unjust purposes and without due cause, they are not to implement dispute resolution procedures, and if the dispute resolution mediators find it to be appropriate to send the application into procedures equivalent to dispute resolution procedures at an entrusted dispute resolution organization, the designated dispute resolution organization is to entrust the operation of dispute resolution procedures to an entrusted dispute resolution organization.

- (5) If the dispute resolution mediators do not implement dispute resolution procedures pursuant to the provisions of the proviso to the preceding paragraph, or if they entrust the operations to an entrusted dispute resolution organization, the designated dispute resolution organization is to notify the person that filed the application referred to in paragraph (1) of that fact with the reasons attached thereto.
- (6) Dispute resolution mediators may hear the opinions of the parties and witnesses, request that they submit written reports, request that the parties submit books, documents, and any other articles that will serve as reference, prepare a settlement proposal and recommend that the parties accept the proposal, or may implement a special conciliation (meaning presenting a special conciliation proposal prescribed in Article 56, paragraph (6)).
- (7) Dispute resolution procedures are not open to the public; provided, however, that dispute resolution mediators may allow the attendance of a person that is considered to be appropriate, with the consent of the parties.
- (8) Prior to the commencement of dispute resolution procedures and pursuant to the provisions of Cabinet Office Order, a designated dispute resolution organization must deliver a document that states the following information or provide an electronic or magnetic record (meaning records that are created in an electronic form, magnetic form, or any other form that cannot be perceived through the human senses, which are specified by Cabinet Office Order as being used in computer data processing) in which the relevant information has been recorded to the customers, etc. of a member financial service intermediary that is a party to the dispute, and give an explanation of the relevant information:
  - (i) information of the fees to be paid by the customer, etc.;
  - (ii) the standard operation process from the commencement to the termination

- of dispute resolution procedures prescribed in Article 56, paragraph (4), item (vi); and
- (iii) beyond what is set forth in the preceding two items, information specified by Cabinet Office Order.
- (9) A designated dispute resolution organization must prepare and keep a dispute resolution procedures record stating the following information with regard to the dispute resolution procedures it implemented, pursuant to the provisions of Cabinet Office Order:
- (i) the date on which the party to the dispute related to financial service intermediary business operations filed the application for dispute resolution procedures;
  - (ii) the name or trade name of the parties to the dispute related to financial service intermediary business operations and the agents thereof;
  - (iii) the names of the dispute resolution mediators;
  - (iv) the details of the implementation of the dispute resolution procedures;
  - (v) the results of the dispute resolution procedures (including the reasons for the termination of dispute resolution procedures and the date thereof); and
  - (vi) beyond what is set forth in the preceding items, information necessary for clarifying the content of the implemented dispute resolution procedures that are specified by Cabinet Office Order.

(Postponement of Completion of Prescription)

- Article 63 (1) If dispute resolution mediators terminate dispute resolution procedures on the grounds that there is no prospect of reaching a settlement between the parties to a dispute related to financial service intermediary business operations through dispute resolution procedures, and the party to the dispute related to financial service intermediary business operations which filed the application for dispute resolution procedures files an action on a claim that was subject to the dispute resolution procedures within one month from the day on which that party receives notice of the termination, the action is deemed to have been filed at the time the claim was filed in dispute resolution procedures with regard to the postponement of completion of prescription.
- (2) The provisions of the preceding paragraph also apply if the discontinuation of dispute resolution services by a designated dispute resolution organization is authorized pursuant to the provisions of Article 72, paragraph (1) or if the designation under Article 51, paragraph (1) is rescinded pursuant to the provisions of Article 73, paragraph (1) and there is a dispute related to financial service intermediary business operations for which dispute resolution procedures have been implemented as of the day of authorization or rescission, and the party to the dispute related to financial service intermediary business operations which has filed the application for dispute resolution procedures

files an action on a claim that was subject to those dispute resolution procedures within one month from the day on which the party receives the notice under Article 72, paragraph (3) or Article 73, paragraph (4), or within one month from the day on which the party comes to know of the authorization or rescission, whichever comes earlier.

(Suspension of Litigation Proceedings)

Article 64 (1) If litigation is pending with regard to a dispute related to financial service intermediary business operations between the parties to a dispute related to financial service intermediary business operations, and if any of the following grounds exist and the parties to the dispute related to financial service intermediary business operations file a joint petition, the court in charge of the case may decide to suspend the litigation proceedings for a fixed period of no longer than four months:

- (i) dispute resolution procedures have been implemented for a dispute related to financial service intermediary business operations between the parties to the relevant dispute related to financial service intermediary business operations; and
  - (ii) in addition to the case referred to in the preceding item, the parties to the dispute related to financial service intermediary business operations have reached an agreement to resolve the dispute related to financial service intermediary business operations through dispute resolution procedures.
- (2) The court in charge of the case may rescind the decision referred to in the preceding paragraph at any time.
- (3) No appeal may be entered against a decision dismissing the petition referred to in paragraph (1) or a decision rescinding the decision referred to in paragraph (1) pursuant to the preceding paragraph.

(Public Inspection of the Register of Member Financial Service Intermediaries)

Article 65 A designated dispute resolution organization must make the register of member financial service intermediaries available for public inspection.

(Restriction on the Use of Names)

Article 66 A person that is not a designated dispute resolution organization (excluding a person that has obtained the designation under Article 156-39, paragraph (1) of the Financial Instruments and Exchange Act or any other person specified by Cabinet Order as being similar thereto) must not use a word in its name or trade name which could give rise to the misconception that it is a designated dispute resolution organization.

(Notification of Changes)

Article 67 (1) If information set forth in Article 52, paragraph (1), items (ii) through (iv) changes, a designated dispute resolution organization must notify the Prime Minister of that fact.

(2) If the Prime Minister is notified of a change in the name or trade name, or the location of the principal business office or office of a designated dispute resolution organization pursuant to the provisions of the preceding paragraph, the Prime Minister must give public notice of this in the official gazette.

