

# **Installment Sales Act (Tentative translation)**

(Act No. 159 of July 1, 1961)

## Table of Contents

Chapter I General Provisions (Articles 1 and 2)

Chapter II Installment Sales

Section 1 General Provisions (Articles 3 to 8)

Section 2 Standard Conditions of Installment Sales (Articles 9 and 10)

Section 3 Prepaid Installment Sales (Articles 11 to 29)

Chapter II-2 Loan-Backed Sales (Articles 29-2 to 29-4)

Chapter III Intermediation of Credit Purchases

Section 1 Intermediation of Comprehensive Credit Purchases

Subsection 1 Services (Articles 30 to 30-5-3)

Subsection 2 Special Provisions on Investigation into the Comprehensive  
Purchase Amount Projected to Be Affordable (Articles 30-5-4 to 30-6)

Subsection 3 Registration of Comprehensive Credit Purchase  
Intermediaries (Articles 31 to 35-2-2)

Subsection 4 Comprehensive Small Amount Credit Purchase  
Intermediaries (Articles 35-2-3 to 35-3)

Section 2 Intermediation of Individual Credit Purchases

Subsection 1 Services (Articles 35-3-2 to 35-3-22)

Subsection 2 Registration of Individual Credit Purchase Intermediaries  
(Articles 35-3-23 to 35-3-35)

Section 3 Designated Credit Bureaus

Subsection 1 General Rules (Articles 35-3-36 to 35-3-39)

Subsection 2 Business (Articles 35-3-40 to 35-3-49)

Subsection 3 Supervision (Articles 35-3-50 to 35-3-55)

Subsection 4 Affiliated Comprehensive Credit Purchase Intermediaries and  
Affiliated Individual Credit Purchase Intermediaries (Articles 35-3-56 to  
35-3-59)

Section 4 Exclusion from Application (Article 35-3-60)

Chapter III-2 Specified Prepaid Transactions (Articles 35-3-61 and 35-3-62)

Chapter III-3 Designated Entrusted Institutions (Articles 35-4 to 35-15)

Chapter III-4 Proper Management of Credit Card Numbers

Section 1 Proper Management of Credit Card Numbers (Articles 35-16 and  
35-17)

Section 2 Contract of Handling Credit Card Numbers (Article 35-17-2 to  
Article 35-17-15)

Chapter III-5 Certified Installment Sales Association (Articles 35-18 to 35-24)

Chapter IV Miscellaneous Provisions (Articles 36 to 48)

Chapter V Penal Provisions (Articles 49 to 55-3)

Supplementary Provisions

## **Chapter I General Provisions**

(Purpose and Operational Considerations)

Article 1 (1) The purpose of this Act is to protect the interests of purchasers and to achieve a smooth distribution of goods and the smooth provision of services, as well as to promote the sound development of Dealings in Installment Sales, by taking the necessary measures to ensure the fairness of Dealings in Installment Sales, etc., to prevent damages that purchasers suffer, and to ensure the proper management, etc. of credit card numbers, so as to contribute to the development of the national economy.

(2) In the application of this Act, due consideration must be given to the stability and development of small and medium-sized commercial enterprises with dealings in installment sales.

(Definitions)

Article 2 (1) The term "Installment Sale" as used in this Act means the following:

(i) the sale of a Designated Good or Designated Right or the provision of a Designated Service, on the condition that the cost of the good or right will be received from the purchaser, or consideration for the service will be received from the service recipient, in three or more installments over a period of two or more months (this includes the condition that after the purchaser or service recipient makes deposits of money in three or more installments over a period of two or more months with the bank or other person in the business of accepting deposits that is designated by the seller or person in the business of providing services (hereinafter referred to as a "Service Provider" in this Act), the seller or Service Provider will receive payment for the good or right or consideration for the service out of that deposit); and

(ii) the sale of a Designated Good or Designated Right or the provision of a Designated Service, after issuing or granting a card or other object, or a number, symbol, or other code that a person can present, indicate, or trade in, in order to purchase goods or rights or receive paid services (hereinafter referred to as a "Card, etc." in this paragraph, the following paragraph, the following Article and Article 29-2), to a person seeking to purchase goods or rights or receive services using such a Card, etc. (hereinafter referred to as a "User" in this paragraph, the following paragraph, the following Article, Article 4-2 (including as applied mutatis mutandis pursuant to Article 29-4,

paragraph (1)), Article 29-2, and Article 38), on the condition that an amount of money arrived at by a predetermined method of calculation based on the total cost of the goods or rights the User is sold or consideration for services the User receives when presenting, indicating, or trading in the Card, etc., will be received from the User at regular, predetermined intervals.

- (2) The term "Loan-Backed Sale" as used in this Act means the following:
- (i) the sale of a Designated Good or Designated Right or the provision of a Designated Service, after issuing or granting a Card, etc. to a User and guaranteeing the obligations of the purchaser or service recipient (this includes requesting a person that provides guarantees in the course of trade to guarantee such obligations) in respect of a monetary loan that is made in order to cover the cost of goods or rights the User purchases or the consideration for services the User receives when presenting, indicating, or trading in the Card, etc., on the condition that the loan be repaid in three or more installments over a period of two or more months; and
  - (ii) the sale of a Designated Good or Designated Right or the provision of a Designated Service upon having a Card, etc. presented, indicated, or traded in, after having issued or granted that Card, etc. to the User and guaranteed the obligations of the User (this includes requesting a person that provides guarantees in the course of trade to guarantee such obligations) in respect of a monetary loan that is made in order to cover the cost of goods or rights the User purchases or the consideration for the services the User receives when presenting, indicating, or trading in the Card, etc., on the condition that the User pay back an amount of money arrived at by a predetermined method of calculation based on the total amount of the loan, at regular, predetermined intervals.
- (3) The term "Intermediation of Comprehensive Credit Purchases" as used in this Act means the following:
- (i) issuing or granting a card or other object or a number, symbol, or other code that a person can present, indicate, or trade in, in order to purchase goods or rights from a specific seller or receive paid services from a specific Service Provider (hereinafter referred to as "Card, etc." in this paragraph, the following paragraph, Section 1 of Chapter III and Article 35-16), to a person seeking to purchase goods or rights or receive services using such a Card, etc. (hereinafter referred to as a "User" in this paragraph, that Section, Section 3 of that Chapter, that Article, Section 2 of Chapter III-4, Article 41 and Article 41-2), and then delivering an amount that corresponds to the cost of goods or rights or the consideration for services to the seller or Service Provider (this includes delivering such an amount to the seller or Service Provider through a person other than that seller or Service Provider) and receiving an amount that corresponds to that cost or consideration from the

- User by a predetermined date (this excludes the receipt of such an amount by a predetermined date that is shorter than two months from when the User contracts to purchase the goods or rights from the seller or to receive the services from the Service Provider) when the User presents, indicates, or trades in that Card, etc. to purchase goods or rights from a specific seller or to receive services from a specific Service Provider; and
- (ii) issuing or granting a Card, etc. to a User, and then delivering an amount that corresponds to the cost of goods or rights or the consideration for services to the seller or Service Provider (this includes delivering such an amount to the seller or Service Provider through a person other than that seller or Service Provider) and receiving an amount of money arrived at by a predetermined method of calculation based on the total cost of the goods or rights or consideration for the services from the User, at regular, predetermined intervals, when the User presents, indicates, or trades in that Card, etc. to purchase goods or rights from a specific seller or to receive services from a specific Service Provider.
- (4) The term "Intermediation of an Individual Credit Purchase" as used in this Act means delivering all or part of the amount of money corresponding to the cost of goods or Designated Rights or consideration for services to a specific seller or specific Service Provider (this includes delivering such an amount to the seller or Service Provider through a person other than that seller or Service Provider) on the condition that the specific seller sell goods or Designated Rights to the purchaser or that the specific Service Provider provide services to the service recipient without a Card, etc. being used, and receiving that amount of money from the purchaser or service recipient by a predetermined date (this excludes the receipt of such an amount by a predetermined date that is shorter than two months from when the purchaser or service recipient contracts to purchase the goods or rights from the seller or receive the services from the Service Provider).
- (5) The term "Designated Good" as used in this Act means a good specified by Cabinet Order that it is befitting to sell under standardized terms and conditions; the term "Designated Right" means a right specified by Cabinet Order, constituting the right to use a facility or receive services, which is sold in a transaction that arises in the everyday lives of the people; and, except for in the following paragraph, Article 35-3-61, Article 35-3-62, Article 41, and Article 41-2, the term "Designated Service" means a service specified by Cabinet Order, which is provided for consideration in a transaction that arises in the everyday lives of the people.
- (6) The term "Specified Prepaid Transaction" as used in this Act means one of the transactions set forth in the following items, for which, prior to the delivery of the goods or the provision of the services that are prescribed by Cabinet Order

(hereinafter referred to as "Designated Services" in this paragraph, Article 35-3-61, Article 35-3-62, Article 41, and Article 41-2) to the person prescribed in the relevant item, all or part of the cost of the goods or consideration for the Designated Services is received from the person in three or more installments over a period of two or more months:

- (i) brokerage for a purchase and sale of goods: the purchaser; or
- (ii) the provision of Designated Services, brokerage for a person to provide Designated Services, or brokerage for a person to receive Designated Services: the recipient of the Designated Services.

## **Chapter II Installment Sales**

### **Section 1 General Provisions**

(Indication of the Terms and Conditions of Installment Sales)

Article 3 (1) If a person in the business of Installment Sales (hereinafter referred to as an "Installment Seller") seeks to sell Designated Goods or Designated Rights or to provide Designated Services in a way that involves an Installment Sale as prescribed in paragraph (1), item (i) of the preceding Article (excluding the sale of goods or rights or the provision of services to a User wherein the User is issued or granted a Card, etc. and that Card, etc. is presented, indicated, or traded in), the Installment Seller must indicate the following particulars about the Designated Goods, Designated Rights, or Designated Services to the other party, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry, and Cabinet Office Ordinance:

- (i) the cash price of the goods or rights (meaning the price that the goods or rights would be if the seller received the full cost for them upon delivery of the goods or transfer of the rights; the same applies hereinafter) or the cash price of the services (meaning the price that services would be if the Service Provider received the full amount of consideration for them upon the conclusion of the service contract; the same applies hereinafter);
- (ii) the installment price of the goods or rights (meaning the price of the goods or rights when the seller sells them in a way that constitutes an Installment Sale; the same applies hereinafter) or the installment price of the services (meaning the price of the services when the Service Provider provides them in a way that involves an Installment Sale; the same applies hereinafter);
- (iii) the term and number of payments for the cost of the goods or rights or consideration for the services under the Installment Sale (including any deposit of money to be allocated to such a payment; hereinafter the same applies, except in the following paragraph);
- (iv) if it is an Installment Sale other than a Prepaid Installment Sale as prescribed in Article 11, the rate of the fee connected with such an

Installment Sale, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and

(v) if it is a Prepaid Installment Sale as prescribed in Article 11, the timing of the delivery of goods.

(2) If an Installment Seller issues or grants a Card, etc. to a User in order to sell Designated Goods or Designated Rights or provide Designated Services in a way that involves an Installment Sale as prescribed in paragraph (1), item (i) of the preceding Article (but only if the Installment Seller issues or grants the Card, etc. to the User and sells goods or rights or provides services to the User when the Card, etc. is presented, indicated, or traded in), the Installment Seller must deliver a document to the User stating the following particulars in respect of the terms and conditions of the sale of goods or rights or the terms and conditions for the provision of services when an Installment Sale is made, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

(i) the term and number of payments for the cost of the goods or rights or the consideration for the services in connection with an Installment Sale;

(ii) the rate of the fee connected with an Installment Sale, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and

(iii) the particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.

(3) If an Installment Seller issues or grants a Card, etc. to a User in order to sell Designated Goods or Designated Rights or provide Designated Services in a way that involves an Installment Sale as prescribed in paragraph (1), item (ii) of the preceding Article, the Installment Seller must deliver a document to the User stating the following particulars, in respect of the terms and conditions of the sale of goods or rights or the terms and conditions for the provision of services when an Installment Sale is made, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

(i) the time at which the User is required to make time payments and how the amount of the time payment is calculated each time;

(ii) the rate of the fee connected with an Installment Sale, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and

(iii) the particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.

(4) When an Installment Seller sells Designated Goods or Designated Rights or provides Designated Services in a way that involves an Installment Sale as referred to in paragraph (1), paragraph (2), or the preceding paragraph, and advertises the terms and conditions of the sale or the terms and conditions for their provision, it must indicate the particulars set forth in the items of paragraph (1), the items of paragraph (2), or the items of the preceding paragraph, respectively, in its advertising, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Delivery of Documents)

Article 4 (1) If an Installment Seller concludes a contract under which it will sell Designated Goods or Designated Rights or a contract under which it will provide Designated Services in a way that involves an Installment Sale as prescribed in Article 2, paragraph (1), item (i), it must deliver a document to the purchaser or service recipient which makes clear the details of the contract with respect to the following particulars without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the installment price of the goods or rights or the installment price of the services;
- (ii) the amount of an installment (meaning the amount to be paid on each occasion in respect of Installment Sales; the same applies hereinafter);
- (iii) the timing and method of payment for the installments;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
- (v) information about cancellation of the contract;
- (vi) if there are provisions concerning the transfer of ownership, their details; and
- (vii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding items.

(2) If an Installment Seller concludes a contract under which it will sell Designated Goods or Designated Rights or a contract under which it will provide Designated Services in a way that involves an Installment Sale as prescribed in Article 2, paragraph (1), item (ii), the Installment Seller must deliver a document to the purchaser or service recipient which makes clear the details of the contract with respect to the following particulars without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the cash price of the goods or rights or the cash price of the services;

- (ii) the method of payment for the time payments;
  - (iii) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
  - (iv) information about cancellation of the contract;
  - (v) if there are provisions concerning the transfer of ownership, their details; and
  - (vi) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding items.
- (3) Before requesting that a time payment be made in connection with an Installment Sale as prescribed in Article 2, paragraph (1), item (ii) for Designated Goods, Designated Rights, or Designated Services, the Installment Seller must deliver a document to the purchaser or service recipient stating the following particulars, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:
- (i) the time at which the time payment must be made; and
  - (ii) the amount of the time payment that must be made at the time referred to in the preceding item, and the basis for calculation.

(Means That Employ Information and Communications Technology)

Article 4-2 With the consent of the User, purchaser, or service recipient and pursuant to the provisions of Cabinet Order, in lieu of delivering a document under the provisions of paragraph (2) or paragraph (3) of Article 3 or the paragraphs of the preceding Article, an Installment Seller may provide the User, purchaser, or service recipient with the particulars that are required to be stated in such a document by a means that makes use of an electronic data processing system, or by any other means specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance which employs information and communications technology (hereinafter referred to as an "Electronic or Magnetic Means"). In doing so, the Installment Seller is deemed to have delivered the relevant document.

(Restrictions on the Cancellation of Contracts)

Article 5 (1) In the event of an unperformed obligation to pay an installment pursuant to a contract under which Designated Goods or Designated Rights are sold or a contract under which Designated Services are provided in a way that involves an Installment Sale (or to make a time payment, in respect of a contract under which Designated Goods or Designated Rights are sold or Designated Services are provided in a way that involves an Installment Sale as prescribed in Article 2, paragraph (1), item (ii); hereinafter the same applies in this paragraph), it is prohibited for the Installment Seller to cancel the



contract or to demand the payment of installments that are not yet due on the grounds of a delay in the payment of an installment, unless it makes a written demand for this to be paid within a reasonable period of not less than twenty days, and the obligation is not performed within that period.

(2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Restriction on the Amount of Damages Accompanying the Cancellation of a Contract)

Article 6 (1) In the event that a contract under which Designated Goods or Designated Rights are sold or Designated Services are provided in a way that involves an Installment Sale as prescribed in Article 2, paragraph (1), item (i) is cancelled (excluding in a case as prescribed in paragraph (3) or (4)), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Installment Seller to demand that the purchaser or service recipient pay an amount of money that exceeds the total of the amount specified in the relevant of the following items for the case set forth in that item plus the amount of late charges for this based on the applicable statutory interest rate:

- (i) the goods or rights are returned: the ordinary usage fee for those goods or an amount that corresponds to the profit that can normally be earned through the exercise of those rights (if the amount that corresponds to the installment price of the goods or rights less the market value of the goods or rights at the time of their return, exceeds the ordinary usage fee or the amount that corresponds to the profit that can normally be earned through the exercise of those rights, that amount);
- (ii) the goods or rights are not returned: the amount that corresponds to the installment price of the goods or rights;
- (iii) the contract under which the goods or rights were to be sold or the contract under which the services were to be provided is cancelled before the goods start to be delivered, before the rights start to be transferred, or before the services start to be provided (other than in the case set forth in the following item): the amount of costs normally required for concluding and performing the contract;
- (iv) the services fall under the category of specified continuous services as prescribed in Article 41, paragraph (2) of the Act on Specified Commercial Transactions (Act No. 57 of 1976), and the contract under which those services were to be provided is cancelled pursuant to the provisions of Article 49, paragraph (1) of that Act before they start to be provided: the amounts specified by Cabinet Order which are referred to in paragraph (2), item (ii) of that Article, in accordance with each of the services specified therein, as the

- costs normally required for concluding and performing the contract;
- (v) the contract under which the services are provided is cancelled after the services start to be provided (other than in the case set forth in the following item): the amount that corresponds to the installment price of the services less the amount that corresponds to the cash price of the services, plus the amount that corresponds to the consideration for services provided; or
  - (vi) the services fall under the category of specified continuous services as prescribed in Article 41, paragraph (2) of the Act on Specified Commercial Transactions, and the contract under which the services are provided is cancelled pursuant to the provisions of Article 49, paragraph (1) of that Act after the services start to be provided: the total of the following amounts:
    - (a) the amount that corresponds to the installment price of the services less the amount that corresponds to the cash price of the services, plus the amount that corresponds to the consideration for services provided; or
    - (b) the amounts specified by Cabinet Order which are referred to in paragraph (2), item (i), (b) of that Article, in accordance with each of the services specified therein, as the amount of damages that are normally caused by the cancellation of a contract under which the services are provided.
- (2) In the event of an unperformed obligation to pay an installment pursuant to the contract referred to in the preceding paragraph (other than if that contract is cancelled), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Installment Seller to demand that the purchaser or service recipient pay an amount of money that exceeds the amount that corresponds to the installment price of the goods or rights or the installment price of the services less the amount of installments already paid, plus the amount of late charges for this based on the applicable statutory interest rate.
- (3) In the event that a contract under which Designated Goods or Designated Rights are sold or a contract under which Designated Services are provided in a way that involves an Installment Sale as prescribed in Article 2, paragraph (1) item (i) constitutes a multilevel marketing contract as prescribed in Article 37, paragraph (2) of the Act on Specified Commercial Transactions, and that contract is cancelled pursuant to the provisions of Article 40-2, paragraph (1) of that Act, even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Installment Seller to demand that the purchaser or service recipient pay an amount of money that exceeds the total amount of costs normally required for concluding and performing such a contract (or, in a case that falls under one of the following items, the total of this amount and the amount specified in the relevant of those items for the case set forth therein) plus the amount of late charges for

this based on the applicable statutory interest rate:

- (i) the multilevel marketing contract is cancelled after the delivery of goods or transfer of rights involving a specified burden as prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions in connection with the multilevel marketing transactions (referred to as a "Specified Burden" in the following item, Article 35-3-11, and Article 35-3-14): the total of the following amounts:
    - (a) the amount that corresponds to the installment price of the delivered goods or transferred rights (limited to goods or rights that have been sold based on that multilevel marketing contract, and excluding goods or rights under a sales contract for goods as prescribed in Article 40-2, paragraph (2) of the Act on Specified Commercial Transactions which is cancelled pursuant to that paragraph); or
    - (b) the amount that corresponds to the specified profit as prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions (referred to as "Specified Profit" in Article 35-3-14) or any other money or goods that have been provided (limited to those that are connected with the goods or rights under a sales contract for goods as prescribed in Article 40-2, paragraph (2) of that Act which is cancelled pursuant to the provisions of that paragraph); or
  - (ii) the multilevel marketing contract is cancelled after services connected with a multilevel marketing transaction that involves a Specified Burden start to be provided: the amount that corresponds to the installment price of the services less the amount that corresponds to the cash price of the services, plus the amount that corresponds to the consideration for services provided (limited to those provided based on the multilevel marketing contract).
- (4) In the event that a contract under which Designated Goods or Designated Rights are sold in a way that constitutes an Installment Sale as prescribed in Article 2, paragraph (1), item (i) constitutes a sales contract for goods as prescribed in Article 40-2, paragraph (2) of the Act on Specified Commercial Transactions, and that contract is cancelled pursuant to that paragraph, even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Installment Seller to demand that the purchaser pay an amount of money that exceeds the amount specified in the relevant of the following items for the case set forth in that item plus the amount of late charges for this based on the applicable statutory interest rate:
- (i) the goods or rights are returned or the sales contract for the goods is cancelled before the goods are delivered or before the rights are transferred: the amount that corresponds to the installment price of the goods or rights less the amount that corresponds to the cash price of the goods or rights, plus an amount that corresponds to 10 percent of the cash price of the goods or

rights; or

- (ii) the goods or rights are not returned: the amount that corresponds to the installment price of the goods or rights.

(Presumption of Ownership)

Article 7 The ownership of Designated Goods sold in a way that constitutes an Installment Sale as prescribed in Article 2, paragraph (1) item (i) (limited to those specified by Cabinet Order as durable) is presumed to be retained by the Installment Seller until the obligation to pay the installments in full is performed.

(Exclusion from Application)

Article 8 The provisions of this Chapter do not apply to one of the following Installment Sales:

- (i) an Installment Sale based on a contract under which Designated Goods or Designated Rights are sold, or a contract under which Designated Services are provided (excluding the following contracts), which the person offering the contract concludes for business purposes or as a part of its business or which the purchaser or service recipient concludes for business purposes or as a part of its business:
  - (a) a contract for a multilevel marketing transaction (meaning a multilevel marketing transaction as prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions; the same applies hereinafter) arising from multilevel marketing (meaning multilevel marketing as prescribed in that paragraph; the same applies hereinafter) (including a contract other than one for such a transaction, which involves the sale of goods or rights or the provision of services linked to multilevel marketing (hereinafter referred to as a "Sales Contract for Specified Goods, etc.")), that constitutes a contract with an individual who sells goods or rights or provides services that arising from such multilevel marketing other than through a store or other similar facility (hereinafter referred to as a "Personal Multilevel Marketing Contract"); or
  - (b) a contract for a business opportunity sales transaction (meaning a business opportunity sales transaction as prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions; the same applies hereinafter) arising from business opportunity sales (meaning business opportunity sales as prescribed in that paragraph; the same applies hereinafter), with an individual who performs services that are provided or arranged in connection with business opportunity sales, at a place other than a business establishment or other similar facility (hereinafter referred to as a "Personal Business Opportunity Sales

- Contract").
- (ii) an Installment Sale to a person residing outside Japan;
  - (iii) an Installment Sale by the national or local government;
  - (iv) an Installment Sale by one of the following organizations to its direct or indirect member (if the organization is able to make its business or facility available to persons other than its members, this includes Installment Sales to a non-member):
    - (a) a partnership incorporated based on a special law, or a federation or central association of such partnerships;
    - (b) an organization as referred to in Article 108-2 of the National Public Service Act (Act No. 120 of 1947) or Article 52 of the Local Public Service Act (Act No. 261 of 1950); or
    - (c) a labor union.
  - (v) an Installment Sale by a business operator to its employee; or
  - (vi) an Installment Sale that falls under the category of a mutual loan prescribed in Article 1 of the Act on the Mutual Loan Business (Act No. 42 of 1931).

## **Section 2 Standard Terms and Conditions for Installment Sales**

(Public Notice of Standard Terms and Conditions)

Article 9 When necessary in order to promote the sound development of Installment Sales as prescribed in Article 2, paragraph (1), item (i) (other than Prepaid Installment Sales as prescribed in Article 11; hereinafter the same applies in the following Article), the competent minister is to specify the percentage of the installment price to be used as the standard for the amount of the initial installment for each Designated Good and the term to be used as the standard for the payment of the cost in an Installment Sale as prescribed in Article 2, paragraph (1), item (i), and to give public notice of the same.

(Recommendations)

Article 10 (1) If the competent minister finds that a significant obstacle has arisen or could arise to the sound development of Instalment Sales as prescribed in Article 2, paragraph (1), item (i) for Designated Goods because an Installment Seller is conducting Installment Sales of those Designated Goods as prescribed in that item with the initial installment at a percentage of the installment price which is significantly lower than the percentage of which public notice is issued pursuant to the provisions of the preceding Article, or with a term for the payment of the cost which is significantly longer than the term of which public notice is issued pursuant to that Article, the minister may recommend that the Installment Seller increase the percentage or shorten the

term.

- (2) A recommendation under the provisions of the preceding paragraph may be given through a public notice.

### **Section 3 Prepaid Installment Sales**

(Prepaid Installment Sales Licenses)

Article 11 It is not permissible for a person to engage in Installment Sales in the course of trade, through which it receives all or part of the cost of the Designated Goods from the purchaser in two or more installments as prescribed in Article 2, paragraph (1), item (i), prior to the delivery of the Designated Goods (hereinafter referred to as "Prepaid Installment Sales"), without being licensed by the Minister of Economy, Trade and Industry; provided, however, that this does not apply in the following cases:

- (i) the annual sales amount from Prepaid Installment Sales of Designated Goods is less than the amount specified by Cabinet Order;
- (ii) the Designated Goods are newly specified, and a person currently engaged in the sale of those Designated Goods in the course of trade through Prepaid Installment Sales, sells those goods for six months from the date of their specification (if the application referred to in paragraph (1) of the following Article is submitted during that period, this includes the time up until the license sought under the application is granted or refused); or
- (iii) after the period set forth in the preceding item passes, the only such dealings the person engages in are aimed at enabling the completion of transactions under the contracts for Prepaid Installment Sales for the Designated Goods referred to in that item, which have been concluded by the last day of that period.

(Application for a License)

Article 12 (1) A person seeking the license referred to in the preceding Article must submit an application to the Minister of Economy, Trade and Industry stating the following:

- (i) its name;
  - (ii) the names and locations of its principal office and other business offices and agency offices;
  - (iii) its amount of stated capital or capital contributions, and the names of its officers; and
  - (iv) the types of Designated Goods it seeks to sell through Prepaid Installment Sales.
- (2) The articles of incorporation, a certificate of registered information, the general conditions of the contract for Prepaid Installment Sales, and the

documents specified by Ordinance of the Ministry of Economy, Trade and Industry must accompany the application referred to in the preceding paragraph; provided, however, that a certificate of registered information may be omitted if so specified by Ordinance of the Ministry of Economy, Trade and Industry.

- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record (meaning a record used in computer data processing, which is created in electronic form, magnetic form, or any other form that is impossible to perceive through the human senses alone; the same applies hereinafter), the electronic or magnetic record (limited to one as specified by Ordinance of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

Article 13 Deleted

Article 14 Deleted

(Licensing Criteria)

Article 15 (1) If the Minister of the Economy, Trade and Industry finds an applicant for the license referred to in Article 11 to fall under one of the following items, the minister must not grant the license referred to in that Article:

- (i) a person that is not a corporation;
- (ii) a corporation with a stated capital or capital contributions of less than the amount that is found to be necessary and appropriate for protecting the interests of purchasers, as specified by Cabinet Order;
- (iii) a corporation with an amount of total assets minus total liabilities that is lower than 90 percent of its stated capital or capital contributions;
- (iv) a corporation that, beyond what is set forth in the preceding two items, does not have a sufficient financial basis to soundly perform the business involved in Prepaid Installment Sales;
- (v) a corporation with general conditions in the contract for Prepaid Installment Sales that do not meet the criteria specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance;
- (vi) a corporation whose license has been rescinded pursuant to the provisions of Article 23, paragraph (1) or (2), if two years have not yet passed since the date of the rescission;
- (vii) a corporation that has been sentenced to a fine pursuant to the provisions of this Act, if two years have not yet passed since the day on which it finished serving the sentence or ceased to be subject to its enforcement; or

- (viii) a corporation with an officer that falls under one of the following:
  - (a) a person that has not had rights restored after receiving a ruling of commencement of bankruptcy proceedings;
  - (b) a person that has been sentenced to imprisonment or a heavier punishment, or a person that has been sentenced to a fine pursuant to the provisions of this Act, if two years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement; or
  - (c) a person that, during the thirty days prior to the relevant disposition, was the officer of a person licensed as referred to in Article 11 (hereinafter referred to as a "Licensed Installment Seller") whose license has been rescinded pursuant to Article 23, paragraph (1) or (2), if two years have not yet passed since the date of that disposition.
- (2) The total assets and the total liabilities referred to in item (iii) of the preceding paragraph must be calculated pursuant to Cabinet Order.
- (3) If an application is filed for the license referred to in Article 11 and the Minister of Economy, Trade and Industry reaches the disposition not to grant the license, the minister must notify the applicant of this without delay, indicating the reasons for refusal.

(Making Business Security Deposits)

- Article 16 (1) A Licensed Installment Seller must make a business security deposit with the closest official depository to its principal business office.
- (2) Once a Licensed Installment Seller makes a business security deposit, it must file a notification of this with the Minister of Economy, Trade and Industry, accompanied by a copy of the deposit statement showing receipt of the deposit.
  - (3) A Licensed Installment Seller must not commence Prepaid Installment Sale operations until after it files the notification under the provisions of the preceding paragraph.

- Article 17 (1) The amount of the business security deposit referred to in paragraph (1) of the preceding Article is the sum total of 100,000 yen for the principal business office and 50,000 yen for each business office or agency office.
- (2) National and local government bonds and other securities specified by Ordinance of the Ministry of Economy, Trade and Industry (including paperless bonds prescribed in Article 278, paragraph (1) of the Act on the Book-Entry Transfer of Corporate Bonds and Shares (Act No. 75 of 2001)) may serve as the business security deposit referred to in the preceding paragraph, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.



Article 18 (1) If a Licensed Installment Seller newly establishes a business office or agency office after commencing operations, it must deposit the business security deposit for each such business office or agency office in the amount calculated based on the rates prescribed in paragraph (1) of the preceding Article.

(2) The provisions of Article 16 and paragraph (2) of the preceding Article apply mutatis mutandis when a deposit is made pursuant to the provisions of the preceding paragraph.

Article 18-2 (1) If a Licensed Installment Seller closes some of its business offices or agency offices and the amount of the business security deposit exceeds the amount prescribed in Article 17, paragraph (1), the Licensed Installment Seller may recover the excess amount.

(2) The recovery of the excess business security deposit as referred to in the preceding paragraph is not permitted unless the Licensed Installment Seller issues public notice to persons with a right to that business security deposit as referred to in Article 21, paragraph (1), indicating that such persons must make a filing within a fixed period of not less than six months, and no filing is made within that period; provided, however, that this does not apply once ten years have passed following the occurrence of grounds for the recovery of a business security deposit.

(3) The necessary particulars of the public notice referred to in the preceding paragraph and other particulars relevant to the recovery of the business security deposit as referred to in the provisions of paragraph (1) are specified by Ordinance of the Ministry of Justice and Ordinance of the Ministry of Economy, Trade and Industry.

(Preservative Measures for Advances Received)

Article 18-3 (1) If, as of March 31 and September 30 of each year (hereinafter each of these days is referred to as a "Base Date"), the amount that corresponds to one-half of the total amount of advances that a Licensed Installment Seller has received, from persons with which it has concluded contracts for Prepaid Installment Sales by that Base Date, as all or part of the cost of the goods under such contracts, exceeds the amount of the business security deposit provided for in Article 17, paragraph (1) as of that Base Date, the Licensed Installment Seller must not conclude any new contract for Prepaid Installment Sales after fifty days have passed counting from the day after that Base Date, until it takes the preservative measures for advances received which are referred to in the following paragraph and notifies the Minister of Economy, Trade and Industry of this pursuant to the provisions of

paragraph (1) of the following Article.