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

Article 68 If a designated dispute resolution organization falls under any of the following items, the designated dispute resolution organization must notify the Prime Minister of that fact pursuant to the provisions of Cabinet Office Order:

- (i) it concludes a basic contract for implementation of dispute resolution procedures with a financial service intermediary, or it terminates the basic contract for implementation of dispute resolution procedures; and
- (ii) beyond what is set forth in the preceding item, cases that are specified by Cabinet Office Order.

(Submission of Business Reports)

Article 69 (1) Each business year, a designated dispute resolution organization must prepare a report on the dispute resolution services for that business year and submit it to the Prime Minister.

(2) Information to be stated in the report referred to in the preceding paragraph, the submission date, and other necessary matters are specified by Cabinet Office Order.

(Collection of Reports and On-Site Inspections)

Article 70 (1) If the Prime Minister finds it to be necessary for the fair and appropriate execution of dispute resolution services, the Prime Minister may order a designated dispute resolution organization to make reports or submit materials relevant to its business operations, or have the relevant officials enter the business office, office, or any other facilities of the designated dispute resolution organization, have those officials ask questions about the business conditions of the designated dispute resolution organization, or have them inspect its books, documents, and any other articles.

(2) If the Prime Minister finds it to be particularly necessary for the fair and appropriate execution of dispute resolution services, the Prime Minister, to the extent necessary, may order a member financial service intermediary of a designated dispute resolution organization or the person that is entrusted with business operations by the designated dispute resolution organization, to make



reports or submit materials that will serve as reference in relation to the business operations of the designated dispute resolution organization, or have the relevant officials enter the business office, office, or any other facilities of these persons, have those officials ask questions about the business conditions of the designated dispute resolution organization or have them inspect books, documents, and any other articles.

- (3) The officials that conduct on-site inspections pursuant to the provisions of the preceding two paragraphs must carry their identification cards with them, and must present them if a relevant person requests them to do so.
- (4) The authority for the on-site inspections under paragraphs (1) and (2) must not be construed as being granted for criminal investigation purposes.

(Business Improvement Orders)

Article 71 (1) If the Prime Minister finds it to be necessary for ensuring the fair and appropriate execution of dispute resolution services concerning the management of dispute resolution services of a designated dispute resolution organization, the Prime Minister, to the extent necessary, may order the designated dispute resolution organization to take necessary measures for improving the management of its business operations.

- (2) If a designated dispute resolution organization falls under any of the following items and the Prime Minister seeks to issue the order under the preceding paragraph, the Prime Minister must consult with the Minister of Justice in advance:
  - (i) the designated dispute resolution organization comes to no longer satisfy the requirements set forth in Article 51, paragraph (1), items (v) through (vii) (limited to the parts related to the operation of dispute resolution procedures; with regard to the requirement set forth in item (vii) of that paragraph, limited to the requirement related to the criteria set forth in the items of Article 56, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item) or it is found likely that the designated dispute resolution organization will come to no longer satisfy the requirements set forth in Article 51, paragraph (1), items (v) through (vii); or
  - (ii) the designated dispute resolution organization violates the provisions of Article 54, Article 55, Article 58, or Article 62 (limited to the case where the violation is related to the business operations of dispute resolution procedures).

(Suspension or Discontinuation of Dispute Resolution Services)

Article 72 (1) A designated dispute resolution organization must obtain the authorization of the Prime Minister if it intends to suspend (excluding

suspension on the grounds prescribed in the following paragraph) all or part of the dispute resolution services or discontinue the dispute resolution services.

- (2) If a designated dispute resolution organization suspends all or part of its dispute resolution services due to a natural disaster or for any other compelling reason, it must immediately notify the Prime Minister of that fact together with the reason therefor. The same applies when the designated dispute resolution organization recommences all or part of the dispute resolution services thus suspended.
- (3) A designated dispute resolution organization that obtains authorization for suspension or discontinuation pursuant to the provisions of paragraph (1) or that implements the suspension referred to in the preceding paragraph must notify a party for which complaint processing procedures or dispute resolution procedures have been implemented as of the day of the suspension or discontinuation (if the designated dispute resolution organization has been entrusted with business operations by another designated dispute resolution organization or by a person that has obtained a designation under the provisions of other laws specified by Cabinet Order as pertaining to business operations equivalent to dispute resolution services (hereinafter referred to as an "entrusting dispute resolution organization" in this paragraph), including procedures for processing complaints or procedures for resolving disputes for the entrusting dispute resolution organization related to the entrustment; the same applies in paragraph (4) of the following Article), the member financial service intermediaries that are not the parties, and other designated dispute resolution organizations, of the suspension or discontinuation, within two weeks from the day of the suspension or discontinuation. The same applies if the designated dispute resolution organization recommences all or part of the dispute resolution services thus suspended.

(Rescission of Designation)

Article 73 (1) If a designated dispute resolution organization falls under any of the following items, the Prime Minister may rescind the designation under Article 51, paragraph (1) or order to suspend all or part of its business operations for a fixed period of no longer than six months:

- (i) the designated dispute resolution organization comes to no longer satisfy the requirements set forth in Article 51, paragraph (1), items (ii) through (vii), or it is discovered that the designated dispute resolution organization has not fallen under any of the items of that paragraph at the time of the designation;
- (ii) it is discovered that the designated dispute resolution organization has obtained the designation under Article 51, paragraph (1) by wrongful means;
- or