- (2) Preservative measures for advances received are the making of business deposits for prepaid services or the conclusion of a Contract on the Entrustment of Business Deposits for prepaid services, in a way that allows the Licensed Installment Seller to allocate an amount that corresponds to one-half of the total amount of the advances that it receives by the Base Date, from persons with which it has concluded contracts for Prepaid Installment Sales as of the Base Date, as all or part of the cost of the goods under such contracts, after the business security deposit prescribed in Article 17, paragraph (1) as of said Base Date is deducted (hereinafter referred to as the "Base Amount"), toward the repayment of obligations arising from those contracts.
- (3) A Contract on the Entrustment of Business Deposits for prepaid services that is concluded as a preservative measure for advances received is a contract under which the entrusted party agrees to make a business deposit for prepaid services on behalf of the entrusting party, in an amount that corresponds to that with which it is entrusted, if the Licensed Installment Seller that is the entrusting party comes to fall under one of the items of Article 27, paragraph (1) or if the entrusted party receives instructions under the provisions of Article 20-3, paragraph (3), during the period from the day after the notification under the provisions of paragraph (1) of the following Article until fifty days have elapsed counting from the day after the next Base Date (or, if a notification under that paragraph which concerns the Base Amount for that next Base Date is filed prior to that day, until the day of that notification).
- (4) It is not permissible for a person other than a bank, financial institution specified by Cabinet Order, or person designated by the Minister of Economy, Trade and Industry to become the entrusted party under a Contract on the Entrustment of Business Deposits for prepaid services as referred to in the preceding paragraph (hereinafter simply referred to as a "Contract on the Entrustment of Business Deposits").
- (5) The provisions of Article 16, paragraph (1) and Article 17, paragraph (2) apply mutatis mutandis when a business deposit for prepaid services is made as a preservative measure for advances received.

Article 18-4 (1) A Licensed Installment Seller that takes preservative measures for advances received must file a written notification with the Minister of Economy, Trade and Industry on each Base Date, of the preservative measures for advances received in respect of that Base Amount, for that Base Date.

- (2) When a Licensed Installment Seller takes a new preservative measure for advances received and files a notification under the provisions of the preceding paragraph, the document referred to in that paragraph must be accompanied by a copy of the deposit statement showing the receipt of the deposit, if that

preservative measure for advances received is the making of a business deposit for prepaid services, or by the copy of the contract, if that preservative measure for advances received is the conclusion of a Contract on the Entrustment of Business Deposits.

Article 18-5 (1) If an amount that corresponds to one-half of the total amount of the advances that a Licensed Instalment Seller taking preservative measures for advances received receives by the Base Date, from persons with which it has concluded contracts for Prepaid Installment Sales as of that Base Date, as all or part of the cost of the goods under such contracts, falls below the amount of the business security deposit provided for in Article 17, paragraph (1) as of that Base Date, the Licensed Instalment Seller may recover all of the business deposits for the prepaid services or cancel all of the Contracts on the Entrustment of Business Deposits by the next Base Date.

(2) In a case other than what is prescribed in the preceding paragraph, if, as of the Base Date, the amount that can be allocated to the repayment of obligations under a contract for Prepaid Installment Sales due to the preservative measures for advances received, exceeds the Base Amount for that Base Date, the Licensed Instalment Seller that is taking such preservative measures may recover the excess amount of the business deposits for prepaid services or cancel all or part of the Contract on the Entrustment of Business Deposits.

(3) The recovery of business deposits for prepaid services under the provisions of the preceding two paragraphs may not be made without the approval of the Minister of the Economy, Trade and Industry having been obtained pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(4) Beyond what is prescribed in the preceding paragraph, necessary particulars relevant to the recovery of business deposits for prepaid services under the provisions of paragraph (1) or paragraph (2), are specified by Ordinance of the Ministry of Justice and Ordinance of the Ministry of Economy, Trade and Industry.

(5) The cancellation of a Contract on the Entrustment of Business Deposits under the provisions of paragraph (1) or paragraph (2) does not become effective without the approval of the Minister of Economy, Trade and Industry having been obtained pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(6) It is not permissible for a Contract on the Entrustment of Business Deposits as a preservative measure for advances received to be cancelled in whole or in part, except in the cases prescribed in paragraph (1) or paragraph (2); provided, however, that this does not apply if a part of the Contract on the Entrustment of Business Deposits is canceled and the Contract on the Entrustment of

Business Deposits still satisfies the requirements prescribed in Article 18-3, paragraph (3).

(7) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Succession)

Article 18-6 (1) If a Licensed Installment Seller transfers all of its business or if a Licensed Installment Seller merges or undergoes a company split (limited to when all of its business is succeeded to), the corporation succeeding to all of its business, the corporation surviving the merger, the corporation incorporated in the merger, or the corporation succeeding to the whole of business in the company split, succeeds to the status of Licensed Installment Seller; provided, however, that this does not apply if the corporation succeeding to the whole of the business, the corporation surviving the merger, the corporation incorporated in the merger, or the corporation succeeding to the whole of business in the company split falls under one of the provisions of Article 15, paragraph (1), item (ii) or items (vi) to (viii) inclusive.

(2) A person that succeeds to the status of Licensed Installment Seller pursuant to the provisions of the preceding paragraph must file a notification of this, accompanied by documents evidencing that fact, with the Minister of Economy, Trade and Industry, without delay.

(Notification of a Change)

Article 19 (1) If a particular set forth in one of the items of Article 12, paragraph (1) changes, the Licensed Installment Seller must notify the Minister of Economy, Trade and Industry of this without delay.

(2) If a Licensed Installment Seller seeks to change the general conditions of a contract for Prepaid Installment Sales, it must notify the Minister of Economy, Trade and Industry of this.

(3) If the Minister of Economy, Trade and Industry is notified of a change under the provisions of the preceding paragraph and the minister finds that the content of the general conditions of the contract for Prepaid Installment Sales after the change no longer conforms to the criteria specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance which are referred to in Article 15, paragraph (1), item (v), the minister may order the Licensed Installment Seller to change that content.

(4) The provisions of Article 12, paragraphs (2) and (3) apply mutatis mutandis when a notification of a change under paragraph (1) is filed and the provisions of paragraph (2) of that Article apply mutatis mutandis when a notification of a change under paragraph (2) is filed.

(Keeping of Books)

Article 19-2 A Licensed Installment Seller must keep books, enter in them the particulars specified by Ordinance of the Ministry of Economy, Trade and Industry concerning contracts for Prepaid Installment Sales, and archive them, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibition on the Conclusion of Contracts)

Article 20 (1) If a Licensed Installment Seller comes to fall under the provisions of Article 15, paragraph (1), item (iii), the Minister of Economy, Trade and Industry must order that Licensed Installment Seller not to conclude a contract for Prepaid Installment Sales; provided, however, that this does not apply if the protection of purchasers would be compromised by such an order.  
(2) If the Minister of Economy, Trade and Industry issues an order under the provisions of the preceding paragraph and the Licensed Installment Seller comes to no longer fall under the requirements referred to in that order within six months, the minister must rescind that order.

(Improvement Orders)

Article 20-2 (1) If a Licensed Installment Seller's financial condition or the business operations that are connected with Prepaid Installment Sales fall under one of the following items and the Minister of Economy, Trade and Industry finds it to be necessary and appropriate in order to protect the interests of purchasers, the minister, within the scope of that necessity, may order the Licensed Installment Seller to take the necessary measures to improve its financial condition or to improve business operations that are connected with Prepaid Installment Sales:

- (i) the ratio of revenues to expenditures during a business year falls below the ratio specified by Ordinance of the Ministry of Economy, Trade and Industry;
- (ii) the ratio of total current assets to total current liabilities falls below the ratio specified by Ordinance of the Ministry of Economy, Trade and Industry;

or

- (iii) a case other than one set forth in the preceding two items, which is specified by Ordinance of the Ministry of Economy, Trade and Industry as a case in which it is necessary to remedy its financial condition or to remedy business operations that are connected with Prepaid Installment Sales in order to protect the interests of purchasers.

(2) The amount of revenues to expenditures referred to in item (i) of the preceding paragraph and the total current assets and total current liabilities referred to in item (ii) of that paragraph, is calculated pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

- (3) If the business operations that are connected with the Prepaid Installment Sales of a Licensed Installment Seller fall under paragraph (1), item (iii), before the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of that paragraph, the minister must consult with the Prime Minister.
- (4) If the business operations that are connected with the Prepaid Installment Sales of a Licensed Installment Seller fall under paragraph (1), item (iii), and the Prime Minister finds it to be necessary for protecting the interests of purchasers, the minister may state an opinion on an order under the provisions of that paragraph, as necessary, to the Minister of Economy, Trade and Industry.

(Deposit by an Entrusted Party under a Contract on the Entrustment of Business Deposits)

- Article 20-3 (1) If a Licensed Installment Seller that concludes a Contract on the Entrustment of Business Deposits as a preservative measure for advances received, falls under one of Article 27, paragraph (1), items (i) to (iv) inclusive, or if a person with the right referred to in Article 21, paragraph (1) or such a Licensed Installment Seller files a notification indicating that the Licensed Installment Seller falls under Article 27, paragraph (1), item (v) or item (vi), the Minister of Economy, Trade and Industry must issue public notice to persons with the right referred to in Article 21, paragraph (1), without delay, indicating that any such person must file a claim with the Minister of Economy, Trade and Industry within a fixed period of not less than sixty days, and that failure to file a claim within that period will exclude a person from the process by which rights are exercised in connection with the preservative measures for advances received to which the public notice pertains.
- (2) If the Minister of Economy, Trade and Industry issues public notice under the provisions of the preceding paragraph, the minister, without delay, must instruct the entrusted party under the Contract on the Entrustment of Business Deposits with the relevant Licensed Installment Seller to make a business deposit for prepaid services based on that Contract on the Entrustment of Business Deposits by the last day of the period during which the filing of claims to which the public notice pertains must be made; provided, however, that this does not apply if the entrusted party has already made the business deposit for prepaid services on receipt of the instructions under the provisions of the following paragraph.
  - (3) If the Minister of Economy, Trade and Industry finds it to be necessary for the preservation of a person's claims arising under a contract for Prepaid Installment Sales that the person has concluded with a Licensed Installment Seller, the minister may instruct the entrusted party under a Contract on the

Entrustment of Business Deposits with that Licensed Installment Seller to make a business deposit for prepaid services based on the Contract on the Entrustment of Business Deposits within a designated time frame, in a case other than what is prescribed in the main clause of the preceding paragraph.

- (4) If the entrusted party under a Contract on the Entrustment of Business Deposits is given an instruction under the provisions of the main clause of paragraph (2), it must make the business deposit for prepaid services based on the Contract on the Entrustment of Business Deposits by the last day of the period during which the filing of claims to which the public notice under the provisions of paragraph (1) pertains must be made, and if it is given an instruction under the preceding paragraph, it must make that deposit within the time frame designated pursuant to that paragraph.
- (5) When the entrusted party under a Contract on the Entrustment of Business Deposits makes a business deposit for prepaid services pursuant to the provisions of the preceding paragraph, it must submit a copy of the deposit statement showing the receipt of the deposit to the Minister of Economy, Trade and Industry.
- (6) The provisions of Article 16, paragraph (1) apply mutatis mutandis when a deposit is made pursuant to the provisions of paragraph (4). In this case, the phrase "the principal business office" in paragraph (1) of that Article is deemed to be replaced with "the principal business office of the Licensed Installment Seller".

Article 20-4 (1) The entrusted party under a Contract on the Entrustment of Business Deposits which makes a business deposit for prepaid services following the instructions under the provisions of the main clause of paragraph (2) of the preceding Article, may recover the business deposit for prepaid services it makes, if a filing of claims to which the public notice under the provisions of paragraph (1) of that Article pertains is not made within the period during which the claims must be filed.

- (2) The entrusted party under a Contract on the Entrustment of Business Deposits which makes a business deposit for prepaid services following instructions under paragraph (3) of the preceding Article may recover the business deposit for prepaid services it makes if the public notice under the provisions of paragraph (1) of that Article is issued and the claim to which that public notice pertains is not filed within the period that the claim must be filed; or if the public notice is not issued and the entrusted party obtains the approval of the Minister of Economy, Trade and Industry pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.
- (3) The necessary particulars relevant to the recovery of a business deposit for prepaid services under the provisions of the preceding two paragraphs are

specified by Ordinance of the Ministry of Justice and Ordinance of the Ministry of Economy, Trade and Industry.

(Refunding of Business Security Deposits and Business Deposits for Prepaid Services)

Article 21 (1) A person that concludes a contract for Prepaid Installment Sales with a Licensed Installment Seller has the right to be repaid for the claims arising from such a contract out of the business security deposit or business deposit for prepaid services made by the Licensed Installment Seller or an entrusted party that has concluded a Contract on the Entrustment of Business Deposits with that Licensed Installment Seller.

(2) The necessary particulars relevant to the exercise of the right referred to in the preceding paragraph are specified by Cabinet Order.

(Measures for When Rights Are Exercised)

Article 22 (1) If a business security deposit comes to fall short of the amount specified in Article 17, paragraph (1) because a person that holds the right referred to in paragraph (1) of the preceding Article exercises that right, the Licensed Installment Seller must deposit the shortfall without delay on or after the date on which it becomes aware of that fact.

(2) If the amount that may be allocated for the repayment of an obligation arising from a contract for Prepaid Installment Sales based on preservative measures for advances received comes to fall short of the Base Amount as of the Base Date immediately before the day on which the right referred to in paragraph (1) of the preceding Article is exercised, because a person that holds that right exercises it, the Licensed Installment Seller that is taking those preservative measures for advances received must take a new preservative measure for advances received for the shortfall without delay on or after the day on which it becomes aware of that fact, and must notify the Minister of Economy, Trade and Industry of this in writing.

(3) The provisions of Article 16, paragraph (2) and Article 17, paragraph (2) apply mutatis mutandis when a deposit is made pursuant to paragraph (1), and the provisions of Article 18-4, paragraph (2) apply mutatis mutandis to a notification under the provisions of the preceding paragraph.

(Change of Depository for a Business Security Deposit or Business Deposit for Prepaid Services)

Article 22-2 (1) If the business security deposit or business deposit for prepaid services is made solely in cash and the nearest depository changes because the location of the principal business office of the Licensed Installment Seller has changed, the Licensed Installment Seller or the entrusted party under a



Contract on the Entrustment of Business Deposits must pay the expenses in advance and request the depository with which the business security deposit or business deposit for prepaid services has been made to transfer the business security deposit or business deposit for prepaid services to the depository which is nearest to the principal business office of the Licensed Installment Seller after the change, without delay.

- (2) If a business security deposit or business deposit for prepaid services is made in the form of securities provided for in Article 17, paragraph (2) or in such securities and cash, and the nearest depository changes because the location of the principal business office of a Licensed Installment Seller has changed, the Licensed Installment Seller must make a business security deposit or business deposit for prepaid services in the same amount as that business security deposit or business deposit for prepaid services with the depository which is nearest to its principal business office after the change, without delay. Once that deposit is made, the business security deposit or business deposit for prepaid services that was made with the depository that was nearest to the principal business office before it changed location may be recovered pursuant to the provisions of Ordinance of the Ministry of Justice and Ordinance of the Ministry of Economy, Trade and Industry.
- (3) The provisions of Article 17, paragraph (2) apply mutatis mutandis when a deposit is made pursuant to the provisions of the preceding paragraph.

(Rescission of a License)

- Article 23 (1) If a Licensed Installment Seller falls under one of the following items, the Minister of Economy, Trade and Industry must rescind its license:
- (i) it comes to fall under the provisions of Article 15, paragraph (1), item (ii), item (vii), or item (viii);
  - (ii) an order under Article 20, paragraph (1) is issued and a rescission under the provisions of paragraph (2) of that Article is not made within six months from the date of that order;
  - (iii) it violates an order under the provisions of Article 20, paragraph (1); or
  - (iv) it has obtained the license referred to in Article 11 by wrongful means.
- (2) If a Licensed Installment Seller falls under one of the following items, the Minister of Economy, Trade and Industry may order that Licensed Installment Seller not to conclude any contract for Prepaid Installment Sales for a fixed period of no longer than three months, or may rescind its license:
- (i) it violates the provisions of Article 16, paragraph (3) (including as applied mutatis mutandis pursuant to Article 18, paragraph (2)) in commencing operations;
  - (ii) it violates the provisions of Article 18-3, paragraph (1) in concluding a new contract for Prepaid Installment Sales;

- (iii) it violates an order under the provisions of Article 19, paragraph (3);
  - (iv) it violates an order under the provisions of Article 20-2, paragraph (1);
  - (v) it fails to make a deposit under the provisions of Article 22, paragraph (1);
  - or
  - (vi) it fails to take preservative measures for advances received under the provisions of Article 22, paragraph (2).
- (3) If a Licensed installment Seller violates the order referred to in item (iv) of the preceding paragraph (limited to an order issued when business operations that are connected with the Prepaid Installment Sales of the Licensed Installment Seller fall under Article 20-2, paragraph (1), item (iii); the same applies in the following paragraph and Article 40, paragraph (2)), before the Minister of Economy, Trade and Industry seeks to reach a disposition under the preceding paragraph, the minister must consult with the Prime Minister.
- (4) If a Licensed Installment Seller violates the order referred to in item (iv) of paragraph (2) and the Prime Minister finds it to be necessary for protecting the interests of purchasers, the minister may state an opinion concerning a disposition under the provisions of that paragraph, as necessary, to the Minister of Economy, Trade and Industry.
- (5) If the Minister of Economy, Trade and Industry rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2), the minister must notify the person that was formerly the relevant Licensed Installment Seller of this, indicating the reasons for the rescission, without delay.

(Public Notice of a Disposition)

Article 24 If the Minister of Economy, Trade and Industry issues an order under the provisions of Article 20, paragraph (1) or rescinds such an order pursuant to the provisions of Article 20, paragraph (2), or if the minister rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article, the minister must issue a public notice of this pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(Expiration of a License)

Article 25 If a Licensed Installment Seller discontinues operations in Prepaid Installment Sales, its license expires.

(Notification of Discontinuation)

Article 26 (1) If a Licensed Installment Seller discontinues operations in Prepaid Installment Sales, it must notify the Minister of Economy, Trade and Industry of the discontinuation without delay.

- (2) The provisions of Article 24 apply mutatis mutandis when a notification under the preceding paragraph is filed.

(Cancellation of a Contract)

Article 27 (1) If a Licensed Installment Seller falls under one of the following items, a person that has concluded a contract for Prepaid Installment Sales with that Licensed Installment Seller but has not been delivered the goods under that contract may cancel the contract:

- (i) it fails to take preservative measures for advances received for the Base Amount as of the Base Date, on or before the day on which fifty days have passed since the day following the relevant Base Date;
  - (ii) it becomes subject to an order under Article 20, paragraph (1);
  - (iii) its license is rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 23;
  - (iv) its license loses validity pursuant to the provisions of Article 25;
  - (v) a motion to commence bankruptcy proceedings, rehabilitation proceedings, or reorganization proceedings is filed; or
  - (vi) it suspends payments.
- (2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Completion of Transactions upon Rescission of a License)

Article 28 If the license of a Licensed Installment Seller is rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 23 or loses validity pursuant to the provisions of Article 25, the person that was formerly that Licensed Installment Seller or its general successor is deemed to continue to be a Licensed Installment Seller, inasmuch as its sole aim is to enable the completion of transactions under contracts for Prepaid Installment Sales that the Licensed Installment Seller has concluded.

Article 29 (1) If the license of a Licensed Installment Seller is rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 23 or loses validity pursuant to the provisions of Article 25, the person that was formerly that Licensed Installment Seller or its successor (other than a person that is deemed to be a Licensed Installment Seller pursuant to the provisions of the preceding Article) may recover the business security deposit or business deposit for prepaid services that the person that was formerly that Licensed Installment Seller has made.

- (2) The recovery of a business security deposit or business deposit for prepaid services referred to in the preceding paragraph is not permitted unless public notice is issued to the persons with the right to the business security deposit or business deposit for prepaid services as referred to in Article 21, paragraph (1), indicating that such persons must make a filing within a fixed period of not

less than six months, and no filing is made within that period; provided, however, that this does not apply once ten years have passed following the occurrence of grounds for the recovery of a business security deposit or business deposit for prepaid services.

- (3) The necessary particulars of the public notice referred to in the preceding paragraph and those relevant to the recovery of the business security deposit or business deposit for prepaid services under the provisions of paragraph (1) are specified by Ordinance of the Ministry of Justice and Ordinance of the Ministry of Economy, Trade and Industry.

## **Chapter II-2 Loan-Backed Sales**

(Indication of the Terms and Conditions of Loan-Backed Sales)

Article 29-2 (1) If a person in the business of Loan-Backed Sales (hereinafter referred to as a "Loan-Based Installment Seller") issues or grants a Card, etc., to a User in order to sell Designated Goods or Designated Rights or provide Designated Services in a way that involves a Loan-Backed Sale as prescribed in Article 2, paragraph (2), item (i), the Loan-Based Installment Seller must deliver a document to the User stating the following particulars with respect to the terms and conditions of the sale of goods or rights or the terms and conditions for the provision of services when a Loan-Backed Sale is made, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the term and number of payments in connection with a Loan-Backed Sale;
- (ii) the interest rate and other fees connected with the loan involved in a Loan-Backed Sale, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and
- (iii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.

(2) If a Loan-Based Installment Seller issues or grants a Card, etc. to a User in order to sell Designated Goods or Designated Rights or provide Designated Services in a way that involves a Loan-Backed Sale as prescribed in Article 2, paragraph (2), item (ii), the Loan-Based Installment Seller must deliver a document to the User stating the following particulars in respect of the terms and conditions of the sale of goods or rights or the terms and conditions for the provision of services when a Loan-Backed Sale is made, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the timing at which a User is required to make a time payment and how the

- amount of the time payment is calculated each time;
- (ii) the interest rate and the rate of other fees connected with the loan under a Loan-Backed Sale, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and
  - (iii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.
- (3) When a Loan-Based Installment Seller sells Designated Goods or Designated Rights or provides Designated Services in a way that involves a Loan-Backed Sale as referred to in paragraph (1) or the preceding paragraph, and advertises the terms and conditions of the sale or the terms and conditions for their provision, it must indicate the particulars set forth in the items of paragraph (1) or in the preceding paragraph, respectively, in its advertising, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Delivery of Documents)

Article 29-3 (1) If a Loan-Based Installment Seller concludes a contract under which it will sell Designated Goods or Designated Rights or provide Designated Services in a way that involves a Loan-Backed Sale as prescribed in Article 2, paragraph (2), item (i), the Loan-Based Installment Seller must deliver a document to the purchaser or service recipient which makes clear the details of the contract with respect to the following particulars, without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the total amount payable by the purchaser or service recipient (meaning the total price of goods or rights sold or services provided in a way that involves a Loan-Backed Sale (including guarantee fees and other fees), and the interest on the loan connected with that Loan-Backed Sale);
- (ii) the amount of the amortized repayments (meaning the amount of the loan to be repaid on each occasion in respect of the Loan-Backed Sales (including the amount to be paid in interest); the same applies hereinafter);
- (iii) the timing and method of repayment in respect of the amortized repayments;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
- (v) information about cancellation of the contract;
- (vi) if there are provisions concerning the transfer of ownership, their details; and
- (vii) particulars specified by Ordinance of the Ministry of Economy, Trade and

Industry and Cabinet Office Ordinance, other than what is set forth in the preceding items.

- (2) If a Loan-Based Installment Seller concludes a contract under which it will sell Designated Goods or Designated Rights or provide Designated Services in a way that involves a Loan-Backed Sale as prescribed in Article 2, paragraph (2), item (ii), the Loan-Based Installment Seller must deliver a document to the purchaser or service recipient which makes clear the details of the contract with respect to the following particulars, without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:
- (i) the amount of the loan engaged by the purchaser or service recipient under the contract for the Loan-Backed Sale;
  - (ii) the method of repayment in respect of time payments;
  - (iii) the timing of the delivery of the goods, the timing of the transfer of the rights, or the timing of the provision of the services;
  - (iv) information about cancellation of the contract;
  - (v) if there are provisions concerning the transfer of ownership, their details; and
  - (vi) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding items.

(Provisions Applied Mutatis Mutandis)

- Article 29-4 (1) The provisions of Article 4-2 apply mutatis mutandis to a Loan-Based Installment Seller and Article 8 (excluding item (vi)) applies mutatis mutandis to Loan-Backed Sales. In this case, the phrase "paragraph (2) or paragraph (3) of Article 3 or the paragraphs of the preceding Article" in Article 4-2 is deemed to be replaced with "paragraph (1) or paragraph (2) of Article 29-2 or the paragraphs of Article 29-3".
- (2) The provisions of Article 30-4 apply mutatis mutandis when grounds involving the payment of amortized repayments in connection with a Loan-Backed Sale provided for in Article 2, paragraph (2), item (i), which arise against a Loan-Based Instalment Seller, are asserted against the loan provider (meaning the person that has lent money as prescribed in that item to the purchaser or service recipient connected with a Loan-Backed Sale in the course of trade, based on the guarantee of obligations prescribed in that item). In this case, the term "goods" in Article 30-4, paragraph (1) is deemed to be replaced with "Designated Goods"; the term "services" in that paragraph is deemed to be replaced with "Designated Services"; the phrase "amount to be paid as referred to in Article 30-2-3, paragraph (1), item (ii)" in that paragraph is deemed to be replaced with "amortized repayment as set forth in Article 29-3, paragraph (1),

item (ii)"; the term "services" in that paragraph is deemed to be replaced with "Designated Services"; and the term "amount to be paid" in paragraph (4) of that Article is deemed to be replaced with "amortized repayment".

- (3) The provisions of Article 30-5 apply mutatis mutandis to time payments for Loan-Backed Sales prescribed in Article 2, paragraph (2), item (ii). In this case, the term "the preceding Article" in Article 30-5, paragraph (1) is deemed to be replaced with "the preceding Article as applied mutatis mutandis pursuant to Article 29-4, paragraph (2)", and other necessary technical replacements of terms are specified by Cabinet Order.

### **Chapter III Intermediation of Credit Purchases**

#### **Section 1 Intermediation of Comprehensive Credit Purchases**

##### **Subsection 1 Services**

(Provision of Information on the Terms and Conditions of Transactions  
Involving the Intermediation of Comprehensive Credit Purchases)

Article 30 (1) If a person in the business of the Intermediation of Comprehensive Credit Purchases (hereinafter referred to as a "Comprehensive Credit Purchase Intermediary") issues or grants a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (i), it must provide the User with information relating to the following particulars in respect of the terms and conditions of the Intermediation of Comprehensive Credit Purchases, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the term and number of payments for the cost of the goods or rights or the consideration for the services that the Intermediation of Comprehensive Credit Purchases is for (including fees for the Intermediation of Comprehensive Credit Purchases);
  - (ii) the rate of the fees for the Intermediation of Comprehensive Credit Purchases, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and
  - (iii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.
- (2) If a Comprehensive Credit Purchase Intermediary issues or grants a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii), it must provide the User with information relating to the following particulars in respect of the terms and conditions for the Intermediation of Comprehensive Credit

Purchases, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the timing at which a User is required to make a time payment and how the amount of the time payment is calculated each time;
  - (ii) the rate of the fees for the Intermediation of Comprehensive Credit Purchases, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy; and Trade and Industry and Cabinet Office Ordinance; and
  - (iii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.
- (3) When, at the time of issuance or granting of a Card, etc. as set forth in the preceding two paragraphs, a Comprehensive Credit Purchase Intermediary is requested by a User to deliver a document stating the particulars set forth in the items of paragraph (1) or in the items of the preceding paragraph, it must deliver the document without delay pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.
- (4) When a Comprehensive Credit Purchase Intermediary advertises the terms and conditions for the Intermediation of Comprehensive Credit Purchases as set forth in paragraph (1) or paragraph (2), it must indicate the particulars set forth in the items of paragraph (1) or in the items of paragraph (2), respectively, in its advertising, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Investigation into the Comprehensive Purchase Amount Projected to Be Affordable)

Article 30-2 (1) When a Comprehensive Credit Purchase Intermediary seeks to issue or grant a Card, etc. to a User (limited to a User that is an individual; hereinafter the same applies in this Article, the following Article, Article 30-5-5, Article 30-5-6, Article 35-2-4, Article 35-2-5 and Section 3) in order to effect the Intermediation of Comprehensive Credit Purchases, or seeks to increase the credit line on a Card, etc. it has issued or granted to a User (a credit line means the maximum amount of goods or rights the User can purchase or services the User can receive in a way that involves the Intermediation of Comprehensive Credit Purchases, and is specified in advance; the same applies hereinafter), the Comprehensive Credit Purchase Intermediary must investigate, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, the annual



income, balance of deposits and savings, payment status of obligations that involve the intermediation of credit purchases (meaning the Intermediation of Comprehensive Credit Purchases and the Intermediation of Individual Credit Purchases; the same applies hereinafter), loan status, and other necessary particulars relevant to the calculation of the Comprehensive Purchase Amount Projected to Be Affordable to the User as specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.

(2) The "Comprehensive Purchase Amount Projected to Be Affordable" as used in this Section means the projected amount that a User can allocate in a year for payment of the amount that corresponds to the cost of goods or Designated Rights that the User seeks to purchase or compensation for services that the User seeks to receive in a way that involves the Intermediation of Comprehensive Credit Purchases, without transferring or pledging as collateral the home that the User principally uses as a residence or other assets specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, and without using money that should be allocated to the living expenses of the User (meaning the amount specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as the annual cost that is necessary for maintaining the minimum standard of living; the same applies in Article 35-3-3).

(3) When a Comprehensive Credit Purchase Intermediary performs an investigation pursuant to the provisions of the main clause of paragraph (1), it must use specified credit information (meaning information about the Comprehensive Purchase Amount Projected to Be Affordable, the User Purchase Amount Projected to Be Affordable as prescribed in Article 30-5-4, paragraph (1) or the Individual Purchase Amount Projected to Be Affordable as prescribed in Article 35-3-3, paragraph (2) for a User, or for a purchaser (limited to an individual purchaser; hereinafter the same applies in this paragraph, Article 35-3-3, Article 35-3-4, and Section 3) or service recipient (limited an individual service recipient; hereinafter the same applies in this paragraph, Article 35-3-3, Article 35-3-4, and that Section) (including information that can be used to distinguish the User, purchaser, or service recipient) which concerns the payment status of obligations from the intermediation of credit purchases and other information specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; the same applies hereinafter) that is held by a person with a designation under the provisions of Article 35-3-36, paragraph (1) (hereinafter referred to as the "Designated Credit Bureau").

(4) When a Comprehensive Credit Purchase Intermediary issues or grants a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases, or increases the credit line on a Card, etc. it has issued or granted to a User, it must record and archive the results of the investigation under the provisions of the main clause of paragraph (1), pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Prohibition on the Issuance of a Card, etc. in Excess of the Comprehensive Purchase Amount Projected to Be Affordable)

Article 30-2-2 If a Comprehensive Credit Purchase Intermediary seeks to issue or grant a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases or to increase the credit line on a Card, etc. it has issued or granted to a User, but the credit line on the Card, etc. that it seeks to issue or grant the User or the credit line after the increase would exceed the amount arrived at by multiplying the Comprehensive Purchase Amount Projected to Be Affordable as calculated based on information obtained in an investigation under the main clause of paragraph (1) of the preceding Article, by the rate specified by the Minister of Economy, Trade and Industry and the Prime Minister in consideration of the average term for receiving an amount that corresponds to the cost of goods or Designated Rights purchased or consideration for services received in a way that involves the Intermediation of Comprehensive Credit Purchases, the Comprehensive Credit Purchase Intermediary must not issue or grant the Card, etc. or increase the credit line; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.

(Provision of Information on Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases)

Article 30-2-3 (1) When a Comprehensive Credit Purchase Intermediary concludes a contract under which an amount of money will be received that corresponds to the cost of goods or Designated Rights purchased or consideration for services received in a way that involves the Intermediation of Comprehensive Credit Purchases (hereinafter referred to as a "Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases") in connection with the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (i), the Comprehensive Credit Purchase Intermediary must provide the purchaser or service recipient with information relating to the following particulars with regard to that contract without delay, pursuant to the

provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the total amount payable by the purchaser or service recipient (meaning the total of the cash price of the goods or rights or the cash price of the services, and the amount of fees for the Intermediation of Comprehensive Credit Purchases; the same applies in Article 30-3 and Article 30-4);
  - (ii) the amount to be paid on each occasion against the cost of goods or rights or consideration for services that the Intermediation of Comprehensive Credit Purchases is for (including fees for the Intermediation of Comprehensive Credit Purchases), and the timing and method of its payment; and
  - (iii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding two items.
- (2) When a Comprehensive Credit Purchase Intermediary concludes a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases in connection with the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii), it must provide the purchaser or service recipient with information relating to the following particulars with regard to that contract without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:
- (i) the cash price of the goods or rights or the cash price of the services;
  - (ii) the method of payment for the time payments; and
  - (iii) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding items.
- (3) Before a Comprehensive Credit Purchase Intermediary demands that a time payment be made in connection with the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii), for goods, Designated Rights, or services, it must provide a document to the purchaser or service recipient stating the information relating to the following particulars, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:
- (i) the time at which the time payment must be made; and
  - (ii) the amount of the time payment that must be made at the time referred to in the preceding item, and the basis for calculation.
- (4) When, at the time of concluding a contract set forth in paragraph (1) or paragraph (2) or demanding a payment set forth in the preceding paragraph, a Comprehensive Credit Purchase Intermediary is requested by a purchaser or service recipient to deliver a document stating the particulars set forth in the items of paragraph (1), the items of paragraph (2) or the items of the preceding

paragraph, it must deliver the document without delay pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that purchaser or service recipient.

- (5) When a seller that has concluded a contract for the Intermediation of Comprehensive Credit Purchases with a Comprehensive Credit Purchase Intermediary (including a seller that has concluded a contract with a person that is in the business of delivering, in its own name and on behalf of a specific Comprehensive Credit Purchase Intermediary, an amount that corresponds to the cost of goods or rights purchased or the consideration for services received in a way that involves the Intermediation of Comprehensive Credit Purchases, to the seller or the Service Provider (this includes delivering such an amount to the seller or Service Provider through a person other than that seller or Service Provider) when a User presents, indicates, or trades in a Card, etc. in order to purchase goods or rights from a seller or receive services from a Service Provider (hereinafter the delivery of such an amount is referred to as "Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases") (hereinafter a person that delivers such an amount is referred to as a "Broker for Third-Party Payments in the Intermediation of Comprehensive Credit Purchases"), said contract being for the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases; hereinafter a seller that concludes such a contract is referred to as the "Seller Affiliated with the Intermediation of Comprehensive Credit Purchases") or a Service Provider that has concluded such a contract (this includes a Service Provider that has concluded a contract for the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases with a Broker for Third-Party Payments in the Intermediation of Comprehensive Credit Purchases; a Service Provider that concludes such a contract is hereinafter referred to as the "Service Provider Affiliated with the Intermediation of Comprehensive Credit Purchases") concludes a contract under which it will sell goods or Designated Rights in a way that involves the Intermediation of Comprehensive Credit Purchases or a contract under which it will provide services in a way that involves the Intermediation of Comprehensive Credit Purchases, it must provide the purchaser or the service recipient with the following information with regard to that contract without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:
- (i) the cash price of the goods or rights or the cash price of the services;
  - (ii) if delivery of goods or transfer of right or provision of services is not done at

the time of conclusion of the contract, the timing for the delivery of the goods or the timing for the transfer of the right or the timing for provision of the services ;

(iii) if there are provisions stipulating cancellation of the contract, its details; and

(iv) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding three items.

(6) If Seller on Intermediation of Comprehensive Credit Purchases or Service Provider on Intermediation of Comprehensive Credit Purchases is requested to deliver a document that describes each item of the previous paragraph by the purchaser or the recipient of the services at the time of conclusion of the contract prescribed in the previous paragraph, it must deliver such a document, pursuant to what is specified by the Ordinance of the Ministry of Economy, Trade and Industry and the Cabinet Office Ordinance; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that purchaser or service recipient.

(Restriction on the Cancellation of a Contract)

Article 30-2-4 (1) In the event of an unperformed obligation to pay an amount to be paid or time payment prescribed in the relevant of following items pursuant to a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases in connection with the Intermediation of Comprehensive Credit Purchases as set forth in that item, it is prohibited for the Comprehensive Credit Purchase Intermediary to cancel the contract or to demand the payment of amounts to be paid or time payments that are not yet due on the grounds of a delay in the payment of an amount to be paid or time payment, unless it makes a demand in writing (or by electronic or magnetic means in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of a purchaser or service recipient) for this to be paid within a reasonable period of not less than twenty days, and the obligation is not performed within that period:

(i) the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (i): the amount to be paid that is referred to in paragraph (1), item (ii) of the preceding Article; and

(ii) the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii): the time payment referred to in paragraph (3), item (ii) of the preceding Article.

(2) Any special provisions of a contract that run counter to the preceding

paragraph are void.

(Restriction on the Amount of Damages Accompanying the Cancellation of a Contract)

Article 30-3 (1) In the event that a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases in connection with the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (i) is cancelled, even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Comprehensive Credit Purchase Intermediary to demand that the purchaser or service recipient pay an amount of money that exceeds the amount that corresponds to the total amount payable under the contract plus the amount of late charges based on the applicable statutory interest rate.

(2) In the event of an unperformed obligation to pay the amount to be paid that is referred to in Article 30-2-3, paragraph (1), item (ii) in respect of the contract referred to in the preceding paragraph (other than if that contract is cancelled), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Comprehensive Credit Purchase Intermediary to demand that the purchaser or service recipient pay an amount of money that exceeds the amount that corresponds to the total amount payable under the contract less the amount to be paid as referred to in that item that has already been paid, plus the amount of late charges for this based on the applicable statutory interest rate.

(Affirmative Defense against a Comprehensive Credit Purchase Intermediary)

Article 30-4 (1) If a purchaser or service recipient receives a demand to pay an amount to be paid as referred to in Article 30-2-3, paragraph (1), item (ii) for goods or Designated Rights purchased or services received in a way that involves the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (i), the purchaser or service recipient may assert an affirmative defense against the Comprehensive Credit Purchase Intermediary demanding the payment, based on grounds that have arisen against the Seller Affiliated with the Intermediation of Comprehensive Credit Purchases which sold the goods or Designated Rights or against the Service Provider Affiliated with the Intermediation of Comprehensive Credit Purchases which provided the services.

(2) Any special provisions of a contract that run counter to the provisions of the preceding paragraph and that are disadvantageous to the purchaser or service recipient are void.

(3) If a purchaser or service recipient that asserts an affirmative defense against

a Comprehensive Credit Purchase Intermediary under the provisions of paragraph (1), is requested by the Comprehensive Credit Purchase Intermediary to submit a document stating the details of the grounds referred to in that paragraph in connection with that assertion, the purchaser or service recipient must endeavor to submit such a document.

- (4) The provisions of the preceding three paragraphs do not apply to the payment of an amount to be paid as referred to in paragraph (1) that represents a payment toward the total amount payable which is less than the amount specified by Cabinet Order.

- Article 30-5 (1) A time payment for the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii) is deemed to have been made at the time of the payment of an obligation linked the Intermediation of Comprehensive Credit Purchases which is set forth in the relevant of the following items, pursuant to that item, and the provisions of the preceding Article apply mutatis mutandis. In this case, the term "an amount to be paid as referred to in Article 30-2-3, paragraph (1), item (ii)" in paragraph (1) of the preceding Article is deemed to be replaced with "a time payment as referred to in Article 30-2-3, paragraph (3), item (ii)"; the term "amount to be paid" in paragraph (4) of that Article is deemed to be replaced with "time payment"; and the term "total amount payable" in that paragraph is deemed to be replaced with "cash price set forth in Article 30-2-3, paragraph (2), item (i)":
- (i) late charges, if any, take precedence over other obligations in terms of the allocation of a time payment, followed by fees for the Intermediation of Comprehensive Credit Purchases, and finally other obligations;
  - (ii) a time payment is allocated to cover the late charges referred to in the preceding item sequentially in chronological order;
  - (iii) a time payment is allocated to cover the fees referred to in item (i) sequentially from the first that comes due; and
  - (iv) a time payment is allocated to cover obligations other than late charges and fees for the Intermediation of Comprehensive Credit Purchases sequentially, starting with the one associated with the highest rate of fees for the Intermediation of Comprehensive Credit Purchases, and in chronological order, for obligations at the same place in the allocation order.
- (2) Beyond what is prescribed in the preceding paragraph, the necessary particulars relevant to the allocation of time payments in applying the preceding Article mutatis mutandis to the making of time payments linked to the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii), are specified by Cabinet Order.

(Measures Concerning Business Operations)

Article 30-5-2 A Comprehensive Credit Purchase Intermediary, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, must take the necessary measures to properly handle information about Users, purchasers, and service recipients that it acquires in the course of its services in the Intermediation of Comprehensive Credit Purchases, to ensure the proper performance of its services in the Intermediation of Comprehensive Credit Purchases if it entrusts those services to a third party, and to appropriately and promptly process complaints from Users, purchasers, and service recipients, in order to protect the interests of Users, purchasers, and service recipients.

(Improvement Orders)

- Article 30-5-3 (1) If the Minister of Economy, Trade and Industry finds a Comprehensive Credit Purchase Intermediary to be in violation of the provisions of the main clause of paragraph (1) of Article 30-2; paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; the preceding Article; Articles 35-3-56 to 35-3-58 inclusive; or Article 35-3-59, paragraph (1), the minister, within the scope that it is necessary, may order the Comprehensive Credit Purchase Intermediary to take the necessary measures to improve the business operations that are connected with the Intermediation of Comprehensive Credit Purchases.
- (2) If a Comprehensive Credit Purchase Intermediary violates the provisions of the main clause of paragraph (1) of Article 30-2; paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; or the preceding Article, before the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of the preceding paragraph, the minister must consult with the Prime Minister.
- (3) If a Comprehensive Credit Purchase Intermediary violates the provisions of the main clause of paragraph (1) of Article 30-2; paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; or the preceding Article, and the Prime Minister finds it to be necessary for protecting the interests of Users, purchasers, or service recipients, the minister may state an opinion concerning the order under paragraph (1), as necessary, to the Minister of Economy, Trade and Industry.

### **Subsection 2 Special Provisions on Investigation into the Comprehensive Purchase Amount Projected to Be Affordable**

(Certified Comprehensive Credit Purchase Intermediary)

- Article 30-5-4 (1) When a Comprehensive Credit Purchase Intermediary calculates the User Purchase Amount Projected to Be Affordable (meaning the



projected amount that a User can allocate for payment of the amount that corresponds to the cost of goods or Designated Rights that a purchaser seeks to purchase or consideration for services that a service recipient seeks to receive in a way that involves the Intermediation of a Comprehensive Credit Purchase, without facing difficulty in maintaining the minimum standard of living; the same applies hereinafter) instead of the Comprehensive Purchase Amount Projected to Be Affordable, it may opt to obtain certification to the effect that all requirements in the following items are met from the Minister of Economy, Trade and Industry pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry:

- (i) the method of such calculation meets the standard specified by Ordinance of the Ministry of Economy, Trade and Industry regarding methods that enable appropriate calculation of the User Purchase Amount Projected to Be Affordable by, through advanced technical means, analyzing information on a User's ability to pay; and
  - (ii) a system for making such calculation meets the standard specified by Ordinance of the Ministry of Economy, Trade and Industry.
- (2) If the Minister of Economy, Trade and Industry finds an application for certification set forth in the preceding paragraph to meet all requirements in the items of that paragraph, the minister provides certification set forth in that paragraph.
- (3) If a Comprehensive Credit Purchase Intermediary that has obtained certification set forth in paragraph (1) (hereinafter referred to as a "Certified Comprehensive Credit Purchase Intermediary") seeks to change the method set forth in item (i) of that paragraph or the system set forth in item (ii) of that paragraph, it must obtain certification from the Minister of Economy, Trade and Industry pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.
- (4) The provisions of paragraph (2) apply mutatis mutandis to certification of a change set forth in the preceding paragraph.
- (5) If a Certified Comprehensive Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry may rescind the certification for the intermediary:
- (i) it is found that it no longer meets either of the requirements set forth in the items of paragraph (1).
  - (ii) it violates the provisions of paragraph (3) and changes the method set forth in item (i) of paragraph (1) or the system set forth in item (ii) of that paragraph without obtaining certification under paragraph (3);
  - (iii) it violates an order under the provisions of Article 30-6, paragraph (1) (limited to portions related to the main clause of paragraph (1) of the following Article; paragraphs (2) and (3) of that Article; and the main clause

of Article 30-5-6);

- (iv) it has obtained the certification under paragraph (1) or the certification for a change under paragraph (3) by wrongful means.
- (6) the provisions of Article 30-2, Article 30-2-2 and the preceding Article do not apply to Certified Comprehensive Credit Purchase Intermediaries.

(Calculation of User Purchase Amount Projected to Be Affordable)

Article 30-5-5 (1) When a Certified Comprehensive Credit Purchase

Intermediary seeks to issue or grant a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases, or seeks to increase the credit line on a Card, etc. it has issued or granted to a User, it must calculate the User Purchase Amount Projected to Be Affordable by the method set forth in the preceding Article, paragraph (1), item (i) related to certification under that paragraph, prior to the issuance, granting or increase; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.

- (2) When a Certified Comprehensive Credit Purchase Intermediary investigates necessary particulars relevant to the calculation of the User Purchase Amount Projected to Be Affordable, it must use specified credit information held by the Designated Credit Bureau.
- (3) When a Certified Comprehensive Credit Purchase Intermediary issues or grants a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases, or increases the credit line on a Card, etc. it has issued or granted to a User, it must record and archive the results of calculation of the User Purchase Amount Projected to Be Affordable, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.
- (4) A Certified Comprehensive Credit Purchase Intermediary must make a regular report to the Minister of Economy, Trade and Industry about the results of the calculation of the User Purchase Amount Projected to Be Affordable and other information specified by Ordinance of the Ministry of Economy, Trade and Industry, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(Prohibition on the Issuance of a Card, etc. in Excess of the User Purchase Amount Projected to Be Affordable)

Article 30-5-6 If a Certified Comprehensive Credit Purchase Intermediary seeks to issue or grant a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases or to increase the credit line on a Card, etc. it has issued or granted to a User, but the credit line on the Card, etc. that it

seeks to issue or grant to the User or the credit line after the increase would exceed the User Purchase Amount Projected to Be Affordable, the Certified Comprehensive Credit Purchase Intermediary must not issue or grant the Card, etc. or increase the credit line; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.

(Special Provisions on Restrictions on the Cancellation of a Contract)

Article 30-5-7 With respect to application of the provisions of Article 30-2-4, paragraph (1) in a case where a Certified Comprehensive Credit Purchase Intermediary concludes a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases with a User whose credit line on the Card, etc. that it has issued or granted the User does not exceed the amount specified by Cabinet Order, the term "twenty days" in that paragraph is deemed to be replaced with "the number of days that falls between seven days and twenty days that is specified by Cabinet Order".

(Improvement Orders)

Article 30-6 (1) If the Minister of Economy, Trade and Industry finds a Certified Comprehensive Credit Purchase Intermediary to be in violation of the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 30-5-5; paragraph (2) or paragraph (3) of that Article; the main clause of Article 30-5-6; Articles 35-3-56 to 35-3-58 inclusive; or Article 35-3-59, paragraph (1), the minister, within the scope that it is necessary, may order the Certified Comprehensive Credit Purchase Intermediary to take the necessary measures to improve the business operations that are connected with the Intermediation of Comprehensive Credit Purchases.

(2) If a Certified Comprehensive Credit Purchase Intermediary violates the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 30-5-5; paragraph (2) or paragraph (3) of that Article; or the main clause of Article 30-5-6, before the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of the preceding paragraph, the minister must consult with the Prime Minister.

(3) If a Certified Comprehensive Credit Purchase Intermediary violates the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 30-5-5; paragraph (2) or paragraph (3) of that Article; or the main clause of Article 30-5-6, and the Prime Minister finds it to be necessary for protecting the interests of Users, purchasers, or service recipients, the minister may state an opinion concerning the order under paragraph (1), as necessary, to the Minister of Economy, Trade and Industry.

### **Subsection 3 Registration of Comprehensive Credit Purchase Intermediaries**

(Registration of Comprehensive Credit Purchase Intermediaries)

Article 31 It is prohibited for a person other than a corporation that is registered in the Comprehensive Credit Purchase Intermediary register maintained at the Ministry of Economy, Trade and Industry (hereinafter referred to as a "Registered Comprehensive Credit Purchase Intermediary") to engage in the Intermediation of Comprehensive Credit Purchases in the course of trade; provided, however, that this does not apply to an organization as referred to in Article 35-3-60, paragraph (1), item (iv).

(Application for Registration)

Article 32 (1) A person seeking registration as set forth in the preceding Article must submit an application to the Minister of Economy, Trade and Industry stating the following particulars:

- (i) its name;
  - (ii) the names and locations of its principal office and business offices (or if it is established under a foreign law, its principal office and primary business office in Japan and other business offices in Japan);
  - (iii) its amount of stated capital or capital contributions; and
  - (iv) the names of its officers (this means the members, directors, and executive officers that execute its business, or any other person equivalent thereto, and includes any person, irrespective of title, that is specified by Ordinance of the Ministry of Economy, Trade and Industry as being recognized to have at least the same amount of influence over the corporation as such persons; hereinafter the same applies in this Section, the following Section and Section 2 of Chapter 3-4).
- (2) The articles of incorporation, a certificate of registered information, and the documents specified by Ordinance of the Ministry of Economy, Trade and Industry must accompany the application referred to in the preceding paragraph; provided, however, that a certificate of registered information may be omitted if so specified by Ordinance of the Ministry of Economy, Trade and Industry.
- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one as specified by Ordinance of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

(Registration and Notice)

Article 33 (1) Whenever there is an application for registration under the provisions of paragraph (1) of the preceding Article, the Minister of Economy, Trade and Industry must register the particulars set forth in the items of paragraph (1) of the preceding Article and the date of registration in the Comprehensive Credit Purchase Intermediary register, unless the minister refuses to effect a registration, pursuant to the provisions of paragraph (1) of the following Article.

(2) Once the Minister of Economy, Trade and Industry effects a registration as referred to in Article 31, the minister must notify this to the applicant for such registration without delay.

(Refusal to Effect a Registration)

Article 33-2 (1) If the person submitting an application as referred to in Article 32, paragraph (1) falls under one of the following items, or if the application or a document accompanying it contains a false statement with regard to material information or omits a statement of material fact, the Minister of Economy, Trade and Industry must refuse to effect that registration:

- (i) a person that is not a corporation;
- (ii) if it is established under a foreign law, one that has no business office in Japan;
- (iii) a corporation with a stated capital or capital contributions of less than the amount that is found to be necessary and appropriate for protecting Sellers Affiliated with the Intermediation of Comprehensive Credit Purchases or Service Providers Affiliated with the Intermediation of Comprehensive Credit Purchases, as specified by Cabinet Order;
- (iv) a corporation with total assets minus total liabilities of an amount that is lower than 90 percent of its stated capital or capital contributions;
- (v) a corporation whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 34-2, if five years have not yet passed since the date of the rescission;
- (vi) a corporation that has been sentenced to a fine pursuant to the provisions of this Act or the Money Lending Business Act (Act No. 32 of 1983), if five years have not yet passed since the day on which it finished serving the sentence or ceased to be subject to its enforcement;
- (vii) a corporation with an officer that falls under one of the following:
  - (a) a person that has not had rights restored after receiving a ruling of commencement of bankruptcy proceedings;
  - (b) a person that has been sentenced to imprisonment or a heavier punishment, if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its

- enforcement;
- (c) a person that has been sentenced to a fine for violating the provisions of this Act, the Money Lending Business Act, or the Act to Prevent Illegal Activities by Members of Organized Crime Groups (Act No. 77 of 1991) (excluding the provisions of Article 32-2, paragraph (7) of that Act) or for committing a crime set forth in the Penal Code (Act No. 45 of 1907) or in the Act on the Punishment of Violent Acts (Act No. 60 of 1926), if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (d) a person that, during the thirty days prior to the relevant disposition, was the officer of a Registered Comprehensive Credit Purchase Intermediary whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 34-2, if five years have not yet passed since the date of that disposition; or
  - (e) the member of an organized crime group as prescribed in Article 2, item (iv) of the Act to Prevent Illegal Activities by Members of Organized Crime Groups (hereinafter referred to as the "Member of an Organized Crime Group" in this item) or a person that has not yet had five years pass since the date on which the person ceased to be the Member of an Organized Crime Group (hereinafter referred to as the "Member of an Organized Crime Group, etc.");
  - (viii) a corporation whose business activities are controlled by the Member of an Organized Crime Group, etc.;
  - (ix) a corporation that is likely to allow the Member of an Organized Crime Group, etc. to engage in its business activities or to employ such a person as an assistant in its business activities;
  - (x) a corporation specified by Ordinance of the Ministry of Economy, Trade and Industry as one that there are sufficient grounds to find likely to engage in illegal or dishonest acts in respect of business connected with the Intermediation of Comprehensive Credit Purchases; or
  - (xi) a corporation that is found not to have in place the necessary system for ensuring the smooth implementation of investigations provided for in the main clause of Article 30-2, paragraph (1), the smooth implementation of measures specified in the provisions of Article 35-16, paragraphs (1) and (3), or the smooth implementation of other measures specified in this Act; the necessary system for appropriately and promptly processing complaints by Users, purchasers, or service recipients; or any other system specified by Ordinance of the Ministry of Economy, Trade and Industry as necessary for ensuring fair and proper implementation in the Intermediation of Comprehensive Credit Purchases.
- (2) The provisions of Article 15, paragraphs (2) and (3) apply mutatis mutandis

when an application for registration under Article 32, paragraph (1) is filed.

(Notification of Changes)

- Article 33-3 (1) If a particular set forth in one of the items of Article 32, paragraph (1) changes, the Registered Comprehensive Credit Purchase Intermediary must notify the Minister of Economy, Trade and Industry of this without delay.
- (2) Upon receipt of the notification prescribed in the preceding paragraph, the Minister of Economy, Trade and Industry must register the matters reported in the notification to the Comprehensive Credit Purchase Intermediary register.
- (3) The provisions of Article 32, paragraphs (2) and (3) apply mutatis mutandis when the notification of a change under the provisions of paragraph (1) is filed.

(Inspection of the Register)

Article 33-4 The Minister of Economy, Trade and Industry must make the Comprehensive Credit Purchase Intermediary register available for public inspection.

(Improvement Orders)

Article 34 If the Minister of Economy, Trade and Industry finds a Registered Comprehensive Credit Purchase Intermediary to have come to fall under the provisions of Article 33-2, paragraph (1), item (xi) (excluding portions related to investigation set forth in the main clause of paragraph (1) of Article 30-2, in the case of Certified Comprehensive Credit Purchase Intermediaries), the minister, within the scope that this is necessary, may order the Registered Comprehensive Credit Purchase Intermediary to take the necessary measures to improve the business operations that are connected with the Intermediation of Comprehensive Credit Purchases.

(Rescission of Registration)

- Article 34-2 (1) If a Registered Comprehensive Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry must rescind its registration:
- (i) it comes to fall under one of the categories in Article 33-2, paragraph (1), item (ii), item (iii) or items (vi) to (x) inclusive;
  - (ii) it has obtained the registration referred to in Article 31 by wrongful means.
- (2) If a Registered Comprehensive Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry may rescind its registration, or may order the suspension of all or part of the business operations connected with the Intermediation of Comprehensive Credit Purchases during a fixed period of no longer than one year:

- (i) it violates an order under the provisions of Article 30-5-3, paragraph (1) (or Article 30-6, paragraph (1) (limited to portions related to Article 30-5-2; Articles 35-3-56 to 35-3-58 inclusive; and Article 35-3-59, paragraph (1)), if such Registered Comprehensive Credit Purchase Intermediary is a Certified Comprehensive Credit Purchase Intermediary) or the preceding Article;
  - (ii) it has come to fall under the provisions of Article 33-2, paragraph (1), item (iv); or
  - (iii) it fails to file a notification under the provisions of Article 33-3, paragraph (1) or files a false notification;
- (3) If a Registered Comprehensive Credit Purchase Intermediary violates the order referred to in item (i) of the preceding paragraph (limited to the order in a case in which the Registered Comprehensive Credit Purchase Intermediary violates the provisions of the main clause of paragraph (1) of Article 30-2; paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; or Article 30-5-2 (or the provisions of that Article, if such Registered Comprehensive Credit Purchase Intermediary is a Certified Comprehensive Credit Purchase Intermediary); the same applies in the following paragraph and Article 40, paragraph (4)), before the Minister of Economy, Trade and Industry seeks to reach a disposition under the provisions of the preceding paragraph, the minister must consult with the Prime Minister.
- (4) If a Registered Comprehensive Credit Purchase Intermediary violates an order under the provisions of paragraph (2), item (i) and the Prime Minister finds it to be necessary for protecting the interests of Users, purchasers, or service recipients, the minister may state an opinion concerning the disposition under that paragraph, as necessary, to the Minister of Economy, Trade and Industry.
- (5) If the Minister of Economy, Trade and Industry rescinds a registration pursuant to the provisions of paragraph (1) or paragraph (2), the minister must notify the person that was formerly the relevant Registered Comprehensive Credit Purchase Intermediary of this, indicating the reasons therefor, without delay.

(Deletion of Registration)

Article 34-3 (1) If a Registered Comprehensive Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry must delete the registration of that Registered Comprehensive Credit Purchase Intermediary from the Comprehensive Credit Purchase Intermediary register:

- (i) the minister rescinds its registration pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article; or
- (ii) a notification under the provisions of Article 35 is filed, or the intermediary



is discovered to have discontinued operations in the Intermediation of Comprehensive Credit Purchases.

(iii) a registration referred to in Article 35-2-3, paragraph (1) is effected.

(2) The provisions of paragraph (5) of the preceding Article apply mutatis mutandis if a registration is deleted pursuant to the provisions of item (ii) or (iii) of the preceding paragraph.

(Public Notice of a Disposition)

Article 34-4 When the Minister of Economy, Trade and Industry rescinds a registration pursuant to the provisions of Article 34-2, paragraph (1) or paragraph (2), or when it orders suspension of all or part of business operations connected with the Intermediation of Comprehensive Credit Purchases in accordance with that paragraph, or when it deletes a registration pursuant to the provisions of the preceding Article, paragraph (1), items 2, it must issue public notice of this in accordance with what is specified by the Ordinance of the Ministry of Economy, Trade and Industry.

(Notification of Discontinuation)

Article 35 When a Registered Comprehensive Credit Purchase Intermediary has discontinued operations in the Intermediation of Comprehensive Credit Purchases, it must notify the Minister of Economy, Trade and Industry to that effect of this without delay.

(Cancellation of a Contract by the Seller)

Article 35-2 (1) If a Registered Comprehensive Credit Purchase Intermediary has its registration rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 34-2, receives an order (if this is an order for suspension of part of business operations, such order is limited to one that includes an order for refraining from issuing or granting a Card, etc.) under the provisions of that paragraph, or has its registration deleted pursuant to the provisions of paragraph (1), item (ii) of Article 34-3, a seller or Service Provider that has concluded a contract for the Intermediation of Comprehensive Credit Purchases with that Registered Comprehensive Credit Purchase Intermediary (such seller includes one that has concluded a contract for the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases with a Broker for Third-Party Payments in the Intermediation of Comprehensive Credit Purchases that engages in the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases on behalf of that Registered Comprehensive Credit Purchase Intermediary; and such Service Provider includes one that has concluded a contract for the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit

Purchases with a Broker for Third-Party Payments in the Intermediation of Comprehensive Credit Purchases that engages in the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases on behalf of that Registered Comprehensive Credit Purchase Intermediary) may effect a prospective cancellation of that contract.

(2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Completion of Transaction Associated with Rescission of Registration)

Article 35-2-2 If a Registered Comprehensive Credit Purchase Intermediary has its registration rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 34-2, or has its registration deleted pursuant to the provisions of paragraph (1), item (ii) or (iii) of Article 34-3, the one who used to be the Registered Comprehensive Credit Purchase Intermediary or its general successor is still considered to be a Registered Comprehensive Credit Purchase Intermediary within the scope of the purpose of completing the transactions related to the Cards, etc. issued or granted by the said Registered Comprehensive Credit Purchase Intermediary.

#### **Subsection 4 Registered Comprehensive Small Amount Credit Purchase Intermediaries**

(Registration)

Article 35-2-3 (1) Notwithstanding the provisions of Article 31, a corporation registered in the Comprehensive Small Amount Credit Purchase Intermediary register maintained at the Ministry of Economy, Trade and Industry (hereinafter referred to as a "Registered Comprehensive Small Amount Credit Purchase Intermediary") may engage in the Intermediation of Comprehensive Credit Purchases (limited to cases where a credit line on a Card, etc. that it issues or grants to a User does not exceed the amount specified by Cabinet Order; hereinafter the same applies in this subsection) in the course of trade.

(2) The provisions of Article 30-2, Article 30-2-2, Article 30-2-4 and Articles 30-5-3 to 30-6 inclusive do not apply to Registered Comprehensive Small Amount Credit Purchase Intermediaries.

(Calculation of User Purchase Amount Projected to Be Affordable)

Article 35-2-4 (1) When a Registered Comprehensive Small Amount Credit Purchase Intermediary seeks to issue or grant a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases, or seeks to increase the credit line on a Card, etc. it has issued or granted to a User, it must calculate the User Purchase Amount Projected to Be Affordable by the

method set forth in the Article 35-2-9, paragraph (1), item (iv) related to registration under paragraph (1) of the preceding Article, prior to the issuance, granting or increase; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.

(2) When a Registered Comprehensive Small Amount Credit Purchase

Intermediary investigates necessary particulars relevant to the calculation of the User Purchase Amount Projected to Be Affordable, it must use specified credit information held by the Designated Credit Bureau.

(3) When a Registered Comprehensive Small Amount Credit Purchase

Intermediary issues or grants a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases, or increases the credit line on a Card, etc. it has issued or granted to a User, it must record and archive the results of calculation of the User Purchase Amount Projected to Be Affordable, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Prohibition on the Issuance of a Card, etc. in Excess of the User Purchase Amount Projected to Be Affordable)

Article 35-2-5 If a Registered Comprehensive Small Amount Credit Purchase

Intermediary seeks to issue or grant a Card, etc. to a User in order to effect the Intermediation of Comprehensive Credit Purchases or to increase the credit line on a Card, etc. it has issued or granted to a User, but the credit line on the Card, etc. that it seeks to issue or grant to the User or the credit line after the increase would exceed the User Purchase Amount Projected to Be Affordable, the Certified Comprehensive Credit Purchase Intermediary must not issue or grant the Card, etc. or increase the credit line; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that User.

(Restrictions on the Cancellation of a Contract)

Article 35-2-6 (1) In the event of an unperformed obligation to pay an amount to be paid or time payment prescribed in the relevant following items pursuant to a contract under which an amount of money will be received that corresponds to the cost of goods or Designated Rights purchased or consideration for services received in a way that involves the Intermediation of a Comprehensive Credit Purchase and which is in connection with the Intermediation of Comprehensive Credit Purchases as set forth in those items, it is prohibited for the Registered Comprehensive Small Amount Credit Purchase Intermediary to

cancel the contract or to demand the payment of amounts to be paid or time payments that are not yet due on the grounds of a delay in the payment of an amount to be paid or time payment, unless it makes a demand in writing (or by electronic or magnetic means in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of a purchaser or service recipient) for this to be paid within a reasonable period consisting of not less than the number of days that falls between seven days and twenty days that is specified by Cabinet Order, and the obligation is not performed within that period:

- (i) the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (i): the amount to be paid that is referred to in paragraph (1), item (ii) of Article 30-2-3; and
- (ii) the Intermediation of Comprehensive Credit Purchases as prescribed in Article 2, paragraph (3), item (ii): the time payment referred to in paragraph (3), item (ii) of Article 30-2-3.