- (iii) the designated dispute resolution organization violates a law or regulation or a disposition based on a law or regulation.
- (2) If a designated dispute resolution organization falls under any of the following items, and the Prime Minister seeks to issue the disposition or order under the preceding paragraph, the Prime Minister must consult with the Minister of Justice in advance:
  - (i) the designated dispute resolution organization comes to no longer satisfy the requirements set forth in Article 51, paragraph (1), items (v) through (vii) (limited to the parts related to the business operation of dispute resolution procedures; with regard to the requirement set forth in item (vii) of the paragraph, limited to the requirement related to the criteria set forth in the items of Article 56, paragraph (4) and the items of paragraph (5) of that Article; hereinafter the same applies in this item), or it is discovered that the designated dispute resolution organization has not satisfied the requirements set forth in Article 51, paragraph (1), items (v) through (vii) at the time of the designation under that paragraph; or
  - (ii) the designated dispute resolution organization violates the provisions of Article 54, Article 55, Article 58, or Article 62 (limited to the case where the violation is related to the business operations of dispute resolution procedures).
- (3) If the Prime Minister rescinds a designation under Article 51, paragraph (1) pursuant to the provisions of paragraph (1), the Prime Minister is to give public notice of that fact in the official gazette.
- (4) A person that is issued a disposition for the rescission of a designation under Article 51, paragraph (1) or an order to suspend all or part of its business operations pursuant to the provisions of paragraph (1) must notify a party for which complaint processing procedures or dispute resolution procedures have been implemented as of the day of the disposition or order, the member financial service intermediaries that are not the parties, and other designated dispute resolution organizations, that the disposition or order has been issued, within two weeks from the day of the disposition or order.

## **Section 7 Miscellaneous Provisions**

(Notification of Officers or Employees Engaging in Intermediation of the Conclusion of Insurance Contracts)

Article 74 If a financial service intermediary that engages in insurance intermediary business operations seeks to have its officer or employee engage in intermediation of the conclusion of insurance contracts, the financial service intermediary must notify the Prime Minister of the name and date of birth of the person. The same applies if there is a change in the matters notified, the

officer or employee related to the notification no longer engages in intermediation of the conclusion of insurance contracts, or if these persons die.

(Registration of Sales Representatives)

Article 75 (1) A financial service intermediary that engages in securities, etc. intermediary business operations must have a registration made in a sales representatives register that is kept in a location specified by Cabinet Office Order concerning the name, date of birth, and any other matter specified by Cabinet Office Order, for a person engaging in the following acts for the financial service intermediary among its officers and employees (hereinafter referred to as a "sales representative" in this Section):

(i) the following acts related to securities (in cases of rights that are deemed to be securities pursuant to the provisions of Article 2, paragraph (2) of the Financial Instruments and Exchange Act, excluding the rights set forth in the items of that paragraph):

(a) acts set forth in Article 11, paragraph (4), items (i) through (iii); and

(b) the following acts:

1. the solicitation of offers for intermediation of purchase and sale; and
2. the solicitation of entrustment with market derivatives transactions or foreign market derivatives transactions;

(ii) beyond what is set forth in the preceding item, acts specified by Cabinet Order.

(2) A financial service intermediary that engages in securities, etc. intermediary business operations must not allow a person other than one for whom the financial service intermediary obtained registration pursuant to the provisions of the preceding paragraph to engage in the duties of a sales representative (meaning acts set forth in the items of that paragraph; the same applies in Article 88, item (vii)).

(Authority of Sales Representatives)

Article 76 (1) Sales representatives are deemed to have the authority to perform any extra-judicial act in connection with the acts set forth in the items of paragraph (1) of the preceding Article on behalf of the financial service intermediary.

(2) The provisions of the preceding paragraph do not apply if the other party has acted in bad faith.

(Mutatis Mutandis Application of the Financial Instruments and Exchange Act)

Article 77 The provisions of Article 64, paragraphs (3) through (6), Article 64-2, paragraph (1), Article 64-4, Article 64-5, paragraph (1) and Article 64-6 of the

Financial Instruments and Exchange Act apply mutatis mutandis to sales representatives of a financial service intermediary. In this case, the terms or phrases listed in the middle column of the following table that appear in the provisions of that Act as listed in the left-hand column of that table are deemed to be replaced with the corresponding terms or phrases listed in the right-hand column of that table, and any other necessary technical replacement of terms is specified by Cabinet Order.

Article 64, paragraph (3)	paragraph (1)	Article 75, paragraph (1) of the Act on the Provision of Financial Services
Article 64, paragraph (3), item (iii) (c)	including the duties of a sales representative prescribed in the preceding paragraph as applied mutatis mutandis pursuant to Article 66-25 and the duties of a sales representative prescribed in Article 75, paragraph (2) of the Act on the Provision of Financial Services	including the duties of a sales representative prescribed in the preceding paragraph (including as applied mutatis mutandis pursuant to Article 66-25)
	or financial instruments intermediary service provider, or financial service intermediary	, or financial instruments business operator, etc. or financial instruments intermediary
Article 64, paragraph (5)	in paragraph (1)	in Article 75, paragraph (1) of the Act on the Provision of Financial Services
	the register	the sales representatives register (meaning the sales representatives register prescribed in that paragraph; the same applies in Article 64-6)
Article 64, paragraph (6)	paragraph (1)	Article 75, paragraph (1) of the Act on the Provision of Financial Services

Article 64-2, paragraph (1), item (i)	Article 29-4, paragraph (1), item (ii), (a) through (i)	Article 15, item (ii), (a) through (f) of the Act on the Provision of Financial Services
Article 64-2, paragraph (1), item (ii)	sales representatives (	sales representatives prescribed in paragraph (1) of the preceding Article (
Article 64-2, paragraph (1), item (iii)	sales representatives	sales representatives prescribed in paragraph (1) of the preceding Article
	or financial instruments intermediary service provider, or financial service intermediary	or financial instruments business operator, etc. or financial instruments intermediary
Article 64-4	Article 64, paragraph (1)	Article 75, paragraph (1) of the Act on the Provision of Financial Services
Article 64-4, item (ii)	Article 29-4, paragraph (1), item (ii), (a)	Article 15, item (ii), (a) of the Act on the Provision of Financial Services
Article 64-4, item (iii)	Article 29-4, paragraph (1), item (ii), (b) through (i)	Article 15, item (ii), (b) through (f) of the Act on the Provision of Financial Services
Article 64-5, paragraph (1), item (i)	Article 29-4, paragraph (1), item (ii), (a) through (i)	Article 15, item (ii), (a) through (f) of the Act on the Provision of Financial Services
Article 64-5, paragraph (1), item (ii)	the items of Article 64, paragraph (1) (or in connection with the services of a registered financial institution, if it is a registered financial institution) or services incidental thereto within the financial instruments business	the items of Article 75, paragraph (1) of the Act on the Provision of Financial Services or services incidental thereto within the financial service intermediary business (meaning the financial service intermediary business as prescribed in Article 11, paragraph (1) of the Act on the Provision of Financial Services; the same applies in item (ii) of the following Article)
Article 64-6	the register	the sales representatives register
Article 64-6, item (ii)	is dissolved	dies, is dissolved