(2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Regular report to the Minister of Economy, Trade and Industry)

Article 35-2-7 A Registered Comprehensive Small Amount Credit Purchase Intermediary must make a regular report to the Minister of Economy, Trade and Industry about the results of calculation of the User Purchase Amount Projected to Be Affordable and other information specified by Ordinance of the Ministry of Economy, Trade and Industry, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(Improvement Orders)

Article 35-2-8 (1) If the Minister of Economy, Trade and Industry finds a Registered Comprehensive Small Amount Credit Purchase Intermediary to violate the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 35-2-4; paragraph (2) or paragraph (3) of that Article; the main clause of Article 35-2-5; Articles 35-3-56 to 35-3-58 inclusive; or Article 35-3-59, paragraph (1), the minister, within the scope that this is necessary, may order the Registered Comprehensive Small Amount Credit Purchase Intermediary to take the necessary measures to improve the business operations that are connected with the Intermediation of Comprehensive Credit Purchases.

(2) If a Registered Comprehensive Small Amount Credit Purchase Intermediary violates the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 35-2-4; paragraph (2) or paragraph (3) of that Article; or the main clause of Article 35-2-5, before the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of the preceding paragraph, the

minister must consult with the Prime Minister.

- (3) If a Registered Comprehensive Small Amount Credit Purchase Intermediary violates the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 35-2-4; paragraph (2) or paragraph (3) of that Article; or the main clause of Article 35-2-5, and the Prime Minister finds it to be necessary for protecting the interests of Users, purchasers, or service recipients, the minister may state an opinion concerning the order under paragraph (1), as necessary, to the Minister of Economy, Trade and Industry.

(Application for Registration)

Article 35-2-9 (1) A person seeking registration as set forth in Article 35-2-3, paragraph (1) must submit an application to the Minister of Economy, Trade and Industry stating the following particulars:

- (i) its name;
  - (ii) the names and locations of its principal office and business offices (or if it is established under a foreign law, its principal office and primary business office in Japan and other business offices in Japan);
  - (iii) the names of its officers;
  - (iv) the method of calculation of the User Purchase Amount Projected to Be Affordable; and
  - (v) the system for calculating the User Purchase Amount Projected to Be Affordable.
- (2) The articles of incorporation, a certificate of registered information, and the documents specified by Ordinance of the Ministry of Economy, Trade and Industry must accompany the application referred to in the preceding paragraph; provided, however, that a certificate of registered information may be omitted if so specified by Ordinance of the Ministry of Economy, Trade and Industry.
- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one as specified by Ordinance of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

(Registration and Notice)

Article 35-2-10 (1) Whenever there is an application for registration under the provisions of paragraph (1) of the preceding Article, the Minister of Economy, Trade and Industry must register the particulars set forth in the items of paragraph (1) of the preceding Article and the date of registration in the Comprehensive Small Amount Credit Purchase Intermediary register, unless the minister refuses to effect a registration pursuant to the provisions of

paragraph (1) of the following Article.

- (2) Once the Minister of Economy, Trade and Industry effects a registration as referred to in Article 35-2-3, paragraph (1), the minister must notify this to the applicant for such registration without delay.

(Refusal to Effect a Registration)

Article 35-2-11 (1) If the person submitting an application as referred to in Article 35-2-9, paragraph (1) falls under one of the following items, or if the application or a document accompanying it contains a false statement with regard to material information or omits a statement of material fact, the Minister of Economy, Trade and Industry must refuse to effect that registration:

- (i) a person that is not a corporation;
- (ii) if it is established under a foreign law, one that has no business office in Japan;
- (iii) a corporation with an amount of total assets minus total liabilities that does not meet requirements specified by Ordinance of the Ministry of Economy, Trade and Industry;
- (iv) a corporation whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 35-2-14, if five years have not yet passed since the date of the rescission;
- (v) a corporation that has been sentenced to a fine pursuant to the provisions of this Act or the Money Lending Business Act, if five years have not yet passed since the day on which it finished serving the sentence or ceased to be subject to its enforcement;
- (vi) a corporation with an officer that falls under one of the following:
  - (a) a person that has not had rights restored after receiving a ruling of commencement of bankruptcy proceedings;
  - (b) a person that has been sentenced to imprisonment or a heavier punishment, if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (c) a person that has been sentenced to a fine for violating the provisions of this Act, the Money Lending Business Act or the Act on Prevention of Unjust Acts by Organized Crime Group Members (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act) or for committing a crime set forth in the Penal Code or in the Act on the Punishment of Physical Violence and Others, and five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (d) a person that, during the thirty days prior to the relevant disposition,

- was the officer of a Registered Comprehensive Small Amount Credit Purchase Intermediary whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 35-2-14, if five years have not yet passed since the date of the disposition; or
- (e) the Member of an Organized Crime Group, etc.
  - (vii) a corporation whose business activities are controlled by the Member of an Organized Crime Group, etc.;
  - (viii) a corporation that is likely to allow the Member of an Organized Crime Group, etc. to engage in its business activities or to employ such a person as an assistant in its business activities;
  - (ix) a corporation specified by Ordinance of the Ministry of Economy, Trade and Industry as one that has sufficient grounds to be found likely to engage in illegal or dishonest acts in respect of business connected with the Intermediation of Comprehensive Credit Purchases;
  - (x) a corporation that is found not to have in place the necessary system for ensuring the smooth implementation of measures prescribed in Article 35-16, paragraphs (1) and (3), and other measures prescribed in this Act, the necessary system for appropriately and promptly processing complaints from Users, purchasers or service recipients, and other systems specified by Ordinance of the Ministry of Economy, Trade and Industry as necessary for ensuring fair and proper implementation in the Intermediation of Comprehensive Credit Purchases; or
  - (xi) a corporation that falls under one of the following with regard to calculation of the User Purchase Amount Projected to Be Affordable:
    - (a) the method of such calculation does not meet the standard specified by Ordinance of the Ministry of Economy, Trade and Industry regarding methods that enable appropriate calculation of the User Purchase Amount Projected to Be Affordable by, through advanced technical means, analyzing information on a User's ability to pay;
    - (b) a system for making such calculation does not meet the standard specified by Ordinance of the Ministry of Economy, Trade and Industry.
- (2) The provisions of Article 15, paragraphs (2) and (3) apply mutatis mutandis when an application for registration under Article 35-2-9, paragraph (1) is filed.

(Registration of Changes)

- Article 35-2-12 (1) If a Registered Comprehensive Small Amount Credit Purchase Intermediary seeks to change the particulars set forth in Article 35-2-9, paragraph (1), item (iv) or item (v), it must have the change registered by the Minister of Economy, Trade and Industry pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.
- (2) The provisions of Article 15, paragraph (3); Article 35-2-10; and paragraph (1)

of the preceding Article (limited to portions related to item (xi)) apply mutatis mutandis to the registration of a change set forth in the preceding paragraph. In this case, the term "the particulars set forth in the items of paragraph (1) of the preceding Article" in Article 35-2-10, paragraph (1) is deemed to be replaced with "particulars related to a change".

(Notification of Changes)

Article 35-2-13 (1) If a particular set forth in one of items (i) to (iii) inclusive of Article 35-2-9, paragraph (1) changes, a Registered Comprehensive Small Amount Credit Purchase Intermediary must file a notification of this with the Minister of Economy, Trade and Industry, without delay.

(2) Upon receipt of the notification of a change prescribed in the preceding paragraph, the Minister of Economy, Trade and Industry must register the matters reported in the notification to the Comprehensive Small Amount Credit Purchase Intermediary register.

(3) The provisions of Article 35-2-9, paragraphs (2) and (3) apply mutatis mutandis when the notification of a change under the provisions of paragraph (1) is filed.

(Rescission of Registration)

Article 35-2-14 (1) If a Registered Comprehensive Small Amount Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry must rescind its registration:

(i) it comes to fall under the provisions of one of Article 35-2-11, paragraph (1), item (ii) or items (v) to (ix) inclusive;

(ii) it violates the provisions of Article 35-2-12, paragraph (1) and changes the method set forth in item (iv) of Article 35-2-9, paragraph (1) or the system set forth in item (v) of that paragraph without obtaining the change registration referred to in Article 35-2-12, paragraph (1); or

(iii) it has obtained the change registration referred to in Article 35-2-3, paragraph (1) or Article 35-2-12, paragraph (1) by wrongful means.

(2) If a Registered Comprehensive Small Amount Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry may rescind its registration, or may order the suspension of all or part of the business operations connected with the Intermediation of Comprehensive Credit Purchases during a fixed period of no longer than one year:

(i) it violates an order under the provisions of Article 35-2-8, paragraph (1) or Article 34, which is applied mutatis mutandis following the deemed replacement of terms pursuant to Article 35-3;

(ii) it comes to fall under the provisions of Article 35-2-11, paragraph (1), item



- (iii); or
- (iii) it fails to file a notification under the provisions of the preceding Article, paragraph (1) or files a false notification.
- (3) If a Registered Comprehensive Small Amount Credit Purchase Intermediary violates the order referred to in item (i) of the preceding paragraph (limited to an order in a case where the Registered Comprehensive Small Amount Credit Purchase Intermediary violates the provisions of Article 30-5-2; the main clause of paragraph (1) of Article 35-2-4; paragraph (2) or paragraph (3) of that Article; or the main clause of Article 35-2-5; the same applies in the following paragraph and Article 40, paragraph (4)), before seeking to reach a disposition under the preceding paragraph, the Minister of Economy, Trade and Industry must consult with the Prime Minister.
- (4) If a Registered Comprehensive Small Amount Credit Purchase Intermediary violates an order under the provisions of paragraph (2), item (i) and the Prime Minister finds it to be necessary for protecting the interests of Users, purchasers, or service recipients, the minister may state an opinion concerning the disposition under that paragraph, as necessary, to the Minister of Economy, Trade and Industry.
- (5) If the Minister of Economy, Trade and Industry rescinds a registration pursuant to the provisions of paragraph (1) or paragraph (2), the minister must notify the person that was formerly the relevant Registered Comprehensive Small Amount Credit Purchase Intermediary of this, indicating the reasons therefor, without delay.

(Deletion of Registration)

- Article 35-2-15 (1) If a Registered Comprehensive Small Amount Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry must delete the registration of that Registered Comprehensive Small Amount Credit Purchase Intermediary from the Comprehensive Small Amount Credit Purchase Intermediary register:
- (i) a registration referred to in Article 31 is effected;
  - (ii) the minister rescinds its registration pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article; or
  - (iii) a notification under the provisions of Article 35 as applied mutatis mutandis in the following Article is filed, or the intermediary is discovered to have discontinued operations in the Intermediation of Comprehensive Credit Purchases.
- (2) The provisions of paragraph (5) of the preceding Article apply mutatis mutandis if a registration is deleted pursuant to the provisions of item (i) or (iii) of the preceding paragraph.

(Provisions Applied Mutatis Mutandis)

Article 35-3 The provisions of Article 33-4; Article 34; and Articles 34-4 to 35-2-2 apply mutatis mutandis to Registered Comprehensive Small Amount Credit Purchase Intermediaries. In this case, the phrase "Article 33-2, paragraph (1), item (xi) (excluding portions related to investigation set forth in the main clause of paragraph (1) of Article 30-2, in the case of Certified Comprehensive Credit Purchase Intermediaries)" in Article 34 is deemed to be replaced with "Article 35-2-11, paragraph (1), item (x) or item (xi)"; the phrase "paragraph (1) of Article 34-2" in Article 34-4; Article 35-2, paragraph (1); and Article 35-2-2 is deemed to be replaced with "paragraph (1) of Article 35-2-14"; the phrase "the preceding Article, paragraph (1), items 2" in Article 34-4 and the phrase "paragraph (1), item (ii) of Article 34-3" in Article 35-2, paragraph (1) are deemed to be replaced with "paragraph (1), item (iii) of Article 35-2-15"; and the phrase "paragraph (1), item (ii) of Article 34-3" in Article 35-2-2 is deemed to be replaced with "paragraph (1), item (i) of Article 35-2-15".

## **Section 2 Intermediation of Individual Credit Purchases**

### **Subsection 1 Services**

(Indication of Terms and Conditions for the Intermediation of Individual Credit Purchases)

Article 35-3-2 (1) If a seller or a Service Provider that concludes a contract for the Intermediation of an Individual Credit Purchase with a person that is in the business of the Intermediation of Individual Credit Purchases (hereinafter such a person is referred to as an "Individual Credit Purchase Intermediary") (hereinafter such a seller is referred to as the "Seller Affiliated with the Intermediation of the Individual Credit Purchase" and such a Service Provider is referred to as the "Service Provider Affiliated with the Intermediation of the Individual Credit Purchase"), seeks to sell goods or Designated Rights or provide Designated Services in a way that involves the Intermediation of an Individual Credit Purchase, it must indicate the following particulars about the goods, Designated Rights, or Designated Services to the counterparty, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the cash price of the goods or rights or the cash price of the services;
- (ii) the total amount payable by the purchaser or service recipient (meaning the total of the cost of goods or rights that are sold or consideration for services that are provided in a way that involves the Intermediation of an Individual Credit Purchase, and the fees for the Intermediation of the Individual Credit Purchase; hereinafter the same applies in this Section);
- (iii) the term and number of payments for the full or partial cost of goods or

- rights or consideration for services that the Intermediation of that Individual Credit Purchase is for (including fees for the Intermediation of that Individual Credit Purchase in respect of that full or partial cost or consideration);
- (iv) the rate of the fees for the Intermediation of the Individual Credit Purchase, as arrived at by the method of calculation specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; and
  - (v) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding items.
- (2) When the Seller Affiliated with the Intermediation of an Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of an Individual Credit Purchase sells goods or Designated Rights or provides services in a way that involves the Intermediation of an Individual Credit Purchase and advertises the terms and conditions of the sale or the terms and conditions for their provision, it must indicate the particulars set forth in the items of the preceding paragraph in its advertising, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

- (Investigation of the Individual Purchase Amount Projected to Be Affordable)
- Article 35-3-3 (1) Before an Individual Credit Purchase Intermediary seeks to conclude a contract under which an amount of money will be received that corresponds to the cost of goods or Designated Rights purchased or consideration for services received in a way that involves the Intermediation of an Individual Credit Purchase (hereinafter such a contract is referred to as a "Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase"), it must investigate, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, the annual income, balance of deposits and savings, payment status of obligations connected with the intermediation of credit purchases, loan status, and other necessary particulars relevant to the calculation of the Individual Purchase Amount Projected to Be Affordable for that purchaser or service recipient, as specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; provided, however, that this does not apply in a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that purchaser or service recipient.
- (2) The "Individual Purchase Amount Projected to Be Affordable" as used in this Section means the projected amount that a purchaser or service recipient can

allocate in a year for payment of the amount that corresponds to the cost of goods or Designated Rights that a purchaser seeks to purchase or consideration for services that a service recipient seeks to receive in a way that involves the Intermediation of an Individual Credit Purchase, without transferring or pledging as collateral the home that the purchaser or service recipient principally uses as a residence or other assets specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, and without using money that should be allocated to the living expenses of the purchaser or service recipient.

- (3) When an Individual Credit Purchase Intermediary performs an investigation pursuant to the provisions of the main clause of paragraph (1), it must use the specified credit information held by a Designated Credit Bureau.
- (4) When an Individual Credit Purchase Intermediary concludes a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase, it must prepare and archive a record of the investigation under the main clause of paragraph (1), pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Prohibition on the Conclusion of a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in Excess of the Individual Purchase Amount Projected to Be Affordable)

Article 35-3-4 If an Individual Credit Purchase Intermediary seeks to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase, but the part of the total amount payable that the purchaser or service recipient would have to pay during a year's time exceeds the Individual Purchase Amount Projected to Be Affordable as calculated based on information obtained in an investigation under the provisions of the main clause of paragraph (1) of the preceding Article, it must not conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of that Individual Credit Purchase; provided, however, that this does not apply to a case specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance as one that does not prejudice the protection of that purchaser or service recipient.

(Investigation into the Solicitation Connected with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase)

Article 35-3-5 (1) If an Individual Credit Purchase Intermediary seeks to conclude a contract falling under one of the following items (such a contract is referred to as a "Specified Contract" in Article 35-3-7) which constitutes a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an

Individual Credit Purchase which is connected with a contract under which goods or Designated Rights are sold in a way that involves the Intermediation of an Individual Credit Purchase (hereinafter referred to as "Contract for a Sale Involving the Intermediation of an Individual Credit Purchase") or a contract under which services are provided in a way that involves the Intermediation of an Individual Credit Purchase (hereinafter referred to as a "Contract for Services Involving the Intermediation of an Individual Credit Purchase"), prior to concluding the contract and pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, the intermediary must investigate the matters specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance with regard to whether the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has committed an act falling under one of the items of Article 35-3-7:

- (i) a contract arising from door-to-door sales as prescribed in Article 2, paragraph (1) of the Act on Specified Commercial Transactions (hereinafter referred to as "Door-to-Door Sales");
  - (ii) a contract arising from telemarketing sales as prescribed in Article 2, paragraph (3) of the Act on Specified Commercial Transactions (hereinafter referred to as "Telemarketing Sales");
  - (iii) a Personal Multilevel Marketing Contract other than a Sales Contract for Specified Goods, etc. (hereinafter referred to as a "Specified Personal Multilevel Marketing Contract");
  - (iv) a specified continuous service contract as prescribed in Article 41, paragraph (1), item (i) of the Act on Specified Commercial Transactions or a sales contract for specified rights as prescribed in item (ii) of that paragraph (hereinafter referred to as a "Specified Continuous Service Contract"); or
  - (v) a Personal Business Opportunity Sales Contract.
- (2) An Individual Credit Purchase Intermediary must prepare and archive a record of any investigation under the preceding paragraph, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

(Cooperation with Investigations)

Article 35-3-6 The Seller Affiliated with the Intermediation of an Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of an Individual Credit Purchase must endeavor to cooperate with the investigation under paragraph (1) of the preceding Article.

(Prohibition on the Acceptance of an Offer for a Contract Stipulating the

Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase)

Article 35-3-7 If an Individual Credit Purchase Intermediary finds, based on information learned in an investigation under the provisions of Article 35-3-5, paragraph (1) or from any other source, that the Seller Affiliated with the Intermediation of an Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of an Individual Credit Purchase has engaged an act falling under one of the following items in soliciting an offer for a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services Involving the Intermediation of an Individual Credit Purchase which constitutes a Specified Contract, or in soliciting a person to conclude such a contract, the Individual Credit Purchase Intermediary must not offer the solicited party a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or Contract for Services Involving the Intermediation of that Individual Credit Purchase, and must not accept the solicited party's offer of a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or Contract for Services Involving the Intermediation of that Individual Credit Purchase; provided, however, that this does not apply if there are confirmed to be special circumstances that make it necessary for the solicited party to conclude the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or Contract for Services Involving the Intermediation of that Individual Credit Purchase, or if it is found that the interests of the solicited party are not compromised and are unlikely to become compromised:

- (i) an act that violates the provisions of one of Article 6, paragraphs (1) to (3) inclusive of the Act on Specified Commercial Transactions or of the paragraphs of Article 21; Article 34, paragraphs (1) to (3) inclusive; the paragraphs of Article 44; or Article 52, paragraph (1) or paragraph (2) of that Act; or
- (ii) an act prescribed in one of Article 4, paragraphs (1) to (3) inclusive of the Consumer Contract Act (Act No. 61 of 2000) (excluding an act prescribed in paragraph (2) of that Article which falls under the proviso to that paragraph).

(Delivery of Documents by the Seller Affiliated with the Intermediation of an Individual Credit Purchase)

Article 35-3-8 When the Seller Affiliated with the Intermediation of an Individual Credit Purchase or the Service Provider Affiliated with the

Intermediation of an Individual Credit Purchase concludes the Contract for a Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase, it must deliver a document to the purchaser or service recipient stating the following information with regard to that contract without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) the type of goods or rights or services;
- (ii) the total amount payable by the purchaser or service recipient;
- (iii) the amount to be paid on each occasion against the full or partial cost of goods or rights or consideration for services that the Intermediation of the Individual Credit Purchase is for (including fees for the Intermediation of the Individual Credit Purchase in respect of that full or partial cost or consideration; the same applies hereinafter), and the timing and method of its payment;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services (or, if the contract is a Specified Continuous Service Contract, the service period or the period during which services are provided that the person can receive by exercising those rights);
- (v) if the contract is a Personal Multilevel Marketing Contract, basic information about the conditions under which the goods or rights are resold or sold on consignment, or the basic particulars of the conditions under which the same kind of services are provided;
- (vi) if the contract is a Specified Continuous Service Contract and there are goods that the service recipient is required to purchase on being provided the service, the name of those goods;
- (vii) if the contract is a Personal Business Opportunity Sales Contract, basic information about the conditions under which business services that use the goods, rights, or services that are to be provided, are provided or arranged;
- (viii) information about cancellation of the contract (if the purchaser or service recipient is the other party to a contract as specified in one of Article 35-3-10, paragraph (1), items (iv) to (vi) inclusive, this includes information about the contract being deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (5) of that Article; and if the purchaser or service recipient is the other party to a contract as prescribed in Article 35-3-11, paragraph (1), this includes information about the contract being deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7) of that Article); and
- (ix) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the

preceding items.

(Delivery of Documents by an Individual Credit Purchase Intermediary)

Article 35-3-9 (1) If an Individual Credit Purchase Intermediary is offered a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services Involving the Intermediation of an Individual Credit Purchase set forth in one of the following, it must deliver a document to the offeror stating the information about that contract which is set forth in the items of the following paragraph without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase under an offer that the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has accepted at a place other than a business office, etc. as prescribed in Article 2, paragraph (1), item (i) of the Act on Specified Commercial Transactions (hereinafter such a place is referred to as a "Business Office, etc.");
- (ii) a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase under an offer that the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has accepted at a Business Office, etc., from a person that the seller or Service Provider has stopped at a place other than a Business Office, etc. and caused to follow the seller or Service Provider to the Business Office, etc. or from a person that the seller or Service Provider has induced to the Business Office, etc. by a means specified by Cabinet Order which is referred to in Article 2, paragraph (1), item (ii) of the Act on Specified Commercial Transactions (hereinafter referred to as a "Specified Customer Affiliated with the Intermediation of an Individual Credit Purchase");
- (iii) a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase for which the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has telephoned the other party or caused the other party to telephone the seller or Service Provider by a means specified by Cabinet Order which is referred to in Article 2, paragraph (3) of the Act on Specified Commercial



- Transactions, during which telephone call the seller or Service Provider has solicited the other party to conclude the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase, due to which the seller or Service Provider has received an offer from the other party (hereinafter referred to as a "Customer Subject to Telemarketing in Connection with the Intermediation of an Individual Credit Purchase") through the mail, etc. as prescribed in paragraph (2) of that Article (hereinafter referred to as "Mail, etc."); or
- (iv) a Specified Personal Multilevel Marketing Contract, a Specified Continuous Service Contract, or a Personal Business Opportunity Sales Contract (hereinafter referred to as a "Specified Personal Multilevel Marketing Contract, etc.") constituting a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services Involving the Intermediation of an Individual Credit Purchase.
- (2) The following information is to be stated in the document referred to in the preceding paragraph:
- (i) the information referred to in items (i) to (vii) inclusive of the preceding Article;
- (ii) information about withdrawal of the contract offer and about cancellation of the contract (if the purchaser or service recipient is a person offering a contract as provided in one of items (i) to (iii) inclusive of the following Article, this includes information in respect of the provisions of paragraphs (1) to (3) inclusive of that Article, paragraphs (5) to (7) inclusive of that Article, and paragraphs (9) to (14) inclusive of that Article; and if the purchaser or service recipient is a person offering a contract as provided in Article 35-3-11, paragraph (1), this includes information in respect of the provisions of paragraphs (1) to (5) inclusive of that Article, paragraphs (7) to (9) inclusive of that Article, and paragraphs (11) to (14) inclusive of that Article);
- (iii) matters subject to an investigation under Article 35-3-5, paragraph (1); and
- (iv) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding three items.
- (3) If an Individual Credit Purchase Intermediary concludes a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase which is connected with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase set forth in one of the following, it must deliver a document to the purchaser or

service recipient stating the information about that contract which is set forth in the items of the following paragraph without delay, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance:

- (i) a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase that the Seller Affiliated with the Intermediation of that Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of that Individual Credit Purchase concludes at a place other than a Business Office, etc. (excluding a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase that is offered by a customer other than the Specified Customer Affiliated with the Intermediation of that Individual Credit Purchase at a Business Office, etc.); or a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services Involving the Intermediation of an Individual Credit Purchase which is offered to the Seller Affiliated with the Intermediation of that Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of that Individual Credit Purchase at a place other than a Business Office, etc. and which is concluded at a Business Office, etc.;
- (ii) a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase which the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase concludes with the Specified Customer Affiliated with the Intermediation of that Individual Credit Purchase at a Business Office, etc.;
- (iii) a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase which the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase concludes with a Customer Subject to Telemarketing in Connection with the Intermediation of that Individual Credit Purchase through the Mail, etc.; or a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase which is offered to the Seller Affiliated with the Intermediation of that Individual Credit Purchase or Service Provider Affiliated with the Intermediation of that Individual Credit Purchase through the Mail, etc. by a Customer Subject to Telemarketing in Connection

- with the Intermediation of that Individual Credit Purchase, and which it concludes; or
- (iv) a Specified Personal Multilevel Marketing Contract, etc. constituting a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services Involving the Intermediation of an Individual Credit Purchase.
- (4) The following information is to be stated in the document referred to in the preceding paragraph:
- (i) the particulars referred to in items (i) to (vii) inclusive of the preceding Article;
  - (ii) information about cancellation of the contract (if the purchaser or service recipient is the other party to a contract as specified in paragraph (1), items (iv) to (vi) inclusive of the following Article, this includes information with respect to the provisions of paragraphs (1) to (3) inclusive of that Article, paragraphs (5) to (7) inclusive of that Article, and paragraphs (9) to (14) inclusive of that Article, which constitutes information about cancellation of the contract; and if the purchaser or service recipient is the other party to a contract as specified in Article 35-3-11, paragraph (1), this includes information with respect to the provisions of paragraphs (1) to (5) inclusive of that Article, paragraphs (7) to (9) inclusive of that Article, and paragraphs (11) to (14) inclusive of that Article, which constitutes information about cancellation of the contract);
  - (iii) the results of the investigation under the provisions of Article 35-3-5, paragraph (1); and
  - (iv) the particulars specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, other than what is set forth in the preceding three items.

(Withdrawal of the Offer, etc. for a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase)

Article 35-3-10 (1) In a case set forth in one of the following items, the person specified in the relevant item (hereinafter referred to as the "Offeror, etc." in this Article) may withdraw the offer, etc. (meaning withdrawing the offer for a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase which is connected with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services Involving the Intermediation of an Individual Credit Purchase as set forth in the relevant of those items; or cancelling a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase which is connected with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or Contract for Services

Involving the Intermediation of an Individual Credit Purchase as set forth in the relevant of those items; hereinafter the same applies in this Article) using a paper document; provided, however, that this does not apply once eight days have passed counting from the day on which the Offeror, etc. receives the document referred to in paragraph (3) of the preceding Article (or, if the Offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the Offeror, etc. receives the document referred to in paragraph (1)) (if the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary conveys false information while the Offeror, etc. is being solicited to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase, or conveys false information about the withdrawing of offers, etc. in order to prevent the Offeror, etc. from withdrawing the offer, etc., thereby leading the Offeror, etc. to mistakenly believe that the false information conveyed about withdrawing the offer, etc. is true, due to which circumstances the Offeror, etc. does not withdraw the offer, etc. before that period; or if the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary uses intimidation in order to cause the Offeror, etc. to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase, or uses intimidation to prevent the Offeror, etc. from withdrawing the offer, etc., thereby overwhelming the Offeror, etc., due to which circumstances the Offeror, etc. does not withdraw the offer, etc. before that period; this means once eight days have passed counting from the day on which the Offeror, etc. receives a document issued to the Offeror, etc. by the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary, stating that the Offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance):

- (i) the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the

- Individual Credit Purchase is offered the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase at a place other than a Business Office, etc.: the person making the offer;
- (ii) the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase is offered the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase by the Specified Customer Affiliated with the Intermediation of that Individual Credit Purchase, at a Business Office, etc.: the person making the offer;
- (iii) the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase is offered the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase by a Customer Subject to Telemarketing in Connection with the Intermediation of that Individual Credit Purchase, through the Mail, etc.: the person making the offer;
- (iv) the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase concludes the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase at a place other than a Business Office, etc. (unless the Seller Affiliated with the Intermediation of that Individual Credit Purchase or Service Provider Affiliated with the Intermediation of that Individual Credit Purchase is offered the contract at its Business Office, etc.): the other party to the contract;
- (v) the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase concludes the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase with the Specified Customer Affiliated with the Intermediation of that Individual Credit Purchase, at a Business Office, etc.: the other party to the contract; or
- (vi) the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase concludes the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for

Services Involving the Intermediation of that Individual Credit Purchase with a Customer Subject to Telemarketing in Connection with the Intermediation of that Individual Credit Purchase, through the Mail, etc.: the other party to the contract.

- (2) The withdrawal of an offer, etc. becomes effective upon dispatch of the paper document referred to in the main clause of the preceding paragraph.
- (3) If an offer, etc. is withdrawn, it is not permissible for the Individual Credit Purchase Intermediary to claim damages or demand the payment of a penalty for breach of contract in connection with that offer, etc. being withdrawn.
- (4) Upon receipt of a paper document as referred to in the main clause of paragraph (1), the Individual Credit Purchase Intermediary must immediately notify the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase of this.
- (5) If an Offeror, etc. withdraws an offer, etc., the offer for the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or Contract for Services Involving the Intermediation of the Individual Credit Purchase; or the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or Contract for Services Involving the Intermediation of the Individual Credit Purchase; which is valid at the time of dispatch of the paper document referred to in the main clause of paragraph (1) for withdrawing the offer, etc., is deemed to be withdrawn or cancelled at the time the Offeror, etc. dispatches that document; provided, however, that this does not apply if the Offeror, etc. manifests a contrary intention in that document.
- (6) If the offer for a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or for a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to be withdrawn pursuant to the provisions of the main clause of the preceding paragraph, or if the Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to be cancelled pursuant to those provisions, it is not permissible for the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase to claim damages or demand the payment of a penalty for breach of contract in connection with the withdrawal of the offer for that contract or the cancellation of that contract.
- (7) If an offer, etc. is withdrawn and the offer for the Contract for the Sale Involving the Intermediation of the relevant Individual Credit Purchase or the Contract for Services Involving the Intermediation of the relevant Individual

Credit Purchase is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5) or the Contract for the Sale Involving the Intermediation of the relevant Individual Credit Purchase or the Contract for Services Involving the Intermediation of the relevant Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, even if the Individual Credit Purchase Intermediary has already delivered an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, it is not permissible for the Individual Credit Purchase Intermediary to demand that the Offeror, etc. pay the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services which has been delivered to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or other money that corresponds to the profit that it would have earned through the Intermediation of that Individual Credit Purchase.

- (8) If the offer for a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or for a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or if the Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, and the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has already been delivered an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services by the Individual Credit Purchase Intermediary, it must return the amount of money that corresponds to the full or partial cost of the goods or rights or consideration for the services that it has been delivered, to the Individual Credit Purchase Intermediary.
- (9) In the event that an offer, etc. is withdrawn and the offer for the Contract for the Sale Involving the Intermediation of the relevant Individual Credit Purchase or for the Contract for Services Involving the Intermediation of the relevant Individual Credit Purchase is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or the Contract for the Sale Involving the Intermediation of the relevant Individual Credit Purchase or the Contract for Services Involving the Intermediation of the relevant Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, if the Individual Credit Purchase Intermediary has already

received money in connection with the Contract Stipulating the Receipt of Monies Subject to the Intermediation of that Individual Credit Purchase from the Offeror, etc., the Individual Credit Purchase Intermediary must return that money to the Offeror, etc. immediately.

- (10) If the offer for a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5) or if a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, and the goods or rights under the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase have already been delivered or transferred, the Seller Affiliated with the Intermediation of the Individual Credit Purchase bears the cost required for the retrieval or return of those goods or rights.
- (11) In the event that the offer for a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or for a Contract for Services Involving the Intermediation of an Individual Credit Purchase as set forth in item (i) or item (ii) of paragraph (1) is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or in the event that the Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase as set forth in item (iv) or item (v) of that paragraph is deemed to have been cancelled pursuant to those provisions, even if goods delivered based on the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase have been used, even if facilities have been used or services have been provided based on the exercise of Designated Rights, and even if services have been provided based on the Contract for Services Involving the Intermediation of that Individual Credit Purchase, it is not permissible for the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase to demand that the person specified in item (i), item (ii), item (iv), or item (v) of that paragraph pay money that corresponds to the profit it would have earned due to the use of the goods or exercise of the rights, or to pay the consideration for the services or other money under the Contract for Services Involving the Intermediation of that Individual Credit Purchase.
- (12) In the event that the offer for a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or for a Contract for Services Involving the Intermediation of an Individual Credit Purchase as set forth in item (iii) of paragraph (1), which constitutes a contract under which Designated Rights are sold, is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5); or in the event that a Contract



for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase as set forth in item (vi) of that paragraph, which constitutes a contract under which Designated Rights are sold, is deemed to have been cancelled pursuant to those provisions, even if services have been provided based on the Contract for Services Involving the Intermediation of that Individual Credit Purchase and even if facilities have been used or services have been provided based on the exercise of those rights, it is not permissible for the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase to demand that the person specified in item (iii) or item (vi) of that paragraph pay consideration or other money for services under the Contract for Services Involving the Intermediation of that Individual Credit Purchase, or that such person pay money that corresponds to the profit the seller or Service Provider would have earned due to the exercise of those rights.

- (13) If the offer for a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or if a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, and the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has received money under the Contract for Services Involving the Intermediation of that Individual Credit Purchase (other than money delivered by the Individual Credit Purchase Intermediary), it must return that money to the Offeror, etc. immediately.
- (14) If the offer for a Contract for Services Involving the Intermediation of an Individual Credit Purchase or for a contract under which Designated Rights are to be sold in a way that involves the Intermediation of an Individual Credit Purchase is deemed to have been withdrawn pursuant to the provisions of the main clause of paragraph (5), or if such a contract is deemed to have been cancelled pursuant to those provisions, and the existing state of the land, building, or other structure of the Offeror, etc. was changed in connection with services that were to be provided under the Contract for Services Involving the Intermediation of that Individual Credit Purchase or in connection with the contract under which Designated Rights were to be sold in a way that involved the Intermediation of that Individual Credit Purchase, the Offeror, etc. may demand that the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase or the Seller Affiliated with the Intermediation of the Individual Credit Purchase take the necessary measures to restore it to its original state at no charge.

(15) Any special provisions of a contract that run counter to the provisions of one of paragraphs (1) to (3) inclusive, paragraphs (5) to (7) inclusive, or paragraph (9) to the preceding paragraph, and that are disadvantageous to the Offeror, etc., are void.

Article 35-3-11 (1) A person that offers a Seller Affiliated with the Intermediation of an Individual Credit Purchase or a Service Provider Affiliated with the Intermediation of an Individual Credit Purchase, a Specified Personal Multilevel Marketing Contract, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or the other party to a contract that a Seller Affiliated with the Intermediation of an Individual Credit Purchase or a Service Provider Affiliated with the Intermediation of an Individual Credit Purchase concludes as a Specified Personal Multilevel Marketing Contract, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase (hereinafter such a party is referred to as the "Offeror, etc." in this Article) may withdraw the offer for a Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Personal Multilevel Marketing Contract, etc. that so constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or may cancel the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Personal Multilevel Marketing Contract, etc. that so constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, using a paper document, except in any of the following cases:

(i) twenty days have passed counting from the day on which the Offeror, etc. of a Specified Personal Multilevel Marketing Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase receives the document referred to in Article 35-3-9, paragraph (3) (or, if the Offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the Offeror, etc. receives the document referred to in paragraph (1)) (or twenty days have passed counting from the date of delivery, if the Specified Burden under the Specified

Personal Multilevel Marketing Contract is the purchase of goods to be resold, and the Offeror, etc. receives the document referred to in paragraph (3) of that Article on a day prior to the first delivery of goods purchased under the Specified Personal Multilevel Marketing Contract); provided, however, that if the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary, the coordinator provided for in Article 33, paragraph (2) of the Act on Specified Commercial Transactions (hereinafter referred to as the "Coordinator"), the solicitor provided for in Article 33-2 of that Act (hereinafter referred to as the "Solicitor"), or the general multilevel marketing distributor provided for in that Article (hereinafter referred to as the "General Multilevel Marketing Distributor") conveys false information while the Offeror, etc. is being solicited to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Personal Multilevel Marketing Contract that is linked to the multilevel marketing program coordinated by the Coordinator and that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or if such a person conveys false information about the withdrawing of offers, etc. in order to prevent the Offeror, etc. from withdrawing the offer, etc. (meaning withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Personal Multilevel Marketing Contract that is linked to that multilevel marketing and that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase; or canceling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Personal Multilevel Marketing Contract that is linked to that multilevel marketing and that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase; hereinafter the same applies in this item), thereby leading the Offeror, etc. to mistakenly believe that the false information conveyed about withdrawing the offer, etc. is true, due to which circumstances the Offeror, etc. does not withdraw the offer, etc. before that period; or if the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, Individual Credit Purchase Intermediary, Coordinator, Solicitor, or General Multilevel

Marketing Distributor uses intimidation in order to cause the Offeror, etc. to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Personal Multilevel Marketing Contract that is linked to the multilevel marketing program coordinated by the Coordinator and that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or if such a person uses intimidation in order to prevent the Offeror, etc. from withdrawing the offer, etc., thereby overwhelming the Offeror, etc., due to which circumstances the Offeror, etc. does not withdraw the offer, etc. before that period; this means once twenty days have passed counting from the day on which the Offeror, etc. receives a document issued to the Offeror, etc. by the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, Individual Credit Purchase Intermediary, Coordinator, Solicitor, or General Multilevel Marketing Distributor, stating that the Offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance;

(ii) eight days have passed counting from the day on which the Offeror, etc. of a Specified Continuous Service Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase receives the document referred to in Article 35-3-9, paragraph (3) (or, if the Offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the Offeror, etc. receives the document referred to in paragraph (1)); provided, however, that if the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, Seller Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary conveys false information while the Offeror, etc. is being solicited to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Continuous Service Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or conveys false information about the withdrawing of offers, etc. in order to prevent the Offeror, etc. from withdrawing the offer, etc. (meaning withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with

the Specified Continuous Service Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase; or canceling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Continuous Service Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase; hereinafter the same applies in this item), thereby leading the Offeror, etc. to mistakenly believe that the false information conveyed about withdrawing the offer, etc. is true, due to which circumstances the Offeror, etc. does not withdraw the offer, etc. before that period; or if the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, Seller Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary uses intimidation in order to cause the Offeror, etc. to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Specified Continuous Service Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or uses intimidation to prevent the Offeror, etc. from withdrawing the offer, etc., thereby overwhelming the Offeror, etc., due to which circumstances the Offeror, etc. does not withdraw the offer, etc. before that period; this means once eight days have passed counting from the day on which the Offeror, etc. receives a document issued to the Offeror, etc. by the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, Seller Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary, stating that the Offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance; or (iii) twenty days have passed counting from the day on which the Offeror, etc. of a Personal Business Opportunity Sales Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase receives the document referred to in Article 35-3-9, paragraph (3) (or, if the Offeror, etc. receives the document referred to in paragraph (1) of that Article before receiving the document referred to in paragraph (3), counting from the day on which the Offeror, etc. receives the document referred to in paragraph (1)); provided, however, that if the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service

Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary conveys false information while the Offeror, etc. is being solicited to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Personal Business Opportunity Sales Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or conveys false information about the withdrawing of offers, etc. in order to prevent the Offeror, etc. from withdrawing the offer, etc. (meaning withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Personal Business Opportunity Sales Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or the Contract for Services Involving the Intermediation of an Individual Credit Purchase; or canceling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Personal Business Opportunity Sales Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase; hereinafter the same applies in this item); or if the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary uses intimidation in order to cause the Offeror, etc. to conclude the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Personal Business Opportunity Sales Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, or uses intimidation to prevent the Offeror, etc. from withdrawing the offer, etc.; this means once twenty days have passed counting from the day on which the Offeror, etc. receives a document issued to the Offeror, etc. by the Seller Affiliated with the Intermediation of the Individual Credit Purchase, Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary, stating that the Offeror, etc. may withdraw the offer, etc. pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance.

- (2) In the event that an offer, etc. is withdrawn as prescribed in the proviso to item (i) of the preceding paragraph and the Specified Personal Multilevel

Marketing Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is cancelled pursuant to the provisions of Article 40, paragraph (1) of the Act on Special Commercial Transactions, or is deemed to be cancelled pursuant to the provisions of the main clause of paragraph (7), if the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has sold goods or rights or provided services to the Offeror, etc. which are linked to that multilevel marketing, and the Individual Credit Purchase Intermediary that concluded the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which was connected with the Specified Personal Multilevel Marketing Contract that constituted the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or the Contract for Services Involving the Intermediation of the Individual Credit Purchase has also concluded, in respect of those goods, rights, or services, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Sales Contract for Specified Goods, etc. which constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, the Offeror, etc. may also withdraw the offer for or cancel the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Sales Contract for Specified Goods, etc. that constitutes that Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or that Contract for Services Involving the Intermediation of the Individual Credit Purchase, using a paper document, except in the case set forth in item (i) of the preceding paragraph.

- (3) In the event that an offer, etc. is withdrawn as prescribed in the proviso to item (ii) of paragraph (1) and the Specified Continuous Service Contract that constitutes a Contract for Services Involving the Intermediation of an Individual Credit Purchase or a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is cancelled pursuant to the provisions of Article 48, paragraph (1) of the Act on Special Commercial Transactions, or is deemed to be cancelled pursuant to the provisions of the main clause of paragraph (7), if the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase or the Seller Affiliated with the Intermediation of the Individual Credit Purchase has sold related goods (meaning related goods as prescribed in paragraph (2) of that Article; the same applies hereinafter) or acted as agent or intermediary for their sale, and the Individual Credit Purchase Intermediary that concluded the Contract

Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase in connection with the Specified Continuous Service Contract that constituted the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or the Contract for Services Involving the Intermediation of an Individual Credit Purchase, has also concluded a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a contract under which those related goods are sold (hereinafter referred to as a "Sales Contract for Related Goods") which constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase, the Offeror, etc. may also withdraw the offer for or cancel the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase which is connected with the Sales Contract for Related Goods that constitutes that Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, using a paper document, except in the case set forth in paragraph (1), item (ii); provided, however, that this does not apply if the Offeror, etc. has received the document referred to in Article 35-3-9, paragraph (1) or that referred to in paragraph (3) of that Article, and has used or has fully or partially consumed the related goods which are specified by Cabinet Order as referred to in Article 48, paragraph (2) of that Act as goods whose value is likely to decline significantly if used or partially consumed (unless the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, Seller Affiliated with the Intermediation of the Individual Credit Purchase, or Individual Credit Purchase Intermediary has caused the Offeror, etc. to use those goods or to fully or partially consume them).

- (4) The withdrawal of an offer for a contract or the cancellation of a contract as under the provisions of paragraph (1), paragraph (2), or the main clause of the preceding paragraph becomes effective upon dispatch of a paper document indicating that the offer for the contract is withdrawn or that the contract is cancelled.
- (5) If an offer for a contract is withdrawn or a contract is cancelled as under the provisions of paragraph (1), paragraph (2), or the main clause of paragraph (3), it is not permissible for the Individual Credit Purchase Intermediary to claim damages or demand the payment of a penalty for breach of contract in connection with the withdrawal of the offer for that contract or the cancellation of that contract.
- (6) If an Individual Credit Purchase Intermediary receives the paper document referred to in paragraph (1) or that referred to in the main clause of paragraph (3), it must immediately notify the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase of this.



- (7) If an Offeror, etc. withdraws an offer, etc. as prescribed in the proviso to paragraph (1), item (i); as prescribed in the proviso to item (ii) of that paragraph; or as prescribed in the proviso to item (iii) of that paragraph (hereinafter such an offer, etc. is referred to as the "Withdrawal of the Offer, etc." in this paragraph), the Specified Personal Multilevel Marketing Contract, etc. which is effective at the time of dispatch of a paper document as referred to in paragraph (1) that pertains to the Withdrawal of the Offer, etc., and which constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, is deemed to be cancelled at the time the Offeror, etc. dispatches the paper document, and if the Offeror, etc. withdraws the offer for a contract or cancels a contract pursuant to the provisions of the main clause of paragraph (3), the Sales Contract for Related Goods that is effective at the time of dispatch of a paper document as referred to in the main clause of that paragraph that pertains to the withdrawal of the contract offer or the cancellation of the contract, and which constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase, is deemed to be cancelled at the time the Offeror, etc. dispatches the document; provided, however, that this does not apply if the Offeror, etc. manifests a contrary intention in that document.
- (8) If a Specified Personal Multilevel Marketing Contract, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to be cancelled pursuant to the provisions of the main clause of the preceding paragraph, or if a Sales Contract for Related Goods which constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to be cancelled pursuant to those provisions, it is not permissible for the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase to claim damages or demand the payment of a penalty for breach of contract in connection with the cancellation of that contract.
- (9) In the event that an offer is withdrawn or a contract cancelled as under the provisions of the main clause of paragraph (1) or paragraph (3), and the Specified Personal Multilevel Marketing Contract, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7) or the Sales Contract for Related Goods that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those

provisions, even if the Individual Credit Purchase Intermediary has already delivered an amount of money that corresponds to the full or partial cost of the goods or rights or consideration for services to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, it is not permissible for the Individual Credit Purchase Intermediary to demand that the Offeror, etc. pay an amount of money that corresponds to the full or partial cost of the goods or the rights or consideration for services which has been delivered to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, nor is it permissible for the intermediary to demand that the Offeror, etc. pay an amount of money that corresponds to the profit that it would have earned through the Intermediation of Individual Credit Purchases.

- (10) If a Specified Personal Multilevel Marketing Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), or if a Sales Contract for Related Goods that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, and the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has already been delivered an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services by the Individual Credit Purchase Intermediary, it must return the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services that it has received to the Individual Credit Purchase Intermediary.
- (11) In the event that the offer for a contract is withdrawn or a contract is cancelled as under the provisions of paragraph (1) or the main clause of paragraph (3), and the Specified Personal Multilevel Marketing Contract, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7) or the Sales Contract for Related Goods that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, if the Individual Credit Purchase Intermediary has already received money in association with the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the

Individual Credit Purchase from the Offeror, etc., the Individual Credit Purchase Intermediary must return that money to the Offeror, etc. immediately.

- (12) If a Specified Personal Multilevel Marketing Contract, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), or if a Sales Contract for Related Goods that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to those provisions, and the goods or rights under the Specified Personal Multilevel Marketing Contract, etc. that constitutes the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or the Sales Contract for Related Goods that constitutes the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase have been delivered or transferred, the Seller Affiliated with the Intermediation of the Individual Credit Purchase bears the costs required for the retrieval or return of those goods or rights.
- (13) In the event that a Specified Continuous Service Contract that constitutes a Contract for Services Involving the Intermediation of an Individual Credit Purchase or that constitutes a contract under which Designated Rights are sold in a way that involves the Intermediation of an Individual Credit Purchase, is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), even if the services have been provided based on the Specified Continuous Service Contract that constitutes the Contract for Services Involving the Intermediation of that Individual Credit Purchase or even if facilities have been used or services have been provided based on the exercise of those rights, it is not permissible for the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase or the Seller Affiliated with the Intermediation of the Individual Credit Purchase to demand that the Offeror, etc. pay consideration for services or other money under the Specified Continuous Service Contract that constitutes the Contract for Services Involving the Intermediation of the Individual Credit Purchase, nor is it permissible for the Service Provider or seller to demand that the Offeror, etc. pay an amount of money that corresponds to the profit that it would have earned due to the exercise of those rights.
- (14) If a Specified Continuous Service Contract that constitutes a Contract for Services Involving the Intermediation of an Individual Credit Purchase is deemed to have been cancelled pursuant to the provisions of the main clause of paragraph (7), and the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has received money under the Specified Continuous Service Contract that constitutes the Contract for Services

Involving the Intermediation of that Individual Credit Purchase (other than money delivered by the Individual Credit Purchase Intermediary), it must return that money to the Offeror, etc. immediately.

- (15) Any special provisions of a contract that run counter to the provisions of one of paragraphs (1) to (5) inclusive, paragraphs (7) to (9) inclusive, or paragraph (11) to the preceding paragraph inclusive, and that are disadvantageous to the Offeror, etc., are void.

(Withdrawing an Offer, etc. for a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in Connection with a Sales Contract for Goods in a Quantity That Significantly Exceeds What Is Normally Required)

Article 35-3-12 (1) In a case set forth in the items of Article 35-3-10, paragraph (1), the person specified in that item (hereinafter referred to as the "Offeror, etc." in this Article) may withdraw the offer for a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase which is connected with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase as set forth in that item which constitutes a contract as set forth in the items of Article 9-2, paragraph (1) or in the items of Article 24-2, paragraph (1), of the Act on Specified Commercial Transactions (hereinafter referred to as a "Specified Contract" in this Article), or may cancel a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase that is connected with a Specified Contract (it is hereinafter referred to as the "Offer, etc." being "Withdrawn" in this Article, when the Offeror, etc. withdraws such an offer or cancels such a contract); provided, however, that this does not apply if there are special circumstances that make it necessary for the Offeror, etc. to conclude that Specified Contract.

- (2) The right under the provisions of the preceding paragraph must be exercised within one year from the conclusion of the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase.
- (3) If an Offer, etc. is Withdrawn, it is not permissible for the Individual Credit Purchase Intermediary to claim damages or demand the payment of a penalty for breach of contract in connection with the Offer, etc. being Withdrawn.
- (4) In the event that an Offer, etc. is Withdrawn, even if the Individual Credit Purchase Intermediary has already delivered an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, it is not permissible for it to demand that the

Offeror, etc. pay the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services which it has delivered to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, nor is it permissible for the intermediary to demand that the Offeror, etc. pay an amount of money that corresponds to the profit that it would have earned through the Intermediation of that Individual Credit Purchase; provided, however, that this does not apply if the offer for the Specified Contract is withdrawn or the Specified Contract is cancelled pursuant to the provisions of Article 9, paragraph (1), Article 9-2, paragraph (1), Article 24, paragraph (1), or Article 24-2, paragraph (1) of the Act on Specified Commercial Transactions, before the Offer, etc. is Withdrawn.

- (5) If an Offer, etc. is Withdrawn, and the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has already received an amount of money that corresponds to the full or partial cost of goods or rights or consideration for services from the Individual Credit Purchase Intermediary, it must return the amount of money that corresponds to the full or partial cost of goods or rights or consideration for services which it has received to the Individual Credit Purchase Intermediary; provided, however, that this does not apply if the offer for the Specified Contract is withdrawn or the Specified Contract is cancelled pursuant to the provisions of Article 9, paragraph (1), Article 9-2, paragraph (1), Article 24, paragraph (1), or Article 24-2, paragraph (1) of the Act on Specified Commercial Transactions, before the Offer, etc. is Withdrawn.
- (6) If an Offer, etc. is Withdrawn, and the Individual Credit Purchase Intermediary has already received money under the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase from the Offeror, etc., it must return the money to the Offeror, etc. immediately.
- (7) With regard to application of the provisions of Article 9, paragraph (6) of the Act on Specified Commercial Transactions (including as applied mutatis mutandis pursuant to Article 9-2, paragraph (3) of that Act) and Article 24, paragraph (6) of the Act on Specified Commercial Transactions (including as applied mutatis mutandis pursuant to Article 24-2, paragraph (3) of that Act) if the offer for a Specified Contract is withdrawn or a Specified Contract is cancelled pursuant to the provisions of Article 9), Article 9-2, paragraph (1), Article 24, paragraph (1), or Article 24-2, paragraph (1) of that Act after an Offer, etc. is Withdrawn, the term "money" in Article 9, paragraph (6) and Article 24, paragraph (6) of that Act is deemed to be replaced with "money (excluding the money delivered by an Individual Credit Purchase Intermediary

prescribed in Article 35-3-2, paragraph (1) of the Installment Sales Act)".

- (8) Any special provisions of a contract that run counter to the provisions of one of paragraphs (1) to (4) inclusive or paragraph (6) and that are disadvantageous to the Offeror, etc., are void.

(Disaffirmation of a Manifested Intention to Offer a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase or to Accept an Offer for Such a Contract)

Article 35-3-13 (1) If the Seller Affiliated with the Intermediation of an Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of an Individual Credit Purchase conveys false information with regard to one of the following facts while the purchaser or service recipient is being solicited to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase arising from Door-to-Door Sales, or while the purchaser or service recipient is being solicited to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase arising from Telemarketing Sales, thereby leading the purchaser or service recipient to mistakenly believe that the false information conveyed is true; or if the seller or Service Provider willfully fails to disclose a fact connected with a particular set forth in one of items (i) to (v) inclusive while the purchaser or service recipient is being solicited to conclude such a contract, thereby leading the purchaser or service recipient to mistakenly believe that fact not to exist; and if it is with such a mistaken belief that the purchaser or service recipient manifests the intention to offer such a contract or to accept an offer for such a contract, the purchaser or service recipient may disaffirm the intention so manifested:

- (i) the total amount payable by the purchaser or service recipient;
- (ii) the amount to be paid on each occasion against the full or partial cost of goods or rights or consideration for services that the Intermediation of the Individual Credit Purchase is for, and the timing and method of its payment;
- (iii) material information that may affect the judgment of the purchaser or service recipient involving the type, performance, or quality of the goods, or the type or details of the rights or services, and the other similar information specified by ordinance of the competent ministry which is referred to in Article 6, paragraph (1), item (i) or Article 21, paragraph (1), item (i) of the

- Act on Specified Commercial Transactions;
- (iv) the timing for the delivery of the goods, the timing for the transfer of the rights, or the timing for the provision of the services;
  - (v) information about withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase, or about canceling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase (including information in respect of the provisions of Article 35-3-10, paragraphs (1) to (3) inclusive, paragraphs (5) to (7) inclusive, and paragraphs (9) to (14) inclusive); and
  - (vi) important particulars relevant to the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase which may affect the judgment of the purchaser or service recipient, other than what is set forth in the preceding items.
- (2) If a purchaser or service recipient disaffirms a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase pursuant to the preceding paragraph, and the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase is voided ab initio due to its rescission or on other grounds, it is not permitted for the Individual Credit Purchase Intermediary to demand that the purchaser or service recipient pay an amount of money that corresponds to the full or partial cost of the goods or Designated Rights or consideration for services which the intermediary has delivered to the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase.
- (3) In the case referred to in the preceding paragraph, the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase must return the amount of money that corresponds to the full or partial cost of goods

or Designated Rights or consideration for services that it has been delivered to the Individual Credit Purchase Intermediary.

- (4) In the case referred to in paragraph (2), if the purchaser or service recipient has paid money to the Individual Credit Purchase Intermediary in relation to the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the purchaser or service recipient may demand to be reimbursed that money.
- (5) The disaffirmation of a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase as under the provisions of paragraph (1) may not be asserted against a third party acting in good faith and without negligence.
- (6) The provisions of paragraph (1) must not be construed to prevent the application of the provisions of Article 96 of the Civil Code (Act No. 89 of 1896) to a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase as prescribed in that paragraph.
- (7) The right to disaffirm under the provisions of paragraph (1) is extinguished by prescription if not exercised within a year from the time if it becomes possible to ratify the contract. The same applies if five years have passed since the conclusion of the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase.

Article 35-3-14 (1) If the Coordinator, Solicitor, or General Multilevel Marketing Distributor conveys false information with respect to one of the following facts while the purchaser or service recipient is being solicited to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Specified Personal Multilevel Marketing Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, thereby leading the purchaser or service recipient to mistakenly believe that the information conveyed is true; or if the Coordinator, Solicitor, or General Multilevel Marketing Distributor willfully fails to disclose a fact connected with a particular set forth in one of items (i) to (vi) inclusive while the purchaser or service recipient is being solicited to conclude such a contract, thereby leading the purchaser or service recipient to mistakenly believe that fact not to exist; and if it is with such a mistaken belief that the purchaser or service recipient manifests the intention to offer such a contract or to accept an offer for such a contract, the purchaser or service recipient may disaffirm the intention so manifested:



- (i) the total amount payable by the purchaser or service recipient;
  - (ii) the amount to be paid on each occasion against the full or partial cost of goods or rights or consideration for services that the Intermediation of the Individual Credit Purchase is for, and the timing and method of its payment;
  - (iii) material information that may affect the judgment of the purchaser or service recipient involving the type, performance, or quality of the goods, the type and details of the right to use the facilities or receive the services, the type and details of the services, and the other similar information specified by ordinance of the competent ministry which is referred to in Article 34, paragraph (1), item (i) of the Act on Specified Commercial Transactions;
  - (iv) the particulars of the Specified Burden involved in the multilevel marketing transaction;
  - (v) information about withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase, and about cancelling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase (including information in respect of the provisions of paragraphs (1) to (5) inclusive, paragraphs (7) to (9) inclusive, and paragraphs (11) to (14) inclusive of Article 35-3-11);
  - (vi) the particulars of the Specified Profit; and
  - (vii) material information about the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase that may affect the judgment of the purchaser or service recipient, other what is set forth in the preceding items.
- (2) In the event that a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Specified Personal Multilevel Marketing Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase is disaffirmed pursuant to the provisions of the preceding paragraph, or in the event that a manifested intention to offer, or to accept an offer for, a Specified Personal Multilevel Marketing Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services

Involving the Intermediation of an Individual Credit Purchase is disaffirmed pursuant to the provisions of Article 40-3, paragraph (1) of the Act on Specified Commercial Transactions, if the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase has sold goods or rights or provided services linked to that multilevel marketing to the purchaser or service recipient, and the Individual Credit Purchase Intermediary that concluded the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase in connection with the Specified Personal Multilevel Marketing Contract that constitutes the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase or the Contract for Services Involving the Intermediation of the Individual Credit Purchase has also concluded, with respect to the sale of those goods or rights or the provision of those services, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Sales Contract for Specified Goods, etc. that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, the purchaser or service recipient may cancel the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase in connection with the Sales Contract for Specified Goods, etc. that constitutes the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase or the Contract for Services Involving the Intermediation of that Individual Credit Purchase.

- (3) The provisions of paragraphs (2) to (7) inclusive of the preceding Article apply mutatis mutandis to the disaffirmation of a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase under the provisions of paragraph (1).

Article 35-3-15 (1) If the Service Provider Affiliated with the Intermediation of an Individual Credit Purchase or the Seller Affiliated with the Intermediation of an Individual Credit Purchase conveys false information with respect to one of the following particulars while the service recipient or purchaser is being solicited to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Specified Continuous Service Contract that constitutes a Contract for Services Involving the Intermediation of an Individual Credit Purchase or a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase, thereby leading the service recipient or purchaser to mistakenly believe that the information conveyed is true; or if the Service Provider or seller willfully

fails to disclose a fact connected with a particular set forth in one of items (i) to (vi) inclusive while the service recipient or purchaser is being solicited to conclude such a contract, thereby leading the service recipient or purchaser to mistakenly believe that fact not to exist; and if it is with such a mistaken belief that the service recipient or purchaser manifests the intention to offer such a contract or to accept an offer for such a contract, the service recipient or purchaser may disaffirm the intention so manifested:

- (i) total amount payable by the service recipient or purchaser;
- (ii) the amount to be paid on each occasion against the full or partial consideration for services or cost of goods or rights that the Intermediation of the Individual Credit Purchase is for, and the timing and method of its payment;
- (iii) material information that may affect the judgment of the service recipient or purchaser involving the type, details, or outcome of the services or right to receive services (for rights, this means the outcome of the services to which the right pertain), and the other similar information specified by ordinance of the competent ministry which is referred to in Article 44, paragraph (1), item (i) of the Act on Specified Commercial Transactions;
- (iv) if there are goods that the service recipient or purchaser of the rights is required to purchase when being provided those services or when exercising those rights, material information that may affect the judgment of the service recipient or the purchaser involving the type, performance, or quality of those goods or the other similar information specified by ordinance of the competent ministry which is referred to in Article 44, paragraph (1), item (ii) of the Act on Specified Commercial Transactions;
- (v) the service period or the period during which services are provided that the person can receive by exercising the relevant rights;
- (vi) information about withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase, and about cancelling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase (including information in respect of the provisions of paragraphs (1) to (5) inclusive, paragraphs (7) to (9) inclusive, and paragraphs (11) to (14) inclusive of Article 35-3-11); and
- (vii) material information about the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract

for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase that may affect the judgment of the service recipient or purchaser, other than what is set forth in the preceding items.

- (2) In the event that a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Specified Continuous Service Contract that constitutes a Contract for Services Involving the Intermediation of an Individual Credit Purchase or a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase, is disaffirmed pursuant to the provisions of the preceding paragraph, if the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase or the Seller Affiliated with the Intermediation of the Individual Credit Purchase has sold related goods or has acted as the agent or intermediary for their sale to a service recipient or a purchaser, and the case is such that the Sales Contract for Related Goods constituting the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase is cancelled pursuant to the provisions of Article 49, paragraph (5) of the Act on Specified Commercial Transactions as applied mutatis mutandis pursuant to Article 49-2, paragraph (3) of that Act and the Individual Credit Purchase Intermediary that concluded the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase in connection with the Specified Continuous Service Contract that constitutes the Contract for Services Involving the Intermediation of the Individual Credit Purchase or the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, has also concluded a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Sales Contract for Related Goods that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase, the service recipient or the purchaser may cancel the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase connected with the Sales Contract for Related Goods that constitutes the Contract for the Sale Involving the Intermediation of that Individual Credit Purchase.
- (3) The provisions of paragraphs (2) to (7) inclusive of Article 35-3-13 apply mutatis mutandis to the disaffirmation of a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase under the provisions of paragraph (1).