<p>the items of Article 64, paragraph (1) (or discontinues the services of a registered financial institution, if it is a registered financial institution) within the financial instruments business</p>	<p>the items of Article 75, paragraph (1) of the Act on the Provision of Financial Services within the financial service intermediary business</p>
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(Delegation of Notification Receipt Work)

Article 78 (1) The Prime Minister may, pursuant to the provisions of Cabinet Office Order, have a certified financial service intermediary business association, etc. (meaning a certified financial service intermediary business association or what is specified by Cabinet Office Order as one similar thereto; hereinafter the same applies in this Section and Article 99) engage in the work related to the receipt of notification prescribed in Article 74 (hereinafter referred to as "notification receipt work" in this Article) that relates to officers or employees of a financial service intermediary affiliated with the certified financial service intermediary business association, etc. and the work related to the registration prescribed in Article 64, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 75 and the preceding Article following the deemed replacement of terms, Article 64, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article, Article 64, paragraphs (5) and (6), Article 64-2, paragraph (1), Article 64-4, Article 64-5, paragraph (1), and Article 64-6 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms (hereinafter referred to as "registration work" in this Article (excluding the items of paragraph (6)) and Article 80) that relates to sales representatives of a financial service intermediary affiliated with the certified financial service intermediary business association, etc.

(2) The Prime Minister may, pursuant to the provisions of Cabinet Office Order, designate one certified financial service intermediary business association, etc. to have it engage in notification receipt work related to officers or employees of a financial service intermediary that is not affiliated with a certified financial service intermediary business association, etc. and in registration work related to sales representatives of a financial service intermediary that is not affiliated with a certified financial service intermediary business association, etc. (excluding the work related to Article 64-5, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the

- preceding Article following the deemed replacement of terms), respectively.
- (3) If the Prime Minister has a certified financial service intermediary business association, etc. engage in notification receipt work or registration work pursuant to the provisions of the preceding two paragraphs, the Prime Minister is not to conduct the notification receipt work or registration work.
- (4) If a certified financial service intermediary business association, etc. engages in notification receipt work or registration work pursuant to the provisions of paragraph (1) or (2), the certified financial service intermediary business association, etc. must specify the matters related to the notification of officers or employees engaging in intermediation of the conclusion of insurance contracts or the matters related to registration of sales representatives in its articles of incorporation and must obtain the authorization of the Prime Minister.
- (5) If a certified financial service intermediary business association, etc. that engages in notification receipt work or registration work pursuant to the provisions of paragraph (1) or (2), receives a notification prescribed in Article 74, conducts a registration under Article 64, paragraph (5) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms, makes a change to a registration related to the notification under Article 64-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms, issues a disposition under Article 64-5, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms (excluding rescission of registration), or makes a deletion of registration under Article 64-6 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms, the certified financial service intermediary business association, etc. must notify the Prime Minister of that fact without delay, pursuant to the provisions of Cabinet Office Order.
- (6) If there are two or more certified financial service intermediary business associations, etc. that engage in notification receipt work or registration work under the provisions of paragraph (1) or (2) (including an association set forth in the following items; hereinafter the same applies in this paragraph) (excluding cases where the certified financial service intermediary business associations, etc. are solely an association that is set forth in the following items), each certified financial service intermediary business association, etc. is to facilitate information exchange between certified financial service intermediary business associations, etc. and endeavor to provide necessary cooperation and information to other certified financial service intermediary



business associations, etc. in order to ensure the appropriate implementation of the notification receipt work or registration work:

- (i) an association (meaning an association prescribed in Article 64-7, paragraph (1) of the Financial Instruments and Exchange Act; the same applies in the following item) that engages in registration work (meaning the registration work prescribed in paragraph (1) of that Article; the same applies in the following item) pursuant to the provisions of paragraph (1) or (2) of that Article; and
  - (ii) an association that engages in registration work pursuant to the provisions of Article 64-7, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 66-25 of that Act.
- (7) If a sales representative of a financial service intermediary that is affiliated with a certified financial service intermediary business association, etc. falls under any of Article 64-5, paragraph (1), item (i) or (ii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms, or Article 64-5, paragraph (1), item (iii) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article but the certified financial service intermediary business association, etc. that engages in the registration work of the sales representative pursuant to the provisions of paragraph (1) fails to conduct a disposition under Article 64-5, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to the preceding Article following the deemed replacement of terms, and the Prime Minister finds it to be necessary and appropriate for the public interest or for the protection of customers, the Prime Minister may order the certified financial service intermediary business association, etc. to conduct the disposition under the provisions of that paragraph.
- (8) If the Prime Minister determines to have a certified financial service intermediary business association, etc. engage in notification receipt work or registration work pursuant to the provisions of paragraph (1) or (2), or have a certified financial service intermediary business association, etc. no longer engage in notification receipt work or registration work pursuant to the relevant provisions, which it has engaged in, the Prime Minister must issue public notice of that fact.

#### (Registration Fees)

Article 79 (1) A financial service intermediary seeking to have a sales representative registered must pay a registration fee to the government (if registering with a certified financial service intermediary business association, etc. pursuant to the provisions of paragraph (1) or (2) of the preceding Article, to the certified financial service intermediary business association, etc.)

pursuant to the provisions of Cabinet Order.