Article 35-3-16 (1) If the Seller Affiliated with the Intermediation of an Individual Credit Purchase or the Service Provider Affiliated with the

Intermediation of an Individual Credit Purchase conveys false information with respect to the following particulars while the purchaser or service recipient is being solicited to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase in connection with a Personal Business Opportunity Sales Contract that constitutes a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, thereby leading the purchaser or service recipient to mistakenly believe that the information conveyed is true; or if the seller or Service Provider willfully fails to disclose a fact connected with a particular set forth in one of items (i) to (vi) inclusive while the purchaser or service recipient is being solicited to conclude such a contract, thereby leading the purchaser or service recipient to mistakenly believe that fact not to exist; and if it is with such a mistaken belief that the purchaser or service recipient manifests the intention to offer such a contract or to accept an offer for such a contract, the purchaser or service recipient may disaffirm the intention so manifested:

- (i) the total amount payable by the purchaser or service recipient;
- (ii) the amount to be paid on each occasion against the full or partial cost of goods or rights or consideration for services that the Intermediation of the Individual Credit Purchase is for, and the timing and method of its payment;
- (iii) material information that may affect the judgment of the purchaser or service recipient involving the type, performance, or quality of the goods, the type and details of the right to use the facilities or receive the services, the type and details of the services, and the other similar information specified by ordinance of the competent ministry which is referred to in Article 52, paragraph (1), item (i) of the Act on Specified Commercial Transactions;
- (iv) the particulars of the Specified Burden involved in the business opportunity sales transaction, which are prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions;
- (v) information about withdrawing the offer for the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase, and about cancelling the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase (including information in respect of the provisions of paragraphs (1) to (5) inclusive, paragraphs (7) to (9) inclusive, and paragraphs (11) to (14) inclusive of Article 35-3-11);

- (vi) the particulars of the business opportunity profit involved in the business opportunity sales prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions; and
  - (vii) material information about the Contract Stipulating the Receipt of Monies Subject to the Intermediation of the Individual Credit Purchase, the Contract for the Sale Involving the Intermediation of the Individual Credit Purchase, or the Contract for Services Involving the Intermediation of the Individual Credit Purchase, which may affect the judgment of the purchaser or service recipient, other than what is set forth in the preceding items.
- (2) The provisions of paragraphs (2) to (7) inclusive of Article 35-3-13 apply mutatis mutandis to the disaffirmation of a manifested intention to offer, or to accept an offer for, a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase under the provisions of the preceding paragraph.

(Restriction on the Cancellation of a Contract)

- Article 35-3-17 (1) In the event of an unperformed obligation to pay the amount to be paid that is prescribed in Article 35-3-8, item (iii) pursuant to a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase, it is prohibited for the Individual Credit Purchase Intermediary to cancel the contract, or to demand the payment of amounts to be paid that are not yet due, on the grounds of a delay in the payment of an amount to be paid, unless it makes a written demand for this to be paid within a reasonable period of not less than twenty days, and the obligation is not performed within the period.
- (2) Any special provisions of a contract that run counter to the provisions of the preceding paragraph are void.

(Restriction on the Amount of Damages Accompanying the Cancellation of a Contract)

- Article 35-3-18 (1) In the event that a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase is cancelled (unless the contract is cancelled pursuant to the provisions of the main clause of Article 35-3-10, paragraph (1); Article 35-3-11, paragraph (1), paragraph (2), or the main clause of paragraph (3); or the main clause of Article 35-3-12, paragraph (1)), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Individual Credit Purchase Intermediary to demand that the purchaser or service recipient pay an amount of money that exceeds the amount that corresponds to the total amount payable under the contract plus the amount of late charges for this based on the applicable statutory interest rate.

(2) In the event of an unperformed obligation to pay the amount to be paid that is referred to in Article 35-3-8, item (iii) pursuant to the contract referred to in the preceding paragraph (other than if that contract is cancelled), even if the contract has provisions stipulating liquidated damages or the penalty for breach of contract, it is prohibited for the Individual Credit Purchase Intermediary to demand that the purchaser or service recipient pay money that exceeds the amount that corresponds to the total amount payable under the contract less the amount to be paid referred to in that item that has already been paid, plus the amount of late charges for this based on the applicable statutory interest rate.

(Affirmative Defense against an Individual Credit Purchase Intermediary)

Article 35-3-19 (1) If a purchaser or service recipient receives a demand to pay the amount to be paid as referred to in Article 35-3-8, item (iii) pursuant to a Contract for a Sale Involving the Intermediation of an Individual Credit Purchase or a Contract for Services Involving the Intermediation of an Individual Credit Purchase, the purchaser or service recipient may assert an affirmative defense against the Individual Credit Purchase Intermediary demanding the payment, based on grounds that have arisen against the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase under that contract.

(2) Any special provisions of a contract that run counter to the provisions of the preceding paragraph and that are disadvantageous to the purchaser or service recipient are void.

(3) If a purchaser or service recipient that asserts an affirmative defense against an Individual Credit Purchase Intermediary under the provisions of paragraph (1), is requested by the Individual Credit Purchase Intermediary to submit a document stating the details of the grounds referred to in that paragraph in connection with that assertion, the purchaser or service recipient must endeavor to submit such a document.

(4) The provisions of the preceding three paragraphs do not apply to the payment of an amount to be paid as referred to in paragraph (1) that represents a payment toward the total amount payable which is less than the amount specified by Cabinet Order.

(Measures Concerning Business Operations)

Article 35-3-20 An Individual Credit Purchase Intermediary, pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance, must take the necessary measures to properly handle information about purchasers and service recipients that it acquires in

the course of its services in the Intermediation of Individual Credit Purchases, to ensure the proper performance of its services in the Intermediation of Individual Credit Purchases if it entrusts those services to a third party, to properly perform its services in light of the knowledge, experience, and financial condition of the purchaser or service recipient and the purpose for which the Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase is concluded, and to appropriately and promptly process complaints from purchasers and service recipients, in order to protect the interests of purchasers and service recipients.

(Improvement Orders)

Article 35-3-21 (1) If the Minister of Economy, Trade and Industry finds an Individual Credit Purchase Intermediary to be in violation of the provisions of the main clause of paragraph (1) of Article 35-3-3; paragraph (3) or paragraph (4) of that Article; the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; Article 35-3-10, paragraph (4); Article 35-3-11, paragraph (6); the preceding Article; Articles 35-3-56 to 35-3-58 inclusive; or Article 35-3-59, paragraph (1), the minister, within the scope that it is necessary, may order to the Individual Credit Purchase Intermediary to take the necessary measures to improve the business operations that are connected with the Intermediation of Individual Credit Purchases.

(2) If an Individual Credit Purchase Intermediary violates the provisions of the main clause of paragraph (1) of Article 35-3-3; paragraph (3) or paragraph (4) of that Article; the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or the preceding Article, before the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of the preceding paragraph, the minister must consult with the Prime Minister.

(3) If an Individual Credit Purchase Intermediary violates the provisions of the main clause of paragraph (1) of Article 35-3-3; paragraph (3) or paragraph (4) of that Article; the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or the preceding Article, and the Prime Minister finds it to be necessary for protecting the interests of the purchasers or service recipients, the minister may state an opinion concerning the order under paragraph (1), as necessary, to the Minister of Economy, Trade and Industry.

(Means That Employ Information and Communications Technology)

Article 35-3-22 (1) With the consent of the purchaser or service recipient and pursuant to the provisions of Cabinet Order, in lieu of delivering a document under the provisions of Article 35-3-8, or Article 35-3-9, paragraph (1) or paragraph (3), the Seller Affiliated with the Intermediation of an Individual Credit Purchase, the Service Provider Affiliated with the Intermediation of an



Individual Credit Purchase, or the Individual Credit Purchase Intermediary may provide the purchaser or service recipient with the particulars that are required to be stated in such a document through Electronic or Magnetic Means. In doing so, the Seller Affiliated with the Intermediation of the Individual Credit Purchase, the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase, or the Individual Credit Purchase Intermediary is deemed to have delivered the document.

- (2) If the particulars that are required to be stated in a document are provided by the means provided for in the first sentence of the preceding paragraph (other than a means specified by Ordinance of the Ministry of Economy, Trade and Industry or Cabinet Office Ordinance) in lieu of the document under the provisions of Article 35-3-9, paragraph (1) or paragraph (3) being delivered, the document is deemed to reach the purchaser or service recipient when the particulars are recorded in a file that is stored on a computer used by the purchaser or service recipient.

### **Subsection 2 Registration of Individual Credit Purchase Intermediaries**

(Registration of Individual Credit Purchase Intermediaries)

Article 35-3-23 It is prohibited for any person other than a corporation registered in the Individual Credit Purchase Intermediary register maintained at the Ministry of Economy, Trade and Industry (hereinafter referred to as a "Registered Individual Credit Purchase Intermediary") to engage in the Intermediation of Individual Credit Purchases in the course of trade; provided, however, that this does not apply to the organizations set forth in Article 35-3-60, paragraph (2), item (iv).

(Application for Registration)

Article 35-3-24 (1) A person seeking to be registered as referred to in the preceding Article must submit an application to the Minister of Economy, Trade and Industry, stating the following particulars:

- (i) its name;
- (ii) the names and locations of its principal office and business offices;
- (iii) the amount of total assets minus total liabilities; and
- (iv) the names of its officers.

- (2) The articles of incorporation, a certificate of registered information, and the documents specified by Ordinance of the Ministry of Economy, Trade and Industry must accompany the application referred to in the preceding paragraph; provided, however, that the certificate of registered information may be omitted if so specified by Ordinance of the Ministry of Economy, Trade

and Industry.

- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one as specified by Ordinance of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

(Registration and Notice)

Article 35-3-25 (1) Whenever there is an application for registration under paragraph (1) of the preceding Article, the Minister of Economy, Trade and Industry must register the particulars set forth in the items of paragraph (1) of the preceding Article and the date of registration in the Individual Credit Purchase Intermediary register, unless the minister refuses to effect a registration, pursuant to the provisions of paragraph (1) of the following Article.

- (2) Once the Minister of Economy, Trade and Industry effects a registration as referred to in Article 35-3-23, the minister must notify this to the applicant for such registration without delay.

(Refusal to Effect a Registration)

Article 35-3-26 (1) If the person submitting an application as referred to in Article 35-3-24, paragraph (1) falls under one of the following items, or if the application or a document accompanying it contains a false statement with regard to material information or omits a statement of material fact, the Minister of Economy, Trade and Industry must refuse to effect that registration:

- (i) a person that is not a corporation;
- (ii) a corporation with total assets minus total liabilities of lower than the amount that is found to be necessary and appropriate for the proper implementation of business involved in the Intermediation of Individual Credit Purchases and for protecting purchasers or service recipients, as specified by Cabinet Order;
- (iii) a corporation whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 35-3-32, if five years have not yet passed since the date of the rescission;
- (iv) a corporation that has been sentenced to a fine pursuant to the provisions of this Act or the Money Lending Business Act, if five years have not yet passed since the day on which it finished serving the sentence or ceased to be subject to its enforcement;
- (v) a corporation with an officer that falls under one of the following:
  - (a) a person that has not had rights restored after receiving a ruling of

- commencement of bankruptcy proceedings;
- (b) a person that has been sentenced to imprisonment or a heavier punishment, if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (c) a person that has been sentenced to a fine for violating the provisions of this Act, the Money Lending Business Act, or the Act to Prevent Illegal Activities by Members of Organized Crime Groups (excluding the provisions of Article 32-2, paragraph (7) of that Act) or for committing a crime set forth in the Penal Code or the Act on the Punishment of Violent Acts, if five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (d) a person that, during the thirty days prior to the relevant disposition, was the officer of a Registered Individual Credit Purchase Intermediary whose registration has been rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 35-3-32, if five years have not yet passed since the date of the disposition; or
  - (e) the Member of an Organized Crime Group, etc.
  - (vi) a corporation whose business activities are controlled by the Member of an Organized Crime Group, etc.;
  - (vii) a corporation that is likely to allow the Member of an Organized Crime Group, etc. to engage in its business activities or to employ such a person as an assistant in its business activities;
  - (viii) a corporation specified by Ordinance of the Ministry of Economy, Trade and Industry as one that there are sufficient grounds to find likely to engage in illegal or dishonest acts in respect of business connected with the Intermediation of Individual Credit Purchases; or
  - (ix) a corporation that is found not to have in place the necessary system for ensuring the smooth implementation of investigations provided for in the main clause of Article 35-3-3, paragraph (1), investigations prescribed in Article 35-3-5, paragraph (1), and other measures prescribed in this Act, the necessary system for appropriately and promptly processing complaints from purchasers or service recipients, and other systems specified by Ordinance of the Ministry of Economy, Trade and Industry as necessary for ensuring fair and proper implementation in the Intermediation of Individual Credit Purchases.
- (2) The provisions of Article 15, paragraphs (2) and (3) apply mutatis mutandis when an application for registration under Article 35-3-24, paragraph (1) is filed.

(Renewal of Registration)

- Article 35-3-27 (1) The registration referred to in Article 35-3-23 ceases to be valid upon expiration of a period of three years, unless renewed.
- (2) The provisions of Article 15, paragraphs (2) and (3); Article 35-3-24; Article 35-3-25; and paragraph (1) of the preceding Article apply mutatis mutandis to the renewal of the registration referred to in the preceding paragraph.
- (3) If an application is filed for the renewal referred to in paragraph (1), but no disposition is reached on the application by the last day of the period referred to in that paragraph (hereinafter referred to as the "Valid Period of Registration" in this Article), the previous registration remains valid after the expiration of the Valid Period of Registration until the disposition is reached.
- (4) In the case referred to in the preceding paragraph, if a registration is renewed, the Valid Period of Registration is calculated beginning from the day following the last day of the prior Valid Period of Registration.
- (5) A person seeking the renewal of a registration as referred to in paragraph (1), must pay the fee specified by Cabinet Order in consideration of actual expenses.

(Notification of a Change)

- Article 35-3-28 (1) If a particular set forth in one of the items of Article 35-3-24, paragraph (1), items (i), (ii) or (iv) changes, Registered Individual Credit Purchase Intermediary must notify the Minister of Economy, Trade and Industry of this without delay.
- (2) Upon receipt of the notification of a change pursuant to the provision of the preceding paragraph, the Minister of Economy, Trade and Industry must register the matters reported in the notification to the Individual Credit Purchase Intermediaries register.
- (3) The provisions of Article 35-3-24, paragraphs (2) and (3) apply mutatis mutandis when the notification of a change under the provisions of paragraph (1) is filed..

(Inspection of the Register)

Article 35-3-29 The Minister of Economy, Trade and Industry must make the Individual Credit Purchase Intermediaries register available for public inspection.

(Prohibition on Name Lending)

Article 35-3-30 A Registered Individual Credit Purchase Intermediary must not allow any other person to conduct the Intermediation of Individual Credit Purchases in the course of trade under its name.

(Improvement Orders)

Article 35-3-31 If the Minister of Economy, Trade and Industry finds a

Registered Individual Credit Purchase Intermediary to fall under the provisions of Article 35-3-26, paragraph (1), item (ix), the minister, within the scope that it is necessary, may order the Registered Individual Credit Purchase Intermediary to take the necessary measures for improving the business operations that are connected with the Intermediation of Individual Credit Purchases.

(Rescission of Registration)

Article 35-3-32 (1) If a Registered Individual Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry must rescind its registration:

- (i) it comes to fall under the provisions of one of Article 35-3-26, paragraph (1), items (iv) to (viii) inclusive;
- (ii) it has been registered as referred to in Article 35-3-23 (including the renewal of a registration as referred to in Article 35-3-27, paragraph (1)) by wrongful means; or
- (iii) it violates an order provided for in Article 35-3-30.

(2) If a Registered Individual Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry may rescind its registration, or may order the suspension of all or part of the business operations connected with the Intermediation of Individual Credit Purchases during a fixed period of no longer than one year:

- (i) it violates an order under the provisions of Article 35-3-21, paragraph (1) or the preceding Article;
- (ii) it comes to fall under the provisions of Article 35-3-26, paragraph (1), item (ii); or
- (iii) it fails to file a notification under the provisions of Article 35-3-28, paragraph (1) or files a false notification.

(3) If a Registered Individual Credit Purchase Intermediary violates the order referred to in item (i) of the preceding paragraph (limited to if the Registered Individual Credit Purchase Intermediary violates the provisions of the main clause of paragraph (1) of Article 35-3-3; paragraph (3) or paragraph (4) of that Article; the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or Article 35-3-20; the same applies in the following paragraph and Article 40, paragraph (4)), before seeking to reach a disposition under the preceding paragraph, the Minister of Economy, Trade and Industry must consult with the Prime Minister.

(4) If a Registered Individual Credit Purchase Intermediary violates the order referred to in paragraph (2), item (i) and the Prime Minister finds it to be necessary in order to protect the interests of purchasers or service recipients, the minister may state an opinion concerning the disposition under that

paragraph, as necessary, to the Minister of Economy, Trade and Industry.

- (5) If the Minister of Economy, Trade and Industry rescinds a registration under paragraph (1) or paragraph (2), the minister must notify the person that was formerly the relevant Registered Individual Credit Purchase Intermediary of this, indicating the reasons for the disposition, without delay.

(Deletion of Registration)

Article 35-3-33 (1) If a Registered Individual Credit Purchase Intermediary falls under one of the following items, the Minister of Economy, Trade and Industry must delete the registration of the Registered Individual Credit Purchase Intermediary from the Individual Credit Purchase Intermediary register:

- (i) the registration loses validity pursuant to the provisions of Article 35-3-27, paragraph (1);
  - (ii) the registration is rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article; or
  - (iii) a notification under the provisions of Article 26, paragraph (1) as applied mutatis mutandis pursuant to Article 35-3-35 is filed, or it is discovered to have discontinued business as an Individual Credit Purchase Intermediary.
- (2) The provisions of paragraph (5) of the preceding Article apply mutatis mutandis if a registration is deleted pursuant to the provisions of item (i) or item (iii) of the preceding paragraph.

(Cancellation of a Contract by the Seller)

Article 35-3-34 (1) If the registration of a Registered Individual Credit Purchase Intermediary is rescinded pursuant to the provisions of paragraph (1) or paragraph (2) of Article 35-3-32, or is deleted pursuant to paragraph (1), item (i) or item (iii) of the preceding Article, a seller or Service Provider that has concluded a contract for the Intermediation of Individual Credit Purchases with that Registered Individual Credit Purchase Intermediary may effect a prospective cancellation of that contract.

- (2) Any special provisions of a contract that run counter to the preceding paragraph are void.

(Provisions Applied Mutatis Mutandis)

Article 35-3-35 The provisions of Article 24; Article 26, paragraph (1); and Article 28 apply mutatis mutandis when a person engages in the Intermediation of Individual Credit Purchases in the course of trade. In this case, the phrase "issues an order under the provisions of Article 20, paragraph (1) or rescinds such an order pursuant to the provisions of Article 20, paragraph (2), or if the minister rescinds a license pursuant to the provisions of paragraph (1) or paragraph (2) of the preceding Article" in Article 24 is

deemed to be replaced with "rescinds a registration pursuant to the provisions of Article 35-3-32, paragraph (1), issues an order rescinding a registration or suspending all or part of the business operations connected to the Intermediation of Individual Credit Purchases pursuant to the provisions of paragraph (2) of that Article, or deletes a registration pursuant to the provisions of Article 35-3-33, paragraph (1), item (i) or item (iii)"; the phrase "paragraph (1) or paragraph (2) of Article 23" in Article 28 is deemed to be replaced with "paragraph (1) or paragraph (2) of Article 35-3-32"; the term "loses validity pursuant to the provisions of Article 25" in that Article is deemed to be replaced with "its registration is deleted pursuant to the provisions of Article 35-3-33, paragraph (1), item (i) or item (iii)"; and the term "contract for Prepaid Installment Sales" in that Article is deemed to be replaced with "contract for the Intermediation of an Individual Credit Purchase or a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase that have the Seller Affiliated with the Intermediation of the Individual Credit Purchase or the Service Provider Affiliated with the Intermediation of the Individual Credit Purchase as the other party".

### **Section 3 Designated Credit Bureaus**

#### **Subsection 1 General Rules**

(Designation of a Person to Perform Specified Credit Information Services)

Article 35-3-36 (1) On the application of a person that meets the following requirements, the Minister of Economy, Trade, and Industry may designate that person to perform specified credit information services pursuant to the provisions of this Section (meaning services constituting the collection and provision of specified credit information to Comprehensive Credit Purchase Intermediaries or Individual Credit Purchase Intermediaries; the same applies hereinafter):

- (i) it is a corporation (this includes an association or a foundation that is without legal personality but that has a representative or administrator, but it excludes a corporation incorporated under the law of a foreign state or any other foreign organization; the same applies in item (iv), (d));
- (ii) it is not a person whose designation under the provisions of this paragraph has been rescinded pursuant to the provisions of Article 35-3-54, paragraph (1) and that is yet to have five years pass since the date of the rescission; and
- (iii) it is not a person that has been sentenced to a fine (including an equivalent punishment under a foreign law or regulation) for violating the provisions of this Article, the Act on the Protection of Personal Information (Act No. 57 of 2003) or an equivalent foreign law or regulation, and that is

yet to have five years pass since it finished serving the sentence or ceased to be subject to its enforcement;

(iv) it does not have an officer (this means a member that executes business (if a member that executes business is a corporation, this includes the person that performs its duties as a member), a director, executive officer, accounting advisor (if an accounting advisor is a corporation, this includes the member that performs its duties as an accounting advisor), auditor, representative, or administrator, or a person equivalent to any of these; hereinafter the same applies in this Subsection and Subsection 3) that falls under one of the following:

(a) a person specified by Ordinance of the Ministry of Economy, Trade and Industry as being unable to cope with the execution of its duties due to a mental or physical disorder;

(b) a person that has not had rights restored after receiving a ruling of commencement of bankruptcy proceedings, or a person that is treated in the same manner as such a person under the laws and regulations of a foreign state;

(c) a person that has been sentenced to imprisonment or a heavier punishment (including equivalent punishment under a foreign law or regulation), if five years have not yet passed since the person finished serving the sentence or ceased to be subject to its enforcement;

(d) a person that, during the 30 days prior to the date of rescission, was the officer (including a person treated in the same manner under foreign laws and regulations; the same applies in (e)) of a corporation, in a case in which a designation under this paragraph has been rescinded pursuant to the provisions of Article 35-3-54, paragraph (1) or in which an administrative disposition which is similar to such a designation and which the corporation has received in a foreign state pursuant to the provisions of a foreign law or regulation that is equivalent to this Act, has been rescinded, if five years have not passed since the date of the rescission;

(e) an officer whose dismissal has been ordered pursuant to the provisions of Article 35-3-54, paragraph (1) or of a foreign law or regulation that is equivalent to this Act, if five years have not yet passed since the date of that disposition; and

(f) a person that has been sentenced to a fine (including an equivalent punishment under a foreign law or regulation) for violating the provisions of this Article, the Act on the Protection of Personal Information, or an equivalent foreign law or regulation, if five years have not yet passed since the person finished serving the sentence or ceased to be subject to its enforcement.



- (v) the scope specified by Ordinance of the Ministry of Economy, Trade and Industry as the scope of specified credit information it handles conforms to the standard specified by Ordinance of the Ministry of Economy, Trade and Industry as sufficient for allowing it to perform specified credit information services appropriately and efficiently;
  - (vi) it is found to have the financial basis that is found to be necessary to allow it to perform specified credit information services as specified by Ordinance of the Ministry of Economy, Trade and Industry; and
  - (vii) in light of its personnel structure, it is found to have sufficient knowledge and experience for performing specified credit information services appropriately and reliably, and to have sufficient social credibility.
- (2) If the Minister of Economy, Trade and Industry makes a designation under the provisions of the preceding paragraph, the minister must issue public notice of the trade name or name of the Designated Credit Bureau, the location of its principal business office or office, and the date of the designation in the official gazette.

(Application for Designation)

- Article 35-3-37 (1) A person seeking the designation under the provisions of paragraph (1) of the preceding Article must submit an application to the Minister of Economy, Trade and Industry, stating the following particulars:
- (i) its trade name or name;
  - (ii) the name and location of its principal business office or office or of the business office or office where it will perform specified credit information services;
  - (iii) the names or trade names of its officers; and
  - (iv) if it does business other than in specified credit information services and business incidental thereto, the content of that business.
- (2) The following documents must accompany the application 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 documents equivalent to these);
  - (iii) its operational rules;
  - (iv) an inventory of property, balance sheet, profit and loss statement or income and expenditure statement, and business report; and
  - (v) documents other than those set forth in the preceding items, which are specified by Ordinance of the Ministry of Economy, Trade and Industry.
- (3) In the case referred to in the preceding paragraph, if the articles of incorporation, inventory of property, balance sheet, profit and loss statement

or income and expenditure statement, or business report has been created as an electronic or magnetic record, the electric or magnetic record (limited to one as specified by Ordinance of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

(Restriction on the Concurrent Holding of Positions by the Officers of a Designated Credit Bureau)

Article 35-3-38 Unless the representative of a Designated Credit Bureau or an officer engaging in its day-to-day business operations obtains the authorization of the Minister of Economy, Trade and Industry to do so, it is prohibited for that representative or officer to become the representative of a Comprehensive Credit Purchase Intermediary, Individual Credit Purchase Intermediary, or other corporation specified by Ordinance of the Ministry of Economy, Trade and Industry or to engage in its day-to-day business operations, and it is prohibited for that representative or officer to engage in the money lending business prescribed in Article 2, paragraph (1) of the Money Lending Business Act or any other businesses specified by Ordinance of the Ministry of Economy, Trade and Industry.

(Duty of Confidentiality)

Article 35-3-39 It is prohibited for the officer or employee of a Designated Credit Bureau or a person that has held one of these positions to divulge or misappropriate confidential information learned in connection with specified credit information services.

## **Subsection 2 Services**

(Services of a Designated Credit Bureau)

Article 35-3-40 The Designated Credit Bureau performs specified credit information services pursuant to the provisions of this Section and as specified by its operational rules.

(Restriction on Concurrent Business)

Article 35-3-41 (1) A Designated Credit Bureau may not do business other than in specified credit information services and business incidental thereto; provided, however, that this does not apply if the Designated Credit Bureau obtains the approval of the Minister of Economy, Trade and Industry pursuant to the provisions of Ordinance of the Minister of Economy, Trade and Industry for business that entails it providing credit information (meaning information concerning Users' (meaning Users as prescribed in Article 2, paragraph (1), item (ii) and Users as prescribed in paragraph (3), item (i) of that Article),

purchasers', or service recipients' ability to pay; the same applies in Article 38 and Article 39) to Installment Sellers or Loan-Based Installment Sellers, or for other business that is found to carry no risk of compromising its appropriate and reliable performance of specified credit information services.

- (2) If the Designated Credit Bureau discontinues business for which it has obtained the approval referred to in the proviso to the preceding paragraph, it must notify the Minister of Economy, Trade and Industry of this pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.
- (3) If the application referred to in Article 35-3-37, paragraph (1) states that the applicant engages in business other than specified credit information services and business incidental thereto, and the applicant obtains the designation referred to in Article 35-3-36, paragraph (1), the applicant is deemed to have obtained the approval referred to in the proviso to paragraph (1) to perform that business.

(Entrusting a Person with a Part of Specified Credit Information Services)

Article 35-3-42 (1) A Designated Credit Bureau may entrust another person with part of its specified credit information services pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry, with the approval of the Minister of Economy, Trade and Industry.

- (2) A person that has been entrusted as under the provisions of the preceding paragraph may further entrust another person with a part of the specified credit information services with which it has been entrusted, with the consent of the Designated Credit Bureau that has entrusted it with those services.

(Approval of the Operational Rules)

Article 35-3-43 (1) A Designated Credit Bureau must establish operational rules in respect of the following particulars relevant to its specified credit information services, and obtain the approval of the Minister of Economy, Trade and Industry for the same. The same applies if it seeks to change these:

- (i) particulars relevant to the conclusion of contracts with Comprehensive Credit Purchase Intermediaries or Individual Credit Purchase Intermediaries, under which it will provide specified credit information (hereinafter each such a contract is referred to as a "Specified Credit Information Service Contract");
- (ii) particulars relevant to the collection and provision of specified credit information;
- (iii) particulars relevant to the inappropriate disclosure, loss, or damage of specified credit information and other particulars relevant to the secure management of specified credit information;
- (iv) particulars relevant to ensuring the accuracy of the specified credit

- information;
- (v) the particulars of fees;
  - (vi) if there are other Designated Credit Bureaus, particulars relevant to the provision of basic specified credit information (meaning specified credit information with respect to the particulars set forth in the items of Article 35-3-56, paragraph (1) in connection with Contracts Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases and Contracts Stipulating the Receipt of Monies Subject to the Intermediation of Individual Credit Purchases; the same applies hereinafter) to those other Designated Credit Bureaus, and particulars relevant to the coordination of specified credit information services with those other Designated Credit Bureaus (if fees are collected pursuant to the provisions of Article 35-3-47, paragraph (2), including the particulars of those fees);
  - (vii) particulars relevant to the supervision of Comprehensive Credit Purchase Intermediaries that are the other parties to Specified Credit Information Service Contracts (hereinafter each of these is referred to as an "Affiliated Comprehensive Credit Purchase Intermediary") or Individual Credit Purchase Intermediaries that are the other parties to Specified Credit Information Service Contracts (hereinafter each of these is referred to as an "Affiliated Individual Credit Purchase Intermediary");
  - (viii) particulars relevant to measures for ensuring the appropriate and reliable performance of entrusted services if it entrusts another person with part of the specified credit information services;
  - (ix) particulars relevant to the processing of complaints; and
  - (x) particulars specified by Ordinance of the Ministry of Economy, Trade and Industry as necessary for executing specified credit information services, other than what is set forth in the preceding items.
- (2) The operational rules in respect of the particulars set forth in item (ii) of the preceding paragraph must have the following particulars among their contents:
- (i) that it will provide all specified credit information on the relevant User, purchaser, or service recipient when an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary requests it to provide specified credit information on a User, purchaser, or service recipient; and
  - (ii) that it will receive all basic specified credit information on each purchaser or service recipient from an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary, which that intermediary has on the relevant purchaser or service recipient.
- (3) The operational rules in respect of the particulars set forth in paragraph (1), item (v) must have among their contents that the fees for specified credit information services be equitable and appropriate in light of the reasonable

costs incurred in the efficient operation of business.

- (4) If operational rules that the Minister of Economy, Trade and Industry has approved as referred to in paragraph (1) are found to have become inappropriate in terms of the proper and reliable performance of specified credit information services, the minister may order the Designated Credit Bureau to change those operational rules.

(Prohibition on Differential Treatment)

Article 35-3-44 (1) When a Comprehensive Credit Purchase Intermediary or Individual Credit Purchase Intermediary wishes to conclude a Specified Credit Information Service Contract, the Designated Credit Bureau must not refuse said request without legitimate grounds for doing so.

- (2) The Designated Credit Bureau must not subject any particular Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary to unfairly differential treatment.

(Archiving Records)

Article 35-3-45 The Designated Credit Bureau must prepare and archive records of specified credit information services pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(Supervision of Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries)

Article 35-3-46 A Designated Credit Bureau must exercise the necessary and appropriate supervision over Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries so that they do not use specified credit information provided to them by the Designated Credit Bureau for purposes other than investigations under the provisions of the main clause of Article 30-2, paragraph (1); investigations under the provisions of Article 30-5-5, paragraph (2); investigations under the provisions of Article 35-2-4, paragraph (2); investigations under the provisions of the main clause of Article 35-3-3, paragraph (1); or other investigations into the particulars of a User's, purchaser's, or service recipient's ability to pay (referred to as an "Investigation into the Ability to Pay" in Article 35-3-59, paragraph (1) and Article 50, item (ii)).

(Information Services of a Designated Credit Bureau)

Article 35-3-47 (1) If a first Designated Credit Bureau is requested by a second Designated Credit Bureau to provide basic specified credit information as per the request of the Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary of that second Designated

Credit Bureau, the first Designated Credit Bureau must provide the basic specified credit information requested, unless it has legitimate grounds not to do so or unless it is a case as specified by Ordinance of the Ministry of Economy, Trade and Industry.

- (2) A Designated Credit Bureau may collect fees for providing basic specified credit information as under the provisions of the preceding paragraph.
- (3) If a Designated Credit Bureau collects fees pursuant to the provisions of the preceding paragraph, it must set those fees at a level that is equitable and appropriate in light of the reasonable costs incurred in the efficient operation of business for providing the basic specified credit information as under the provisions of paragraph (1).
- (4) The provisions of Article 35-3-39 and Article 35-3-45 apply mutatis mutandis to business for providing basic specified credit information as under the provisions of paragraph (1).

(Public Inspection of the Register of Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries)

Article 35-3-48 A Designated Credit Bureau must make the register of Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries available for public inspection.

(Restrictions on the Use of Names)

Article 35-3-49 It is prohibited for a person that is not a Designated Credit Bureau (unless it is a person that has obtained a designation under the provisions of Article 41-13, paragraph (1) of the Money Lending Business Act) to use a term in its name or trade name which could give rise to the misconception that it is a Designated Credit Bureau.

### **Subsection 3 Supervision**

(Notification of a Change)

Article 35-3-50 (1) If a particular set forth in one of items (i) to (iii) inclusive of Article 35-3-37, paragraph (1) changes, the Designated Credit Bureau must file a notification of this with the Minister of Economy, Trade and Industry, without delay.

- (2) If a notification of a change to the trade name or name of a Designated Credit Bureau or the location of its principal business office or office is filed pursuant to the provisions of the preceding paragraph, the Minister of Economy, Trade and Industry must issue public notice of that change in the official gazette.

(Submission of Reports on Business Activities and Assets)

Article 35-3-51 (1) Each business year, a Designated Credit Bureau must prepare a report on its business activities and assets in the relevant business year and submit it to the Minister of Economy, Trade and Industry.

(2) The particulars that are required to be stated in the report referred to in the preceding paragraph, the submission date, and other necessary particulars are specified by Ordinance of the Ministry of Economy, Trade and Industry.

(Improvement Orders)

Article 35-3-52 If the Minister of Economy, Trade and Industry finds, with respect to a Designated Credit Bureau's operation of specified credit information services, that it is necessary to do so in order to ensure the proper and reliable performance of specified credit information services, the minister, within the scope of that necessity, may order the Designated Credit Bureau to take the measures necessary for improving its financial condition and business operations.

(Suspension and Discontinuation of Specified Credit Information Services)

Article 35-3-53 (1) If a Designated Credit Bureau seeks to suspend (other than due to a reason prescribed in the following paragraph) or discontinue all or part of its specified credit information services, it must obtain the authorization of the Minister of Economy, Trade and Industry to do so.

(2) If a Designated Credit Bureau suspends all or part of its specified credit information services due to a natural disaster or for other reasons beyond its control, the Designated Credit Bureau must immediately file a notification of this with the Minister of Economy, Trade and Industry, indicating the applicable reason, as well as notifying Affiliated Comprehensive Credit Purchase Intermediaries, Affiliated Individual Credit Purchase Intermediaries, and other Designated Credit Bureaus. The same applies when a Designated Credit Bureau recommences all or part of the specified credit information services so suspended.

(3) If the specified credit information services of a Designated Credit Bureau are suspended pursuant to the provisions of one of the preceding two paragraphs, and a Comprehensive Credit Purchase Intermediary or Individual Credit Purchase Intermediary is unable to use all or part of the specified credit information held by the Designated Credit Bureau, the provisions of Article 30-2, paragraph (3), Article 30-5-5, paragraph (2), Article 35-2-4, paragraph (2) and Article 35-3-3, paragraph (3) do not apply.

(Rescission of Designation)

Article 35-3-54 (1) If a Designated Credit Bureau falls under one of the following items, the Minister of Economy, Trade and Industry may rescind the

designation under the provisions of Article 35-3-36, paragraph (1) or the approval referred to in the proviso to Article 35-3-41, paragraph (1), order the suspension of all or part of its specified credit information services within a fixed period of no longer than six months, or order the dismissal of its officers:

- (i) it comes to no longer fall under the requirements set forth in Article 35-3-36, paragraph (1), items (iii) to (vii) inclusive, or it is discovered not to have fallen under one of the items of that paragraph at the time it was designated;
- (ii) it has obtained the designation under Article 35-3-36, paragraph (1) by wrongful means; or
- (iii) it violates a law or regulation or a disposition based on the same.

(2) If the Minister of Economy, Trade and Industry rescinds a designation under Article 35-3-36, paragraph (1) pursuant to the provisions of the preceding paragraph, the minister must issue public notice of this in the official gazette.

(Order to Transfer Specified Credit Information Services)

Article 35-3-55 (1) If a Designated Credit Bureau falls under one of the following items, the Minister of Economy, Trade and Industry may order the Designated Credit Bureau to have another Designated Credit Bureau perform all or part of the specified credit information services:

- (i) the Minister of Economy, Trade and Industry rescinds its designation under Article 35-3-36, paragraph (1) pursuant to the provisions of paragraph (1) of the preceding Article, or orders the suspension of all or part of its specified credit information services;
- (ii) the Minister of Economy, Trade and Industry gives the authorization referred to in Article 35-3-53, paragraph (1);
- (iii) it is found to be likely for circumstances to occur in which the repayment of obligations within the repayment term substantially compromises the continuation of specified credit information services, or for a fact to occur that causes bankruptcy proceedings to commence; or
- (iv) it becomes difficult for the Designated Credit Bureau to perform all or part of the specified credit information services due to a natural disaster or other circumstances.

(2) If the Minister of Economy, Trade and Industry issues an order under the preceding paragraph, the minister must issue public notice of this in the official gazette.

#### **Subsection 4 Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries**

(Provision of Basic Specified Credit Information)

Article 35-3-56 (1) When an Affiliated Comprehensive Credit Purchase



Intermediary or Affiliated Individual Credit Purchase Intermediary concludes a Specified Credit Information Service Contract with a Designated Credit Bureau, it must provide the Designated Credit Bureau with the following particulars in respect of the Contracts Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases or Contracts Stipulating the Receipt of Monies Subject to the Intermediation of Individual Credit Purchases with purchasers or service recipients as the other parties, which it has concluded before concluding the Specified Credit Information Service Contract, and under which there is still an amount to be paid or time payment that is not yet due as of the time that the Specified Credit Information Service Contract is concluded (including those which are due and which represent unperformed payment obligations):

- (i) the name and address of the purchaser or service recipient and other particulars specified by Ordinance of the Ministry of Economy, Trade and Industry as particulars by which the purchaser or service recipient can be identified;
  - (ii) the date of the contract;
  - (iii) the amount of obligations connected with the Intermediation of Comprehensive Credit Purchases or the Intermediation of Individual Credit Purchases, which are not yet due or which represent unperformed payment obligations; and
  - (iv) particulars other than what is set forth in the preceding three items, which are specified by Ordinance of the Ministry of Economy, Trade and Industry.
- (2) Whenever an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary concludes a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases or a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase with a purchaser or service recipient as the other party, it must provide basic specified credit information in respect of that contract to the Designated Credit Bureau with which it is affiliated (meaning the Designated Credit Bureau with which it has concluded a Specified Credit Information Service Contract; the same applies hereinafter) without delay.
- (3) If the basic specified credit information under the preceding two paragraphs which an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary has provided changes, the intermediary must provide the Designated Credit Bureau with which it is affiliated with the details of that change, without delay.

(Obtaining Consent to Provide Specified Credit Information to a Designated Credit Bureau)

Article 35-3-57 (1) Except in the cases specified by Ordinance of the Ministry of Economy, Trade and Industry, before an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary requests a Designated Credit Bureau with which it is affiliated to provide it with specified credit information about a User, purchaser, or service recipient (including a request to be provided with the basic specified credit information about the User, purchaser, or service recipient which another Designated Credit Bureau holds), it must obtain the consent of the User, purchaser, or service recipient in writing or by Electronic or Magnetic Means.

(2) Before seeking to conclude a Contract Stipulating the Receipt of Monies Subject to the Intermediation of Comprehensive Credit Purchases or a Contract Stipulating the Receipt of Monies Subject to the Intermediation of an Individual Credit Purchase with a purchaser or service recipient as the other party, an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary must obtain the consent set forth in the following from the purchaser or service recipient, in writing or by Electronic or Magnetic Means:

(i) consent for basic specified credit information about the purchaser or service recipient to be provided to the Designated Credit Bureau with which the intermediary is affiliated;

(ii) consent for the Designated Credit Bureau with which the intermediary is affiliated to provide the basic specified credit information referred to in the preceding item to its other Affiliated Comprehensive Credit Purchase Intermediaries and Affiliated Individual Credit Purchase Intermediaries; and

(iii) consent for the basic specified credit information referred to in item (i) to be provided to the Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary of another Designated Credit Bureau, in response to a request under the provisions of Article 35-3-47, paragraph (1).

(3) Whenever an Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary obtains the consent referred to in one of the preceding two paragraphs, it must prepare and archive records of that consent pursuant to the provisions of Ordinance of the Ministry of Economy, Trade and Industry.

(Disclosure of the Trade Name of the Designated Credit Bureau with Which the Intermediary Is Affiliated)

Article 35-3-58 An Affiliated Comprehensive Credit Purchase Intermediary or Affiliated Individual Credit Purchase Intermediary must disclose the trade name or name of the Designated Credit Bureau with which it is affiliated.

(Prohibition on Use for Other Purposes)

- Article 35-3-59 (1) It is prohibited for an Affiliated Comprehensive Credit Purchase Intermediary, an Affiliated Individual Credit Purchase Intermediary, or the officer or employee of either of these, to request the Designated Credit Bureau with which it is affiliated to provide it with specified credit information for purposes other than an Investigation into the Ability to Pay (this includes a request to provide it with the basic specified credit information on a User, purchaser, or service recipient, which another Designated Credit Bureau holds), for such a person to use specified credit information it has received from the Designated Credit Bureau with which it is affiliated for purposes other than an Investigation into the Ability to Pay, or for it provide such information to a third party.
- (2) Once a person is no longer an Affiliated Comprehensive Credit Purchase Intermediary, an Affiliated Individual Credit Purchase Intermediary, or the officer or employee of either of these, it is prohibited for that person to use specified credit information received from a Designated Credit Bureau with which it was affiliated, or to provide that information to a third party.

#### **Section 4 Exclusion from Application**

- Article 35-3-60 (1) The provisions of this Chapter do not apply to the Intermediation of Comprehensive Credit Purchases, nor to a person selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases, as is referred to in the following:
- (i) the Intermediation of Comprehensive Credit Purchases or a person selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases pursuant to a contract under which goods or Designated Rights are sold or a contract under which services are provided (other than one that constitutes a Personal Multilevel Marketing Contract or a Personal Business Opportunity Sales Contract), which the person offering the contract concludes for business purposes or as a part of its business or which the purchaser or service recipient concludes for business purposes or as a part of its business;
  - (ii) the Intermediation of Comprehensive Credit Purchases or a person selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases, to a person residing outside Japan;
  - (iii) the Intermediation of Comprehensive Credit Purchases by the national or local government or the national or local government selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases;

- (iv) the Intermediation of Comprehensive Credit Purchases by one of the following organizations, or one of the following organizations selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases, to its direct or indirect member (if the organization is able to make its business or facility available to persons other than its members, this includes the Intermediation of Comprehensive Credit Purchases or one of the following organizations selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases, to a non-member):
    - (a) a partnership incorporated based on a special law, or a federation or central association of such partnerships;
    - (b) an organization as referred to in Article 108-2 of the National Public Service Act or Article 52 of the Local Public Service Act; or
    - (c) a labor union.
  - (v) the Intermediation of Comprehensive Credit Purchases by a business operator, or a business operator selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases, to its employee; or
  - (vi) the Intermediation of Comprehensive Credit Purchases or a person selling or providing something in a way that involves the Intermediation of Comprehensive Credit Purchases, in connection with a sales contract for real property.
- (2) The provisions in this Chapter do not apply to the Intermediation of an Individual Credit Purchase, nor to a person selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, as referred to in one of the following:
- (i) the Intermediation of an Individual Credit Purchase or a person selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase pursuant to a contract under which goods or Designated Rights are sold or a contract under which services are provided (other than a contract that constitutes a Personal Multilevel Marketing Contract or a Personal Business Opportunity Sales Contract), which the person offering the contract concludes for business purposes or as a part of its business or which the purchaser or service recipient concludes for business purposes or as a part of its business;
  - (ii) the Intermediation of an Individual Credit Purchase or a person selling or providing something in a way that involves to the Intermediation of an Individual Credit Purchase, to a person residing outside Japan;
  - (iii) the Intermediation of an Individual Credit Purchase by the national or local government, or the national or local government selling or providing something in a way that involves the Intermediation of an Individual Credit

- Purchase;
- (iv) the Intermediation of an Individual Credit Purchase by one of the following organizations, or one of the following organizations selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, to its direct or indirect members (if the organization is able to make its business or facility available to persons other than its members, this includes the Intermediation of an Individual Credit Purchase, or the organization selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, for non-members):
    - (a) a partnership incorporated based on a special law, or a federation or central association of such partnerships;
    - (b) an organization as referred to in Article 108-2 of the National Public Service Act or Article 52 of the Local Public Service Act; or
    - (c) a labor union.
  - (v) the Intermediation of an Individual Credit Purchase by a business operator, or a business operator selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, for its employee; or
  - (vi) the Intermediation of an Individual Credit Purchase or a person selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, in connection with a sales contract for real property.
- (3) The provisions of Article 35-3-5, Article 35-3-7, Article 35-3-9, Article 35-3-10, Article 35-3-12, and Article 35-3-13 do not apply to the Intermediation of an Individual Credit Purchase, nor to a person selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, as referred to in the following:
- (i) the Intermediation of an Individual Credit Purchase in connection with a person making a sale or providing services as referred to in one of Article 26, paragraph (1), items (vi) to (viii) inclusive of the Act on Specified Commercial Transactions which arise from Door-to-Door Sales or Telemarketing Sales, or a person selling or providing something in a way that involves such Intermediation of an Individual Credit Purchase; and
  - (ii) the Intermediation of an Individual Credit Purchase arising from Door-to-Door Sales set forth in one of the items of Article 26, paragraph (5) of the Act on Specified Commercial Transactions or arising from Telemarketing Sales set forth in the items of paragraph (6) of that Article, or a person selling or providing something in a way that involves such Intermediation of an Individual Credit Purchase.
- (4) The provisions of Article 35-3-10 do not apply to the Intermediation of an Individual Credit Purchase, nor to a person selling or providing something in a way that involves the Intermediation of an Individual Credit Purchase, as

referred to in one of the following:

- (i) the Intermediation of an Individual Credit Purchase in connection with a person providing services as prescribed in the provisions of Article 26, paragraph (2) of the Act on Specified Commercial Transactions, when this constitutes a Door-to-Door Sale or Telemarketing Sale and falls under one of the cases specified by ordinance of the competent ministry which is referred to in that paragraph, and a person providing services in a way that involves such Intermediation of an Individual Credit Purchase;
- (ii) the Intermediation of an Individual Credit Purchase in connection with a person making a sale or providing services as prescribed in one of the items of Article 26, paragraph (3) of the Act on Specified Commercial Transactions, when this constitutes a Door-to-Door Sale or Telemarketing Sale, or a person selling or providing something in a way that involves such Intermediation of an Individual Credit Purchase; or
- (iii) the Intermediation of an Individual Credit Purchase in connection with a person making a sale or providing services when this constitutes a Door-to-Door Sale or Telemarketing Sale and falls under one of the cases referred to in Article 26, paragraph (4), item (i) or item (ii) of the Act on Specified Commercial Transactions, or a person selling or providing something in a way that involves such Intermediation of an Individual Credit Purchase.

### **Chapter III-2 Specified Prepaid Transactions**

(License for Specified Prepaid Transaction Services)

Article 35-3-61 It is not permissible for a person to have dealings in Specified Prepaid Transactions in the course of trade without being licensed by the Minister of Economy, Trade and Industry; provided, however, that this does not apply in the following cases:

- (i) the annual transaction value from Specified Prepaid Transactions for goods or Designated Services is less than the amount specified by Cabinet Order;
- (ii) the Designated Services are newly specified, and a person currently dealing in those Designated Services in the course of trade using Specified Prepaid Transactions, deals in those Designated Services for six months from the date of their specification (if the application referred to in Article 12, paragraph (1) as applied mutatis mutandis pursuant to the following Article is submitted during that period, this includes the time up until the license sought under that application is granted or refused); or
- (iii) after the period set forth in the preceding item passes, the only such dealings the person engages in are aimed at enabling the completion of transactions under the contracts for Specified Prepaid Transactions for the Designated Services referred to in that item, which have been concluded by

the last day of that period.

(Provisions Applied Mutatis Mutandis)

Article 35-3-62 The provisions of Article 8 apply mutatis mutandis to Specified Prepaid Transactions and the provisions of Article 12 and Articles 15 to 29 inclusive apply mutatis mutandis when a person deals in Specified Prepaid Transactions in the course of trade. In this case, the phrase "a contract under which Designated Goods or Designated Rights are sold, or a contract under which it Designated Services are provided" in Article 8, item (i) is deemed to be replaced with "a contract for Specified Prepaid Transactions involving goods or Designated Services"; the term "an Installment Sale" in item (vi) of that Article is deemed to be replaced with "a Specified Prepaid Transaction carried out pursuant to the provisions of the Travel Agency Act (Act No. 239 of 1952) and other Acts specified by Cabinet Order, by a person that takes the preservative measure of receiving advance payments pursuant to the provisions of those Acts, or a Specified Prepaid Transaction"; the phrase " the types of Designated Goods it seeks to sell through Prepaid Installment Sales" in Article 12, paragraph (1), item (iv) is deemed to be replaced with "the types or scope of goods or Designated Services it seeks to deal in through Specified Prepaid Transactions"; the phrase "general conditions of the contract for Prepaid Installment Sales" in paragraph (2) of that Article; Article 15, paragraph (1), item (v); and Article 19, paragraphs (2) and (3) is deemed to be replaced with "general conditions of the contract for Specified Prepaid Transactions"; the term "Article 11" in Article 15, paragraphs (1) and (3) and Article 23, paragraph (1), item (iv) is deemed to be replaced with "Article 35-3-61"; the term "purchasers" in Article 15, paragraph (1), item (ii); the proviso to Article 20, paragraph (1); Article 20-2, paragraphs (1) and (4); and Article 23, paragraph (4) is deemed to be replaced with "purchasers or recipients of Designated Services"; the phrase "the cost of the goods" in Article 18-3, paragraphs (1) and (2) and Article 18-5, paragraph (1) is deemed to be replaced with "the cost of the goods or the consideration for the Designated Services"; and the term "been delivered the goods" in Article 27, paragraph (1) is deemed to be replaced with "been delivered the goods or provided the Designated Services".

### **Chapter III-3 Designated Entrusted Institutions**

(Designation)

Article 35-4 (1) A designation as referred to in Article 18-3, paragraph (4) (including as applied mutatis mutandis pursuant to the preceding Article) (hereinafter referred to as a "Designation" in this Chapter) is accorded at the

application of a person seeking to engage in the services with which it is entrusted under a Contract on the Entrustment of Business Deposits as a preservative measure for advances received (hereinafter referred to as "Services Under Entrustment").

- (2) A person seeking Designation must submit an application to the Minister of Economy, Trade and Industry stating the following particulars:
  - (i) its trade name;
  - (ii) the names and locations of its principal business office and other business offices; and
  - (iii) its amount of stated capital and the names of its officers.
- (3) The articles of incorporation, a statement of business methods, the business plan, the general conditions of the Contract on the Entrustment of Business Deposits for prepaid services, and the documents specified by Ordinance of the Ministry of Economy, Trade and Industry and Cabinet Office Ordinance must accompany the application referred to in the preceding paragraph.
- (4) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one as specified by Ordinance of Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

(Designation Criteria)

Article 35-5 If the Minister of Economy, Trade and Industry finds a person applying for Designation to fall under one of the following items, the minister must not accord that person the Designation:

- (i) a person that is not a stock company with a stated capital of at least 50,000,000 yen;
- (ii) a person other than one set forth in the preceding item, but which does not have a sufficient financial basis to soundly perform the Services Under Entrustment which it seeks to perform;
- (iii) a person whose articles of incorporation, business method, or business plan is in violation of laws and regulations, or a person that is not capable of ensuring proper business operations;
- (iv) a person with general conditions in its Contract on the Entrustment of Business Deposits for prepaid services which do not conform to the criteria specified by Ordinance of the Ministry of Economy, Trade and Industry;
- (v) a person whose Designation has been rescinded pursuant to the provisions of Article 35-14, paragraph (2), if three years have not yet passed since the date of the rescission;
- (vi) a person that has been sentenced to a fine pursuant to the provisions of this Act, if three years have not yet passed since the person finished serving



- the sentence or ceased to be subject to its enforcement; or
- (vii) a person with an officer that falls under one of the following:
- (a) a person specified by Ordinance of the Ministry of Economy, Trade and Industry as being unable to cope with the execution of their duties due to a mental or physical disorder;
  - (b) a person that has not had rights restored after receiving a ruling of commencement of bankruptcy proceedings;
  - (c) a person that has been sentenced to imprisonment or a heavier punishment or a person that has been sentenced to a fine pursuant to the provisions of this Act, if three years have not yet passed since the person finished serving the sentence or ceased to be subject to its enforcement; or
  - (d) a person that, during the 30 days prior to the relevant disposition, was the officer of a person accorded a Designation (hereinafter referred to as a "Designated Entrusted Institution"), whose Designation has been rescinded pursuant to the provisions of Article 35-14, paragraph (2), if three years have not yet passed since the date of the disposition.

(Notification of a Change)

Article 35-6 If a particular set forth in one the items of Article 35-4, paragraph (2), a particular stated or recorded in the articles of incorporation, a business method, or the general conditions of a Contract on the Entrustment of Business Deposits for prepaid services change, the Designated Entrusted Institution must notify the Minister of Economy, Trade and Industry of this without delay.

(Notification of Discontinuation)

Article 35-7 (1) If a Designated Entrusted Institution discontinues Services Under Entrustment, it must notify the Minister of Economy, Trade and Industry of this without delay.

(2) If a notification under the provisions of the preceding paragraph is filed, the Designation ceases to be valid.

(Submission of a Business Plan)

Article 35-8 (1) Prior to the commencement of each business year, a Designated Entrusted Institution must prepare and submit a business plan for the relevant business year to the Minister of Economy, Trade and Industry.

(2) If a Designated Entrusted Institution changes a particular stated in the business plan, it must notify the Minister of Economy, Trade and Industry of this without delay.

(3) Within three months after the end of each business year, a Designated Entrusted Institution must prepare and submit a business report for the relevant business year to the Minister of Economy, Trade and Industry.

(Restriction on Concurrent Business)

Article 35-9 A Designated Entrusted Institution must not engage in any business other than Services Under Entrustment; provided, however, that this does not apply if its performance of business other than Services Under Entrustment is found to carry no risk of compromising the appropriate performance of Services Under Entrustment, and it obtains the approval of the Minister of Economy, Trade and Industry.

(Recording of Liability Reserves)

Article 35-10 If there are unexpired Contracts on the Entrustment of Business Deposits at the end of a business year, the Designated Entrusted Institution must record liability reserves for each business year in whichever is the highest of the amounts prescribed in the following items:

- (i) the amount that corresponds to all commission for the remaining period of the contract terms of the Contracts on the Entrustment of Business Deposits; or
- (ii) the amount that corresponds to the balance of all commission received during the business year less the sum total of business deposits for prepaid services deposited pursuant to the Contracts on the Entrustment of Business Deposits which entail commission (excluding income from entrustors through the depositing of business deposits for prepaid services), deposit reserves that must be set aside due to Contracts on the Entrustment of Business Deposits which entail commission, and the projected total business costs for the business year.

(Setting Aside of Deposit Reserves)

Article 35-11 In each accounting period in which there is an amount of money as set forth in one of the following items, the Designated Entrusted Institution must set aside the amount set forth in that item as a deposit reserve:

- (i) any amount of money out of a business deposit for prepaid services that is to be deposited based on a Contract on the Entrustment of Business Deposits, but which has not been deposited by the accounting period;
- (ii) any amount of money it is found must be deposited, in a case in which a duty to make a business deposit for prepaid services is deemed to have arisen based on a Contract on the Entrustment of Business Deposits; or
- (iii) any amount of money not yet deposited due to a pending lawsuit involving a business deposit for prepaid services.

(Funds for Services Under Entrustment)

Article 35-12 (1) A Designated Entrusted Institution must establish funds for

Services Under Entrustment pursuant to the provisions of the articles of incorporation.

- (2) If liability reserves are not sufficient to enable a Designated Entrusted Institution to make a business deposit for prepaid services, it may use funds for Services Under Entrustment, but only if these are allocated to cover business deposits for prepaid services.

(Improvement Orders)

Article 35-13 If the Minister of Economy, Trade and Industry finds that a Designated Entrusted Institution falls under the provisions of one of Article 35-5, items (ii) to (iv) inclusive, the minister may order the Designated Entrusted Institution to take the necessary measures to improve its financial condition or business operations.

(Rescission of Designation)

Article 35-14 (1) If a Designated Entrusted Institution fails to commence Services Under Entrustment within six months from the day of its Designation or suspends Services Under Entrustment for six consecutive months or longer, the Minister of Economy, Trade and Industry may rescind its Designation.

- (2) If a Designated Entrusted Institution falls under one of the following items, the Minister of Economy, Trade and Industry may rescind its Designation or order the suspension of all or part of the Services Under Entrustment during a fixed period of no longer than six months:

- (i) it violates the provisions of this Act;
- (ii) it comes to fall under the provisions of one of Article 35-5, item (i), (vi), or (vii);
- (iii) it violates an order under the provisions of the preceding Article;
- (iv) it violates a disposition of the Minister of Economy, Trade and Industry based on the provisions of this Act, other than the one set forth in the preceding item; or
- (v) it has obtained the Designation by wrongful means.

(Delegation to Ordinance of the Ministry of Economy, Trade and Industry)

Article 35-15 Beyond what is specified in this Chapter, the necessary particulars relevant to the Designation and to the services, finances, and accounting of a Designated Entrusted Institution, are specified by Ordinance of the Ministry of Economy, Trade and Industry.

### **Chapter III-4 Proper Management of Credit Card Numbers**

#### **Section 1 Proper Management of Credit Card Numbers**

(Proper Management of Credit Card Numbers)

Article 35-16 (1) A Credit Card Numbers Handler (which refers to a person that falls under any of the following items; the same applies hereinafter) must take the necessary measures, in accordance with the standards specified by Ordinance of Ministry of Economy, Trade and Industry, to prevent the inappropriate disclosure, loss, or damage in respect of a Credit Card Number (meaning the number, symbol, or other code set forth in Article 2, paragraph (3), item (i) that is issued to a User by a Comprehensive Credit Purchase Intermediary or a person that deals in the Intermediation of Two-Month Installment Purchases (hereinafter referred to as a "Credit Card Purchase Intermediary") in the course of business; the same applies hereinafter) it handles, as well as other measures necessary for the proper management of Credit Card Numbers.

(i) Credit Card Purchase Intermediary;

(ii) Seller who sells goods or rights in a way that involves the Intermediation of Comprehensive Credit Purchases or the Intermediation of Two-Month Installment Purchases (hereinafter referred to as the "Intermediation of Credit Card Purchases" in this paragraph and Article 35-17-2) (such seller is hereinafter referred to as "Seller Affiliated with the Intermediation of Credit Card Purchase") or Service Provider who provides services in a way that involves the Intermediation of Credit Card Purchases (hereinafter referred to as "Service Provider Affiliated with the Intermediation of Credit Card Purchase");

(iii) a person that is in the business of delivering, in its own name, an amount of money that corresponds to the cost of goods or rights purchased or the consideration for the services received, for the sake of a specific Credit Card Purchase Intermediary, when these are purchased or received in a way that involves the Intermediation of Credit Card Purchases, to a specific Seller Affiliated with the Intermediation of Credit Card Purchase or Service Provider Affiliated with the Intermediation of Credit Card Purchase (this includes delivering such an amount to the Seller Affiliated with the Intermediation of Credit Card Purchase or the Service Provider Affiliated with the Intermediation of Credit Card Purchase through a person other than that Seller Affiliated with the Intermediation of Credit Card Purchase or the Service Provider Affiliated with the Intermediation of Credit Card Purchase; the same applies in the next item) (referred to as the "Broker for Third-Party Payments" in the same item);

(iv) a person that is in the business of delivering, in its own name, an amount of money that corresponds to the cost of goods or rights purchased or the consideration for the services received, for the sake of a specific Broker for Third-Party Payments, when these are purchased or received in a way that

- involves the Intermediation of Credit Card Purchases, to a specific Seller Affiliated with the Intermediation of Credit Card Purchase or Service Provider Affiliated with the Intermediation of Credit Card Purchase;
- (v) a person that is in the business of receiving Credit Card Numbers, etc. from Users, associating those Credit Card Numbers with information for settlement (which consists of numbers other than those Credit Card Numbers, symbols and other information which the Users presents or notifies so that they can purchase goods or rights from a specific seller or receive services from a specific Service Provider; hereinafter the same applies in this paragraph), and providing that information for settlement to the Users;
  - (vi) a person that is in the business of being entrusted by a person set forth in the preceding item (including two-step and above entrustment) and managing Credit Card Numbers, etc. in a condition in which such numbers can be identified using information for settlement that is associated with them; or
  - (vii) beyond the persons set forth in item (iii) to the preceding item inclusive, a person specified by Ordinance of Ministry of Economy, Trade and Industry as a handler of a massive amount of Credit Card Numbers, etc.
- (2) The term "Intermediation of Two-Month Installment Purchases" in the preceding paragraph means issuing or granting a Card, etc. to a User and then delivering an amount of money that corresponds to the cost of goods or rights or the consideration for services to the seller or Service Provider (this includes delivering such an amount to the seller or Service Provider through a person other than that seller or Service Provider) and receiving an amount of money that corresponds to that cost or consideration from the User by a pre-determined period of within two months from the time the User concludes the contract under which the User purchases the goods or rights from the seller or receives the services from the Service Provider, when the User presents, indicates, or trades in that Card, etc. to purchase goods or rights from a specific seller or to receive services from a specific Service Provider.
- (3) A Credit Card Numbers Handler, in accordance with the standards specified by Ordinance of the Ministry of Economy, Trade and Industry, must provide the necessary instructions to Credit Card Numbers Entrusted Handler (which means a third party who is entrusted by the said Credit Card Numbers Handler to handle the whole or a part of Credit Card Numbers, or a person that is entrusted by such third party (including two-step and above entrustment; the same applies hereinafter)) and take other measures to ensure the proper management of credit card numbers handled by Credit Card Numbers Entrusted Handler:

(Improvement Orders)

Article 35-17 If the Minister of Economy, Trade and Industry finds that the measures taken by a Credit Card Numbers Handler (excluding a person which falls under paragraph (1), item (ii) of the preceding Article; hereinafter the same applies in this Article) as prescribed in paragraph (1) or paragraph (3) of the preceding Article do not conform to the standards prescribed in paragraph (1) or paragraph (3) of that Article, the minister, within the scope that this is necessary, may order the Credit Card Numbers Handler to change the business method connected with those measures or to take any other necessary measures.

## **Section 2 Contract of Handling Credit Card Numbers**

(Registration of Maker of Contract for Handling Credit Card Numbers)

Article 35-17-2 A person that falls under any of the following items must be registered in the Maker of Contract for Handling Credit Card Numbers register maintained at the Ministry of Economy, Trade and Industry.

- (i) Credit Card Purchase Intermediary who is in the business of making a contract with a seller or Service Provider who seeks to sell goods or rights or to provide services in a way that involves Intermediation of a Credit Card Purchase that authorizes the handling of Credit Card Numbers issued to a User by such seller or Service Provider;
- (ii) a person that is in the business of making a contract, for a specific Credit Card Purchase Intermediary, with a seller or Service Provider who seeks to sell goods or rights or to provide services in a way that involves Intermediation of a Credit Card Purchase that authorizes the handling of Credit Card Numbers issued to a User by such Credit Card Purchase Intermediary.

(Application for Registration)

Article 35-17-3 (1) A person seeking to be registered as referred to in the preceding Article must submit an application to the Minister of Economy, Trade and Industry, stating the following particulars:

- (i) its name;
  - (ii) the names and locations of its principal office and business offices (its principle office in its country and its business office located in Japan if it is established under a foreign law) ;
  - (iii) the names of its officers.
- (2) The articles of incorporation, a certificate of registered information, and the documents specified by Ordinance of the Ministry of Economy, Trade and Industry must accompany the application referred to in the preceding

paragraph; provided, however, that the certificate of registered information may be omitted if so specified by Ordinance of the Ministry of Economy, Trade and Industry.