- (2) The fee set forth in the preceding paragraph that is paid to a certified financial service intermediary business association, etc. is the revenue of the relevant certified financial service intermediary business association, etc.

(Requests for Reviews of Registration Work)

Article 80 A financial service intermediary that is dissatisfied with inaction related to an application for registration under Article 64, paragraph (3) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 following the deemed replacement of terms or the refusal of registration under Article 64-2, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 following the deemed replacement of terms by a certified financial service intermediary business association, etc. that engages in registration work pursuant to the provisions of Article 78, paragraph (1) or (2), or a disposition under Article 64-5, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 following the deemed replacement of terms by a certified financial service intermediary business association, etc. that engages in registration work pursuant to the provisions of Article 78, paragraph (1), may make a request for review to the Prime Minister. In this case, concerning the application of the provisions of Article 25, paragraphs (2) and (3), Article 46, paragraphs (1) and (2), and Article 49, paragraph (3) of the Administrative Complaint Review Act (Act No. 68 of 2014), the Prime Minister is deemed to be the higher administrative agency of a certified financial service intermediary business association, etc.

(Delegation to Cabinet Office Orders)

Article 81 Beyond what is provided for in this Act, the procedures for application and procedures for submission of documents related to authorization, approval, registration, certification, or designation under the provisions of this Act, or other matters necessary for implementation of this Act are specified by Cabinet Office Order.

(Delegation of Authority)

Article 82 (1) The Prime Minister is to delegate their authority under this Act (excluding what is specified by Cabinet Order) to the Commissioner of the Financial Services Agency.

- (2) Among the authority delegated to the Commissioner of the Financial Services Agency pursuant to the provisions of the preceding paragraph, the Commissioner is to delegate the authority set forth in the following items to the Securities and Exchange Surveillance Commission (hereinafter referred to

as the "Commission" in this Article and the following Article); provided, however, that this does not preclude the Commissioner from personally exercising the authority to issue an order to report or submit materials:

- (i) the authority under the provisions of Article 35, paragraph (1) or (2) (limited to the authority related to the provisions specified by Cabinet Order as those related to ensuring the fairness of the acts set forth in Article 11, paragraph (4), items (i) through (iii));
  - (ii) the authority under the provisions of Article 36, paragraph (1) or (2) (limited to authority related to the provisions specified by Cabinet Order as those related to ensuring the fairness of the acts set forth in Article 11, paragraph (4), items (i) through (iii));
  - (iii) the authority under the provisions of Article 48, paragraph (1) or (2) (limited to authority related to the business operations specified by Cabinet Order as the business operations of a certified financial service intermediary business association related to ensuring the appropriateness of financial service intermediary business (limited to the business concerning securities, etc. intermediary business operations); the same applies in the following item); and
  - (iv) the authority under the provisions of Article 49, paragraph (1) or (2).
- (3) The Commissioner of the Financial Service Agency may, pursuant to the provisions of Cabinet Order, delegate the authority under Article 35, paragraphs (1) and (2), Article 36, paragraphs (1) and (2), Article 48, paragraphs (1) and (2), and Article 49, paragraphs (1) and (2) to the Commission among the authority delegated to the Commissioner pursuant to the provisions of paragraph (1) (excluding authority delegated to the Commission pursuant to the provisions of the preceding paragraph).
- (4) If the Commission exercises the authority delegated to it pursuant to the provisions of the preceding paragraph, it is to promptly report the results to the Commissioner of the Financial Services Agency.
- (5) The Commissioner of the Financial Services Agency may delegate part of the authority delegated to the Commissioner pursuant to the provisions of paragraph (1) (excluding authority delegated to the Commission pursuant to the provisions of paragraphs (2) and (3)) to the director-general of a local finance bureau or to the director-general of a local finance branch bureau, pursuant to the provisions of Cabinet Order.
- (6) The Commission may delegate part of the authority delegated to it pursuant to the provisions of paragraphs (2) and (3) to the Director-General of a Local Finance Bureau or to the Director-General of a Local Finance Branch Bureau, pursuant to the provisions of Cabinet Order.
- (7) The Commission directs and supervises the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau

concerning affairs related to the authority that is delegated to the Director-General of a Local Finance Bureau or to the Director-General of a Local Finance Branch Bureau pursuant to the provisions of the preceding paragraph.

(Requests for Reviews Against the Commission)

Article 83 A request for review with regard to an order to report or submit materials issued by the Commission pursuant to the provisions of paragraph (2) or (3) of the preceding Article (including an order issued by the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau pursuant to the provisions of paragraph (6) of that Article) may only be filed against the Commission.

(Transitional Measures)

Article 84 If an order is established, amended, or repealed based on the provisions of this Act, any necessary transitional measures (including transitional measures for penal provisions) may be prescribed in that order, to the extent that is considered to be reasonably necessary for the establishment, amendment, or repeal of that order.

#### **Chapter IV Penal Provisions**

Article 85 If a person falls under any of the following items, the person that commits the violation is subject to punishment by imprisonment for not more than three years, a fine of not more than three million yen, or both:

- (i) a person has obtained registration under Article 12 or registration of change under Article 16, paragraph (1) by wrongful means;
- (ii) a person has, in violation of Article 21, had another person engage in financial service intermediary business;
- (iii) a person has, in violation of the provisions of Article 300, paragraph (1) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 30, conducted an act set forth in item (i) of that paragraph (limited to an act related to a performance-linked insurance contract (meaning a performance-linked insurance contract prescribed in Article 100-5, paragraph (1) of that Act; the same applies in Article 87, item (iii)));
- (iv) a person has violated the provisions of Article 38-2 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (1) or the provisions of Article 39, paragraph (1) of that Act as applied mutatis mutandis pursuant to Article 31, paragraph (2);
- (v) a person has violated the provisions of Article 66-14, item (i), (c) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (1);

- (vi) a person has violated the provisions of Article 66-14-2 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (1); or
- (vii) a person has violated an order to discontinue electronic payment services under Article 38, paragraph (2).

Article 86 If a person falls under any of the following items, the person that commits the violation is subject to punishment by imprisonment for not more than two years, a fine of not more than three million yen, or both:

- (i) a person has violated the provisions of Article 21, paragraph (1) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32;
- (ii) a person has violated an order to suspend all or part of its services under Article 38, paragraph (1); or
- (iii) a person has violated an order under Article 50.

Article 87 If a person falls under any of the following items, the person that commits the violation is subject to punishment by imprisonment for not more than one year, a fine of not more than three million yen, or both:

- (i) a person has made a false statement in an application form or a document to be attached to the application form pursuant to the provisions of Article 13 or Article 52 and submitted it;
- (ii) a person has violated the provisions of Article 52-45 of the Banking Act (limited to the part related to item (i)) as applied mutatis mutandis pursuant to Article 29, and the person has committed the violation for the purpose of benefiting a person other than customers (including a person set forth in Article 11, paragraph (2), item (i), (a) through (o) or a financial service intermediary) or of damaging customers;
- (iii) a person has, in violation of the provisions of Article 300, paragraph (1) of the Insurance Business Act as applied mutatis mutandis pursuant to Article 30, conducted an act set forth in item (i) of that paragraph (excluding an act related to a performance-linked insurance contract) or an act set forth in item (ii) or (iii) of that paragraph;
- (iv) a person has, in violation of the provisions of Article 38, item (i) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2), made a false statement;
- (v) a person has violated the provisions of Article 12-5 of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32;
- (vi) a person has, in violation of the provisions of Article 12-6 of the Money Lending Business Act (limited to the part related to item (i)) as applied mutatis mutandis pursuant to Article 32, made a false statement;

- (vii) a person has violated the provisions of Article 12-7 of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32;
- (viii) a person has, in violation of the provisions of Article 16-3, paragraph (1) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, failed to deliver documents, or has delivered documents lacking the matters prescribed in the paragraph or documents containing false statements;
- (ix) a person has, in violation of the provisions of Article 18, paragraph (1) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, failed to deliver documents, or has delivered documents lacking the matters prescribed in the paragraph or documents containing false statements;
- (x) a person has violated the provisions of Article 20, paragraph (1) or (2) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32;
- (xi) a person has, in violation of the provisions of Article 20, paragraph (3) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, failed to deliver documents, or has delivered documents lacking the matters prescribed in the paragraph or documents containing false statements;
- (xii) a person has, in violation of the provisions of Article 20-2 of the Money Lending Business Act (limited to the part related to item (i)) as applied mutatis mutandis pursuant to Article 32, requested delivery or provision of a deposit passbook, etc. as prescribed in Article 20-2 of that Act, or has retained it;
- (xiii) a person has violated the provisions of Article 20-2 of the Money Lending Business Act (limited to the part related to item (ii)) as applied mutatis mutandis pursuant to Article 32;
- (xiv) a person has failed to prepare or keep books and documents under Article 33 or prepared false books and documents;
- (xv) a person has failed to submit a report under Article 34, paragraph (1) or Article 69, paragraph (1) or has submitted a report containing false statements;
- (xvi) a person has failed to make documents under Article 34, paragraph (2) available for public inspection, failed to publicize the documents pursuant to the provisions of that paragraph, has made documents containing false statements available for public inspection, or has made a false publication;
- (xvii) a person has failed to make a report or submit materials under Article 35, paragraph (1) or (2) or Article 48, paragraph (1) or (2), has made a false report, or has submitted false materials;
- (xviii) a person has failed to answer a question asked by officials pursuant to

the provisions of Article 36, paragraph (1) or (2) or Article 49, paragraph (1) or (2), or has given a false answer, or refused, hindered, or evaded the inspection under these provisions;

(xix) a person has violated the provisions of Article 58;

(xx) a person has failed to make a report or submit materials under Article 70, paragraph (1) or (2), or has made a false report, or submitted false materials, or failed to answer a question asked by officials pursuant to these provisions, or given a false answer, or refused, hindered, or evaded the inspection under these provisions; or

(xxi) a person has violated an order under Article 71, paragraph (1).

Article 88 If a person falls under any of the following items, the person that commits the violation is subject to punishment by imprisonment for not more than one year, a fine of not more than one million yen, or both:

(i) a person has violated the provisions of Article 22, paragraph (5);

(ii) a person has violated the provisions of Article 27;

(iii) a person has, in violation of the provisions of Article 37-3, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) or the provisions of Article 16-2, paragraphs (1) through (3) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, failed to deliver documents or delivered documents lacking the matters prescribed in these provisions or documents containing false statements; or a person has provided another person with something lacking the matters or with something containing false matters, by the method prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) or in Article 16-2, paragraph (4) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32;

(iv) a person has violated the provisions of Article 39, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2);

(v) a person has made a false statement in an application form or a document under Article 39, paragraph (7) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) and has submitted it.

(vi) a person has violated the provisions of Article 53, paragraph (1); or

(vii) a person has, in violation of the provisions of Article 75, paragraph (2), allowed another person to engage in the duties of a sales representative.

Article 89 (1) In a case referred to in item (iv) of the preceding Article, the economic benefit received by the offender or a third party with knowledge is confiscated. If it is not possible to confiscate all or part of the benefit, its value is to be collected.

(2) The provisions of Article 209-2 and Article 209-3, paragraph (2) of the Financial Instruments and Exchange Act apply mutatis mutandis to the confiscation under the preceding paragraph. In this case, the term "Article 198-2, paragraph (1) or Article 200-2" in Article 209-2, paragraph (1) of the Financial Instruments and Exchange Act is deemed to be replaced with "Article 89, paragraph (1) of the Act on the Provision of Financial Services," the term "mixed property (limited to mixed property in which illegal property pertaining to the provisions of Article 200-2 is mixed)" in paragraph (2) of that Article is deemed to be replaced with "mixed property," and the term "Article 198-2, paragraph (1) or Article 200-2" in Article 209-3, paragraph (2) of the Financial Instruments and Exchange Act is deemed to be replaced with "Article 89, paragraph (1) of the Act on the Provision of Financial Services."

Article 90 If a person had violated the provisions of Article 45, the person that commits the violation is subject to punishment by imprisonment for not more than one year, a fine of not more than 500 thousand yen, or both.

Article 91 If a person falls under any of the following items, the person that commits the violation is subject to punishment by imprisonment for not more than six months, a fine of not more than 500 thousand yen, or both:

- (i) a person has, in violation of the provisions of Article 22, paragraph (8), failed to deposit a security deposit for the shortfall referred to in that paragraph;
- (ii) a person has failed to indicate or explain the matters prescribed in Article 37, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) or in Article 15, paragraph (1) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, or has made false indications or explanations;
- (iii) a person has, in violation of the provisions of Article 37, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) or the provisions of Article 16, paragraph (1) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, made indications or explanations that significantly contradict the facts or are likely to mislead people;
- (iv) a person has, in violation of the provisions of Article 37-4, paragraph (1) of the Financial Instruments and Exchange Act as applied mutatis mutandis



pursuant to Article 31, paragraph (2) or the provisions of Article 17 of the Money Lending Business Act (excluding paragraphs (6) and (7)) as applied mutatis mutandis pursuant to Article 32, failed to deliver documents or delivered documents lacking the matters prescribed in these provisions or documents containing false statements; or a person has provided another person with something lacking the matters or with something containing false matters, or has delivered documents lacking the matters or documents containing false statements by the method prescribed in Article 34-2, paragraph (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 37-4, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 31, paragraph (2) or in Article 17, paragraph (6) or (7) of the Money Lending Business Act as applied mutatis mutandis to Article 32;

- (v) a person has, in violation of the provisions of Article 15, paragraph (2) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, indicated or recorded matters other than those set forth in Article 13, paragraph (1), item (v) or matters other than those set forth in Article 4, paragraph (1), item (vii) of that Act; or
- (vi) a person has made a false statement in an application form or a document to be attached under Article 64, paragraph (3) or (4) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 and submitted it.

Article 92 If a person falls under any of the following items, the person that commits the violation is subject to punishment by a fine of not more than one million yen:

- (i) a person has failed to give a notification under Article 18, paragraph (3) or has given a false notification, or has submitted a document to be attached to the notification pursuant to the provisions of paragraph (4) of the Article by making false statements;
- (ii) a person has violated the provisions of Article 12-4, paragraph (1) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32;
- (iii) a person has failed to post the matters prescribed in Article 14 of the Money Lending Business Act (excluding item (iv)) as applied mutatis mutandis pursuant to Article 32 or has posted false matters;
- (iv) a person has, in violation of the provisions of the second sentence of Article 19-2 of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, refused the request to inspect or copy books and documents without reasonable grounds;
- (v) a person has, in violation of the provisions of Article 21, paragraph (2) or (3)

of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, failed to state the matters set forth in the items of paragraph (2) of that Article (excluding item (v)), or made a false statement, or failed to record the matters or made a false record, or failed to disclose the name of the person conducting the collection or other matters in response to a request from the counterparty;

- (vi) a person has, in violation of the provisions of Article 42, paragraph (3), used a word in its name or trade name which could give rise to the misconception that it is an association member of the certified financial service intermediary business association; or
- (vii) a person has failed to prepare or keep records under Article 60 or Article 62, paragraph (9) or prepared false records.

Article 93 If a person falls under any of the following items, the person that commits the violation is subject to punishment by a fine of not more than 500 thousand yen:

- (i) a person has failed to give a notification pursuant to the provisions of Article 16, paragraph (3) or has given a false notification;
- (ii) a person has, in violation of Article 12-4, paragraph (2) of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32, failed to prepare a roster of employees, failed to state the matters prescribed in that paragraph or made a false statement in the roster, or failed to keep the roster; or
- (iii) a person suspends or discontinues all or part of dispute resolution services without obtaining the authorization referred to in Article 72, paragraph (1).

Article 94 If a person falls under any of the following items, the person that commits the violation is subject to punishment by a fine of not more than 300 thousand yen:

- (i) a person has violated the provisions of Article 19;
- (ii) a person has violated the provisions of Article 20, paragraph (1) or (2);
- (iii) a person has, in violation of the provisions of Article 20, paragraph (3), posted signs under paragraph (1) of the Article or signs similar to them;
- (iv) a person has violated the provisions of the second sentence of Article 47;
- (v) a person has failed to make a report under Article 57, paragraph (1) or made a false report;
- (vi) a person has failed to give a notification under Article 67, paragraph (1), Article 68, or Article 72, paragraph (2) or has given a false notification;
- (vii) a person has, in violation of the provisions of Article 72, paragraph (3) or Article 73, paragraph (4), failed to give a notification, or has given a false notification;

- (viii) a person has failed to give a notification under Article 64-4 of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 77 or has given a false notification; or
- (ix) a person has violated the provisions of Article 78, paragraph (4).

Article 95 (1) If a representative of a corporation (including an organization that is not a corporation and for which a representative or an administrator has been designated; hereinafter the same applies in this paragraph) or an agent, employee, or other worker of a corporation or individual violates the provisions set forth in the following items in relation to the business operations or property of the corporation or individual, in addition to the offender being subject to punishment, the corporation is subject to punishment by fine prescribed in the relevant item, and the individual is subject to punishment by fine referred to in the relevant Article:

- (i) Article 85 (excluding item (vii)) or Article 86 (excluding item (i)): a fine of not more than 300 million yen;
  - (ii) Article 87 (excluding item (v), items (vii) through (xiii), and item (xix)): a fine of not more than 200 million yen;
  - (iii) Article 88, item (ii), (iv), or (v): a fine of not more than 100 million yen; and
  - (iv) Article 85, item (vii), Article 86, item (i), Article 87, item (v), items (vii) through (xiii), or item (xix), Article 88 (excluding items (ii), (iv) and (v)), or Article 91 through the preceding Article: the fine prescribed in the relevant Article.
- (2) If an organization that is not a corporation is punished pursuant to the provisions of the preceding paragraph, the representative or administrator of the organization represents the corporation with regard to procedural acts, and the provisions of laws on criminal proceedings that have a corporation as the defendant or suspect apply mutatis mutandis.

Article 96 A person that falls under any of the following items is subject to punishment by a civil fine of not more than 500 thousand yen:

- (i) a person has, in violation of the order under Article 22, paragraph (4) or Article 23, paragraph (2), failed to make a deposit; or
- (ii) a person has failed to give a notification under Article 74 or has given a false notification.

Article 97 A financial instruments provider, etc. that has failed to establish a solicitation policy in violation of the provisions of Article 10, paragraph (1) or that has failed to make the policy public in violation of the provisions of paragraph (3) of that Article is subject to punishment by a civil fine of not more than 500 thousand yen.

Article 98 A person that has used a word in its name or trade name which could give rise to the misconception that it is a certified financial service intermediary business association in violation of the provisions of Article 42, paragraph (2) is subject to punishment by a civil fine of not more than 300 thousand yen.

Article 99 If a financial service intermediary falls under any of the following items, the financial service intermediary (if the financial service intermediary is a corporation, its officer (including persons equivalent to directors, accounting advisors, company auditors, executive officers, members who execute the operations, board members or inspectors; hereinafter the same applies in this Article and Article 101)), officer of a certified financial service intermediary business association, etc. or officer of a designated dispute resolution organization (including a representative or administrator of an organization that is not a corporation and for which a representative or administrator has been designated) that commits the violation is subject to punishment by a civil fine of not more than 300 thousand yen:

- (i) it has violated the order under Article 37;
- (ii) it has failed to make the registry under Article 42, paragraph (1) or Article 65 available for public inspection; or
- (iii) it has, in violation of the provisions of Article 78, paragraph (5), failed to give a notification.

Article 100 A person that has used a word in its name or trade name which could give rise to the misconception that it is a designated dispute resolution organization in violation of the provisions of Article 66 is subject to punishment by a civil fine of not more than 100 thousand yen.

Article 101 If the provisions of Article 22 of the Money Lending Business Act as applied mutatis mutandis pursuant to Article 32 has been violated, a financial service intermediary (if the financial service intermediary is a corporation, its officer) or its agent, employee or other worker that has committed the violation is subject to punishment by a civil fine of not more than 100 thousand yen.

Article 102 The provisions of Chapter 9 of the Financial Instruments and Exchange Act apply mutatis mutandis to cases related to a crime set forth in this Chapter which is specified by Cabinet Order as a crime that is detrimental to the fairness of purchase and sale or other transactions of securities or derivatives transactions, etc. prescribed in Article 33, paragraph (3) of the Financial Instruments and Exchange Act.

## Chapter V Special Provisions on Confiscation Procedures

### (Procedure for Confiscation of the Property of a Third Party)

- Article 103 (1) If a claim, etc. (meaning property other than real property and movables; the same applies in the following Article and Article 105) which is property to be confiscated pursuant to the provisions of Article 89, paragraph (1), belongs to a person other than the defendant (hereinafter referred to as a "third party" in this Article), and the third party is not allowed to participate in the proceedings of a case under public prosecution, a judicial decision for confiscation may not be made.
- (2) The preceding paragraph also applies to the case that seeks to confiscate property on which a superficies, a mortgage or any other right of a third party exists pursuant to the provisions of Article 89, paragraph (1), and the third party is not allowed to participate in the proceedings of the case under public prosecution.
- (3) The provisions of Article 209-4, paragraphs (3) through (5) of the Financial Instruments and Exchange Act apply mutatis mutandis when confiscating property on which a superficies, a mortgage or any other right of a third party exists, and the relevant right should be kept in existence pursuant to the provisions of Article 209-3, paragraph (2) of the Financial Instruments and Exchange Act as applied mutatis mutandis pursuant to Article 89, paragraph (2). In this case, the term "paragraph (2) of the preceding Article" in Article 209-4, paragraphs (3) and (4) of the Financial Instruments and Exchange Act is deemed to be replaced with "paragraph (2) of the preceding Article as applied mutatis mutandis pursuant to Article 89, paragraph (2) of the Act on the Provision of Financial Services."
- (4) With regard to the procedures concerning confiscation of property as prescribed in paragraphs (1) and (2), in addition to what is specially provided for in this Act, the provisions of the Act on Emergency Measures on Criminal Procedure to Confiscate Items Owned by Third Parties (Act No. 138 of 1963) apply mutatis mutandis.

### (Disposition of Confiscated Claims)

- Article 104 The provisions of Article 209-5, paragraph (1) of the Financial Instruments and Exchange Act apply mutatis mutandis to claims, etc. confiscated in relation to the crimes under Article 88, item (iv), the provisions of Article 209-5, paragraph (2) of the Financial Instruments and Exchange Act apply mutatis mutandis when a judicial decision for confiscation of a claim to be confiscated with regard to the crime set forth in the item becomes final and binding, and the provisions of Article 209-6 of the Financial Instruments and

Exchange Act apply mutatis mutandis when commissioning a relevant organization to make a registration of transfer of right based on a judicial decision for confiscation of property for which the transfer of right requires registration with regard to the crime set forth in the item, respectively.

(Special Provisions on Criminal Compensation)

Article 105 The provisions of Article 4, paragraph (6) of the Criminal Compensation Act (Act No. 1 of 1950) apply mutatis mutandis to the content of compensation under that Act concerning the execution of confiscation of claims, etc. to be confiscated in relation to the crimes set forth in Article 88, item (iv).