- (3) In the case referred to in the preceding paragraph, if the articles of incorporation have been created in the form of an electronic or magnetic record, the electronic or magnetic record (limited to one as specified by Ordinance of the Ministry of Economy, Trade and Industry) may accompany the application in lieu of a paper document.

(Registration and Notice)

Article 35-17-4 (1) Upon receipt of an application for registration pursuant to paragraph 1 of the preceding Article, the Minister of Economy, Trade and Industry must register the particulars set forth in each item of paragraph 1 of the preceding Article and the date of registration to the Maker of Contract for Handling Credit Card Numbers register, except where a registration is refused pursuant to the provisions of paragraph 1 of the next Article.

- (2) Once the Minister of Economy, Trade and Industry effects a registration pursuant to Article 35-17-2, the minister must notify this to the applicant for such registration without delay.

(Refusal to Effect a Registration)

Article 35-17-5 (1) The Minister of Economy, Trade and Industry must refuse registration when the person who submitted the application of Article 35-17-3, paragraph 1 falls under any of the following categories, or when such application or its attachment contains false entry with respect to important matters, or when they lack entry of important fact.

- (i) a person that is not a corporation;
- (ii) if it is established under a foreign law, one that has no business office in Japan;
- (iii) a corporation whose registration has been revoked pursuant to the provisions of Article 35-17-11, paragraph 1 or paragraph 2, and five years have not yet passed since the date of revocation;
- (iv) a corporation that has been sentenced to a fine pursuant to the provisions of this law, and five years have not yet passed since the day on which it finished serving the sentence or ceased to be subject to its enforcement;
- (v) a corporation with an officer that falls under any one of the following:
  - (a) a person that has not achieved restoration of rights after having the order for commencement of bankruptcy proceedings;
  - (b) a person that has been sentenced to imprisonment or a heavier punishment, and five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its

- enforcement;
- (c) a person that has been sentenced to a fine for violating the provisions of this law or the Act to Prevent Illegal Activities by Members of Organized Crime Groups (excluding the provisions of Article 32-3, paragraph (7) and Article 32-11, paragraph (1) of that Act) or for committing a crime set forth in the Penal Code in the Act on the Punishment of Violent Acts, and five years have not yet passed since the day on which the person finished serving the sentence or ceased to be subject to its enforcement;
  - (d) a person that was, during the thirty days prior to the relevant disposition, the officer of a Maker of Contract for Handling Credit Card Numbers (the one who is registered pursuant to Article 35-17-2; the same applies hereinafter), whose registration has been revoked pursuant to the provisions of paragraph (1) or paragraph (2) of Article 35-17-11, and five years have not yet passed since the date of that disposition; or
  - (e) Member of an Organized Crime Group, etc.;
  - (vi) a corporation whose business activities are controlled by the Member of an Organized Crime Group, etc.;
  - (vii) a corporation that is likely to allow the Member of an Organized Crime Group, etc. to engage in its business activities or to employ such a person as an assistant in its business activities;
  - (viii) a corporation that is found not to have in place the system specified by the Ordinance of the Ministry of Economy, Trade and Industry as necessary for ensuring the proper implementation of the business involving making of a contract (meaning the contract provided for in each paragraph of Article 35-17-2; the same applies hereinafter) and the investigations provided for in Article 35-17-8, paragraphs (1) or (3).
- (2) The provisions of Article 15, paragraph (3) apply mutatis mutandis when an application for registration under the provisions of Article 35-17-3, paragraph (1) is filed.

(Notification of a Change)

- Article 35-17-6 (1) If a particular set forth in one of the items of Article 35-17-3, paragraph (1) changes, the Maker of Contract for Handling Credit Card Numbers must notify the Minister of Economy, Trade and Industry of this without delay.
- (2) Upon receipt of the notification prescribed in the preceding paragraph, the Minister of Economy, Trade and Industry must register the matters reported in the notification to the Maker of Contract for Handling Credit Card Numbers register.
  - (3) The provisions of Article 35-17-3, paragraphs (2) and (3) apply mutatis mutandis when the notification of a change under the provisions of paragraph



(1) is filed.

(Inspection of the Register)

Article 35-17-7 The Minister of Economy, Trade and Industry must make the Maker of Contract for Handling Credit Card Numbers register available for public inspection.

(Investigation, etc. of Maker of Contract for Handling Credit Card Numbers)

Article 35-17-8 (1) When a Maker of Contract for Handling Credit Card Numbers intends to make a Contract for Handling Credit Card Numbers must, preparatory to making the contract, in accordance with the provisions of the Ordinance of the Ministry of Economy, Trade and Industry, and for the purpose of proper management of Credit Card Numbers by seller or Service Provider and prevention of illegal use of Credit Card Numbers by users, investigate the matters prescribed by the Ordinance of the Ministry of Economy, Trade and Industry, with regard to the likelihood of risk of harm to proper management of Credit Card Numbers or in prevention of illegal use of Credit Card Numbers by users (hereinafter referred to as "Proper Management of Credit Card Numbers") with respect to seller or Service Provider intending to conclude a contract.

(2) When a Maker of Contract for Handling Credit Card Numbers recognizes that, based on the particulars learned from the investigation prescribed in the preceding paragraph and other means, the measures provided in Section 35-16, paragraphs (1) or (3) or 35-17-15 that a seller or Service Provider intends to take do not meet, or are not likely to meet, the standards specified in Section 35-16, paragraphs (1) or (3) or 35-17-15 respectively, it must not conclude the Contract for Handling Credit Card Numbers.

(3) Maker of Contract for Handling Credit Card Numbers must investigate the particulars prescribed in paragraph (1) about a Seller Affiliated with the Intermediation of Credit Card Purchases or Service Provider Affiliated with the Intermediation of Credit Card Purchases that concluded the Contract for Handling Credit Card Numbers regularly, or as necessary, in accordance with the provisions of the Ordinance of Ministry of Economy, Trade and Industry,

(4) When a Maker of Contract for Handling Credit Card Numbers recognizes that, based on the particulars learned from the investigation prescribed in the preceding paragraph and other means, the measures provided in Section 35-16, paragraphs (1) or (3) or 35-17-15 that a Seller Affiliated with the Intermediation of Credit Card Purchases or Service Provider Affiliated with the Intermediation of Credit Card Purchases take do not meet, or are not likely to meet, the standards specified in Section 35-16, paragraphs (1) or (3) or 35-17-15 respectively, it must cancel the Contract for Handling Credit Card

Numbers or take other necessary measures prescribed by the provisions of the Ordinance of Ministry of Economy, Trade and Industry.

- (5) Maker of Contract for Handling Credit Card Numbers must prepare the record concerning the investigation prescribed by paragraphs (1) and (3) and preserve it pursuant to the provisions of the Ordinance of Ministry of Economy, Trade and Industry.

(Measures Concerning Business Operations)

Article 35-17-9 Maker of Contract for Handling Credit Card Numbers must take necessary measures for proper management of the information regarding credit card numbers obtained in connection with the business operations that pertains to making a Contract for Handling Credit Card Numbers, pursuant to the provisions of the Ordinance of Ministry of Economy, Trade and Industry.

(Improvement Orders)

Article 35-17-10 When the Minister of Economy, Trade and Industry recognizes that a Maker of Contract for Handling Credit Card Numbers falls under the category described in Article 35-17-5, paragraph (1), item (viii), or when it recognizes that the party violates the provisions of preceding two Articles, it may order such Maker of Contract for Handling Credit Card Numbers, to the extent necessary, to take necessary measures to improve the operations of the business pertaining to the making of Contract for Handling Credit Card Numbers.

(Rescission of Registration)

- Article 35-17-11 (1) When a Maker of Contract for Handling Credit Card Numbers falls under any of the following categories, the Minister of Economy, Trade and Industry must rescind its registration,
- (i) when it falls under any of item (ii) or from item (iv) to item (vii) of paragraph (1) of Article 35-17-5;
  - (ii) when it is registered under Article 35-17-2 by way of illegitimate means.
- (2) When a Maker of Contract for Handling Credit Card Numbers falls under any of the following categories, the Minister of Economy, Trade and Industry may rescind its registration,
- (i) when it violates the order provided in the preceding paragraph;
  - (ii) when it fails to file a notification under the provision of Article 35-17-6, paragraph (1), or when it files a false notification.
- (3) When the Minister of Economy, Trade and Industry rescinds registration pursuant to the provisions of the preceding two paragraphs, it must so notify the party that used to be a Maker of Contract for Handling Credit Card Numbers of this by indicating the reason without delay.

(Deletion of Registration)

Article 35-17-12 (1) When either of the following situations applies, the Minister of Economy, Trade and Industry must delete the registration of a Maker of Contract for Handling Credit Card Numbers with respect to Makers of Contract for Handling Credit Card Numbers register,

(i) when the registration is rescinded pursuant to the provisions of paragraphs (1) or (2) of the preceding Article;

(ii) when a notification to the provisions of Article 35-17-14 is filed, or when it is discovered that the business of making a Contract for Handling Credit Card Numbers has been discontinued.

(2) The provisions of paragraph (3) of the preceding Article apply mutatis mutandis when a registration is deleted under the provisions of item (ii) of the preceding paragraph.

(Public Notice of a Disposition)

Article 35-17-13 When the Minister of Economy, Trade and Industry has rescinded a registration pursuant to the provisions of Article 35-17-11, paragraphs (1) or (2), or when it has deleted a registration pursuant to the provisions of item (ii) of paragraph (1) of the preceding Article, it must issue a public notice of this pursuant to the provisions of the Ordinance of the Ministry of Economy, Trade and Industry.

(Notification of Discontinuation)

Article 35-17-14 When a Maker of Contract for Handling Credit Card Numbers has discontinued its operations pertaining to the making of Contract for Handling Credit Card Numbers, it must notify the Minister of Economy, Trade and Industry of this without delay.

(Prevention of Illegal Use of Credit Card Numbers)

Article 35-17-15 Seller Affiliated with the Intermediation of Credit Card Purchase or Service Provider Affiliated with the Intermediation of Credit Card Purchase must take necessary measures for prevention of illegal use of credit cards by Users, in accordance with the standards set by the Ministry of Economy, Trade and Industry.

### **Chapter III-5 Certified Installment Sales Associations**

(Certification and Services of a Certified Installment Sales Association)

Article 35-18 (1) At the application of a general incorporated association that Installment Sellers, Loan-Based Installment Sellers, Comprehensive Credit

Purchase Intermediaries, Individual Credit Purchase Intermediaries, Credit Card Purchase Intermediaries (excluding Comprehensive Credit Purchase Intermediaries), persons listed in Article 35-16, paragraph (1), items (iii) to (vii) inclusive, or Makers of Contract for Handling Credit Card Numbers (hereinafter collectively referred to as "Installment Sellers, etc." in this Chapter) have incorporated and that is found to fall under the following requirements, the Minister of Economy, Trade and Industry may certify that general incorporated association as a person that performs the services prescribed in the following paragraph (hereinafter referred to as "Certified Services"), pursuant to the provisions of Cabinet Order:

- (i) a general incorporated association whose purpose is contributing to the sound development of dealings in Installment Sales, Loan-Backed Sales, the Intermediation of Comprehensive Credit Purchases, or the Intermediation of Individual Credit Purchases (hereinafter referred to as "Dealings in Installment Sales, etc." in this Chapter) and contributing to protecting the interests of Users (meaning Users as prescribed in Article 2, paragraph (1), item (ii) and Users as prescribed in paragraph (3), item (i) of that Article), purchasers, or service recipients (hereinafter referred to as "Users, etc." in this Chapter);
  - (ii) a general incorporated association with a provision in its articles of incorporation indicating that Installment Sellers, etc. are its members;
  - (iii) a general incorporated association that stipulates the means of implementing the necessary services to allow the services prescribed in the following paragraph to be performed properly and reliably; and
  - (iv) a general incorporated association that has the sufficient knowledge, ability, and financial basis to perform the services prescribed in the following paragraph properly and reliably.
- (2) A general incorporated association that is certified pursuant to the provisions of the preceding paragraph (hereinafter referred to as a "Certified Installment Sales Association") is to perform the following services:
- (i) enactment of the necessary rules for ensuring fair Dealings in Installment Sales, etc. and for achieving the Proper Management of Credit Card Numbers;
  - (ii) investigation of members' compliance with the provisions of this Act, orders that are based on this Act, dispositions that are based on this Act or on such an order, and the rules referred to in the preceding item;
  - (iii) instructions and recommendations to members and other services for promoting member compliance with the provisions of this Act, orders based on this Act, or the rules referred to in item (i);
  - (iv) the collection, updating, and provision of information that is necessary for protecting the interests of Users, etc.;

- (v) the processing of complaints from Users, etc. concerning the services that the members perform;
- (vi) public relations aimed at Users, etc. and other services that are necessary in order for the purpose of the Certified Installment Sales Association to be achieved; and
- (vii) the services that contribute to the Proper Management of Credit Card Numbers, other than what is set forth in the preceding items.

(Public Inspection of the List of Members)

Article 35-19 (1) A Certified Installment Sales Association must make the list of its members available for public inspection.

- (2) It is prohibited for a person that is not a Certified Installment Sales Association to use a term in its name or trade name which could give rise to the misconception that it is a Certified Installment Sales Association.
- (3) It is prohibited for a person that has not joined a Certified Installment Sales Association to use a term in its name or trade name which could give rise to the misconception that it is the member of a Certified Installment Sales Association.

(Reporting to Certified Installment Sales Associations)

Article 35-20 (1) If a Comprehensive Credit Purchase Intermediary or Individual Credit Purchase Intermediary, each of whom is a member has obtained information concerning conduct compromising to the protection of a User, etc., which a Seller Affiliated with the Intermediation of Comprehensive Credit Purchases or Service Provider Affiliated with the Intermediation of Comprehensive Credit Purchases (limited to a person that has concluded a contract involving the Intermediation of Comprehensive Credit Purchases or Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases with a Comprehensive Credit Purchase Intermediary that is a member or with a Broker for Third-Party Payments in the Intermediation of Comprehensive Credit Purchases that engages in the Brokerage of Third-Party Payments in the Intermediation of Comprehensive Credit Purchases for a Comprehensive Credit Purchase Intermediary that is a member; hereinafter referred to as "Seller, etc. Affiliated with the Intermediation of Comprehensive Credit Purchases" in this Article) or a Seller Affiliated with the Intermediation of an Individual Credit Purchase or Service Provider Affiliated with the Intermediation of an Individual Credit Purchase (limited to a person that has concluded a contract for the Intermediation of an Individual Credit Purchase with an Individual Credit Purchase Intermediary that is a member; hereinafter referred to as a "Seller, etc. Affiliated with the Intermediation of Individual Credit Purchases" in this Article) engages in, or any information specified by

Ordinance of the Ministry of Economy, Trade and Industry as information about a Seller, etc. Affiliated with the Intermediation of Comprehensive Credit Purchases or a Seller, etc. Affiliated with the Intermediation of an Individual Credit Purchase which is necessary to report in order to protect the interests of its Users, etc., the member must report this to the Certified Installment Sales Association.

- (2) If a Maker of Contract for Handling Credit Card Numbers who is a member has obtained information concerning conduct compromising to the Proper Management of Credit Card Numbers that a Seller Affiliated with the Intermediation of Credit Card Purchase or Service Provider Affiliated with the Intermediation of Credit Card Purchase has engaged in, or other information specified by the Ordinance of the Ministry of Economy, Trade and Industry as necessary for the Proper Management of Credit Card Numbers, it must report this to the Certified Installment Sales Association.

(Information Services by a Certified Installment Sales Association)

Article 35-21 If a Certified Installment Sales Association is requested by a Comprehensive Credit Purchase Intermediary, Individual Credit Purchase Intermediary, or Maker of Contract for Handling Credit Card Numbers, each of whom is a member to provide information in its possession which is provided for in the preceding Article, it must provide the information, unless it has legitimate grounds not to do so.

(Duty of Confidentiality of the Officers and Employees)

Article 35-22 (1) It is prohibited for the officer or employee of a Certified Installment Sales Association or a person that has held one of these positions to divulge or misappropriate confidential information learned in the course of duty.

- (2) It is prohibited for the officer or employee of a Certified Installment Sales Association or a person that has held one of these positions to use confidential information learned in the course of duty for a purpose other than use in the Certified Services for which that information is provided.

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

Article 35-23 In addition to matters 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 which are prescribed in Article 35-18, paragraph (1), item (ii), a Certified Installment Sales Association must stipulate in its articles of incorporation that if a member violates the provisions of this Act, an order that is based on this Act, a disposition that is based on this Act or on such an

order, or the rules referred to in paragraph (2), item (i) of that Article, it will order the suspension or restriction of its rights as a member as provided in the articles of incorporation, or expel it from the Certified Installment Sales Association.

(Improvement Orders)

Article 35-24 (1) If the Minister of Economy, Trade and Industry finds that an improvement is needed in connection with the operation of Certified Services, the minister may order a Certified Installment Sales Association to take the necessary measures to improve this, inasmuch as this is necessary for the enforcement of this Act.

(2) If the Minister of Economy, Trade and Industry finds a Certified Installment Sales Association's business operations to be in violation of the provisions of this Act, an order that is based on this Act, or a disposition that is based on this Act or on such an order, the minister may rescind its certification.

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

(Advisory Consultations with the Consumer Affairs Council and the Consumer Commission)

Article 36 (1) Before proposing the enactment, revision, or abolishment of Cabinet Order as prescribed in Article 7; Article 11, item (i); Article 15, paragraph (1), item (ii) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 33-2, paragraph (1) item (ii); Article 35-3-26, paragraph (1), item (ii); Article 35-3-61, item (i); or Article 40, paragraph (10) (limited to those pertaining to the provisions of closely related persons); or to specify the percentage or term referred to in Article 9, the competent minister must seek an advisory consultation with the Consumer Affairs Council.

(2) Before proposing the enactment, revision, or abolishment of Cabinet Order as prescribed in paragraph (5) or paragraph (6) of Article 2; Article 30-4, paragraph (4); Article 30-5, paragraph (2); or Article 35-3-19, paragraph (4), the competent minister must seek an advisory consultation with the Consumer Affairs Council and the Consumer Commission, pursuant to the provisions of Cabinet Order.

(Prohibition on Accepting the Assignment of a Card)

Article 37 It is prohibited for any person, in the course of trade, to accept the assignment of a card, etc. (meaning a card or other object as referred to in Article 2, paragraph (1), item (ii) or a card or other object as referred to in paragraph (3), item (i) of that Article; hereinafter the same applies in this Article and Article 51-3), or to acquire a card, etc. in connection with the

lending of funds.

(Prevention of Purchases beyond the Ability to Pay)

Article 38 Installment Sellers and Loan-Based Installment Sellers must endeavor, based on correct credit information obtained using a jointly incorporated credit bureau (meaning a person that collects credit information and provides it to Installment Sellers and Loan-Based Installment Sellers in the course of trade; the same applies hereinafter) and by other means, not to make Installment Sales or Loan-Backed Sales that give rise to installment payments, etc. payable by the User, purchaser, or service recipient which are found to exceed that User's, purchaser's, or service recipient's ability to pay.

(Proper Use of Credit Information)

Article 39 (1) It is prohibited for an Installment Seller, Loan-Based Installment Seller, Comprehensive Credit Purchase Intermediary, Individual Credit Purchase Intermediary, or the officer or employee of any of these to request a credit bureau to provide it with credit information for purposes other than an investigation into a user's (meaning a User as prescribed in Article 2, paragraph (1), item (ii) or a User as prescribed in paragraph (3), item (i) of that Article; hereinafter the same applies in this Article), purchaser's, or service recipient's ability to pay, for it to use the credit information it receives from a credit bureau for purposes other than investigating the particulars of such a person's ability to pay; or for it to provide such information to a third party.

(2) It is prohibited for a credit bureau to use credit information for purposes other than an investigation into the particulars of a user's, purchaser's, or service recipient's ability to pay.

(3) A credit bureau must endeavor to provide accurate credit information to Installment Sellers, Loan-Based Installment Sellers, Comprehensive Credit Purchase Intermediaries, and Individual Credit Purchase Intermediaries.

(Hearing of Opinions Concerning Registration)

Article 39-2 (1) Before seeking to effect the registration referred to in Article 33, paragraph (1), the Minister of Economy, Trade and Industry must hear the opinion of the Director-General of the National Police Agency as to the existence of circumstances that fall under Article 33-2, paragraph (1) item (vii), (e), item (viii) or item (ix); before seeking to effect the registration referred to in Article 33-3, paragraph (2), the minister must hear the opinion of the director-general as to the existence of circumstances that fall under Article 33-2, paragraph (1), item (vii), (e); before seeking to effect the registration referred to in Article 35-2-10, paragraph (1), the minister must hear the opinion of the director-general as to the existence of circumstances that fall



under Article 35-2-11, paragraph (1), item (vi), (e), item (vii) or item (viii); before seeking to effect the registration referred to in Article 35-2-13, paragraph (2), the minister must hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-2-11, paragraph (1), item (vi), (e); before seeking to effect the registration referred to in Article 35-3-25, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-27, paragraph (2)), the minister must hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-3-26, paragraph (1), item (v), (e), item (vi) or item (vii); before seeking to effect the registration referred to in Article 35-3-25, paragraph (1) as applied mutatis mutandis pursuant to Article 35-3-28, paragraph (2), the minister must hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-3-26, paragraph (1), item (v), (e); before seeking to effect the registration referred to in Article 35-17-4, paragraph (1), the minister must hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-17-5, paragraph (1), item (v), (e), item (vi) or item (vii); and before seeking to effect the registration referred to in Article 35-17-6, paragraph (2), the minister must hear the opinion of the director-general as to the existence of the circumstance that fall under Article 35-17-5, paragraph (1), item (v), (e).

- (2) Before rescinding a registration under Article 34-2, paragraph (1), the Minister of Economy, Trade and Industry may hear the opinion of the Director-General of the National Police Agency as to the existence of circumstances that fall under Article 33-2, paragraph (1), item (vii), (e), item (viii) or item (ix); before rescinding a registration under Article 35-2-14, paragraph (1), the minister may hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-2-11, paragraph (1), item (vi), (e), item (vii) or item (viii); before rescinding a registration under Article 35-3-32, paragraph (1), the minister may hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-3-26, paragraph (1), item (v), (e), item (vi) or item (vii); and before rescinding a registration under Article 35-17-11, paragraph (1), the minister may hear the opinion of the director-general as to the existence of circumstances that fall under Article 35-17-5, paragraph (1), item (v) (e), item (vi) or item (vii).

(Opinions for the Minister of Economy, Trade and Industry)

Article 39-3 If there are reasonable grounds to suspect that a Registered Comprehensive Credit Purchase Intermediary, Registered Comprehensive Small Amount Credit Purchase Intermediary, Registered Individual Credit Purchase Intermediary, or a Maker of Contract for Handling Credit Card Numbers falls under Article 33-2, paragraph (1), item (vii), (e), item (viii) or

item (ix), Article 35-2-11, paragraph (1), item (vi), (e), item (vii) or item (viii), Article 35-3-26, paragraph (1) item (v), (e), item (vi) or item (vii), or Article 35-17-5, paragraph (1), item (v) (e), item (vi) or item (vii) due to which the Director-General of the National Police Agency finds it to be necessary for the Minister of Economy, Trade and Industry to take appropriate measures with respect to the Registered Comprehensive Credit Purchase Intermediary, the Registered Comprehensive Small Amount Credit Purchase Intermediary, the Registered Individual Credit Purchase Intermediary, or the Maker of Contract for Handling Credit Card Numbers, the director-general may state an opinion indicating this to the minister.

(Inquiries with the Relevant Administrative Organs)

Article 39-4 In addition to doing what is provided for in Article 39-2, the Minister of Economy, Trade and Industry may file an inquiry with or require cooperation from the relevant administrative organs and relevant local governments in connection with administrative affairs based on the provisions of this Act.

(Collection of Reports)

- Article 40 (1) Inasmuch as it is necessary for the enforcement of this Act, the competent minister may have a person that is in the business of Installment Sales as prescribed in Article 2, paragraph (1), item (i) file a business report, pursuant to the provisions of Cabinet Order.
- (2) If the Prime Minister finds it to be necessary for stating an opinion pursuant to the provisions of Article 20-2, paragraph (4) or Article 23, paragraph (4), the minister, within the scope of that necessity, may have a Licensed Installment Seller whose business operations that are connected with Prepaid Installment Sales fall under Article 20-2, paragraph (1), item (iii) or a Licensed Installment Seller that has violated an order under Article 23, paragraph (2), item (iv) file a business report, pursuant to the provisions of Cabinet Order.
- (3) Inasmuch as it is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may order a Comprehensive Credit Purchase Intermediary or Individual Credit Purchase Intermediary to submit a business report, its books and documents, and other articles, pursuant to the provisions of Cabinet Order.
- (4) If the Prime Minister finds it to be necessary for stating an opinion pursuant to the provisions of Article 30-5-3, paragraph (3); Article 30-6, paragraph (3); Article 34-2, paragraph (4); Article 35-2-8, paragraph (3); Article 35-2-14, paragraph (4); Article 35-3-21, paragraph (3); or Article 35-3-32, paragraph (4); the minister, within the scope of that necessity, may order a Comprehensive Credit Purchase Intermediary that has violated the provisions of the main

clause of Article 30-2, paragraph (1); paragraph (3) or paragraph (4) of that Article; the main clause of Article 30-2-2; Article 30-5-2; the main clause of Article 30-5-5, paragraph (1); paragraph (2) or paragraph (3) of that Article; the main clause of Article 30-5-6; the main clause of Article 35-2-4, paragraph (1); paragraph (2) or paragraph (3) of that Article; or the main clause of Article 35-2-5 or an order under Article 34-2, paragraph (2), item (i); or Article 35-2-14, paragraph (2), item (i); or an Individual Credit Purchase Intermediary that has violated the provisions of the main clause of Article 35-3-3, paragraph (1); paragraph (3) or paragraph (4) of that Article; the main clause of Article 35-3-4; Article 35-3-5; the main clause of Article 35-3-7; or Article 35-3-20; or an order under Article 35-3-32, paragraph (2), item (i), to submit a business report, its books and documents, and other articles, pursuant to the provisions of Cabinet Order.

- (5) Inasmuch as it is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have a person that has obtained the license referred to in Article 35-3-61 or a Designated Entrusted Institution file a business report, pursuant to the provisions of Cabinet Order.
- (6) If the Prime Minister finds it to be necessary for stating an opinion pursuant to the provisions of Article 20-2, paragraph (4) or Article 23, paragraph (4) as applied mutatis mutandis pursuant to Article 35-3-62, the minister, within the scope of that necessity, may have a person that has obtained the license referred to in Article 35-3-61 and whose business operations that are connected with Specified Prepaid Transactions fall under the provisions of Article 20-2, paragraph (1), item (iii) as applied mutatis mutandis pursuant to Article 35-3-62; or a person that has obtained the license referred to in Article 35-3-61 and that has violated an order under Article 23, paragraph (2), item (iv) as applied mutatis mutandis pursuant to Article 35-3-62 (limited to a case in which the business operations that are connected with Specified Prepaid Transactions of the person that has obtained the license referred to in Article 35-3-61, fall under Article 20-2, paragraph (1), item (iii) as applied mutatis mutandis pursuant to Article 35-3-62) file a business report, pursuant to the provisions of Cabinet Order.
- (7) Inasmuch as it is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have a Credit Card Numbers Handler (excluding a Comprehensive Credit Purchase Intermediary; the same applies in paragraph (3) of the next Article) or a Credit Card Numbers Entrusted Handler file a status report on the Proper Management of Credit Card Numbers, pursuant to the provisions of Cabinet Order.
- (8) The Minister of Economy, Trade and Industry may, to the extent necessary for the enforcement of this Act, order a Maker of Contract for Handling Credit Card Numbers to file a business report, or to submit its books, documents or

other articles, relating to its operations, pursuant to the provisions of Cabinet Order.

- (9) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the minister, within the scope of that necessity, may have a person that has been entrusted by a Comprehensive Credit Purchase Intermediary with services linked to the Intermediation of Comprehensive Credit Purchases file a report on the services linked to the Intermediation of Comprehensive Credit Purchases with which it has been entrusted, pursuant to the provisions of Cabinet Order.
- (10) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the minister, within the scope of that necessity, may order a Seller Affiliated with the Intermediation of an Individual Credit Purchase, a Service Provider Affiliated with the Intermediation of an Individual Credit Purchase, or any another person specified by Cabinet Order as being closely affiliated with an Individual Credit Purchase Intermediary (hereinafter referred to as a "Closely Affiliated Person" in paragraph (5) of the following Article) to submit reports, books and documents, papers, and other materials that should serve as a reference with regard to the Individual Credit Purchase Intermediary's compliance with the provisions of Article 35-3-5 and the main clause of Article 35-3-7, pursuant to the provisions of Cabinet Order.
- (11) If the Minister of Economy, Trade and Industry finds it to be necessary for ensuring the proper management of specified credit information services, the minister may order a Designated Credit Bureau to submit reports, books and documents, papers, and other articles with respect to its business activities or assets.
- (12) If the Minister of Economy, Trade and Industry finds it to be particularly necessary for ensuring the proper management of specified credit information services, the minister, within the scope of that necessity, may have an Affiliated Comprehensive Credit Purchase Intermediary, Affiliated Individual Credit Purchase Intermediary, or any other person that uses a Designated Credit Bureau, or a person that has been entrusted as under the paragraphs of Article 35-3-42, file a report that should serve as a reference with regard to the business activities or assets of the Designated Credit Bureau.
- (13) If the Minister of Economy, Trade and Industry finds it to be necessary for ensuring the proper management of Certified Services, the minister may have a Certified Installment Sales Association file a report on its business or assets.
- (14) Before seeking to collect a report under paragraph (2) or paragraph (6), or to order the submission of reports, books and documents, papers, or other articles under paragraph (4), the Prime Minister must consult with the Minister of Economy, Trade and Industry.

(On-Site Inspections)

- Article 41 (1) Inasmuch as it is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have the relevant officials enter the business office or other office of a Licensed Installment Seller, Comprehensive Credit Purchase Intermediary, Individual Credit Purchase Intermediary, Designated Credit Bureau, person that has obtained the license referred to in Article 35-3-61, Designated Entrusted Institution, Maker of Contract for Handling Credit Card Numbers, or Certified Installment Sales Association, and inspect its books and documents and other articles.
- (2) In a case as prescribed in paragraph (2), paragraph (4), or paragraph (6) of the preceding Article, if the Prime Minister finds it to be particularly necessary in order to protect the interests of Users, purchasers, service recipients, or recipients of Designated Services, the minister, within the scope of that necessity, may have the relevant officials enter the business office or office of a Licensed Installment Seller, Comprehensive Credit Purchase Intermediary, Individual Credit Purchase Intermediary, or person that has obtained the license referred to in Article 35-3-61, and inspect its books and documents and other articles.
- (3) Inasmuch as it is necessary for the enforcement of this Act, the Minister of Economy, Trade and Industry may have the relevant officials enter the business office or office of a Credit Card Numbers Handler or a Credit Card Numbers Entrusted Handler and inspect its books and documents and other articles (but may only have the relevant officials inspect these in connection with the extent of the Proper Management of Credit Card Numbers).
- (4) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the minister, within the scope of that necessity, may have the relevant officials enter the business office or office of a person that has been entrusted by a Comprehensive Credit Purchase Intermediary with services linked to the Intermediation of Comprehensive Credit Purchases and inspect its books and documents and other articles (but may only have the relevant officials inspect these in connection with the services linked to the Intermediation of Comprehensive Credit Purchases with which the person has been entrusted).
- (5) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to enforce this Act, the minister, within the scope of that necessity, may have the relevant officials enter the business office or office of a Closely Affiliated Person and inspect its books and documents and other articles (but may only have the relevant officials inspect these in connection with the extent of an Individual Credit Purchase Intermediary's compliance with the provisions of Article 35-3-5 and the main clause of Article 35-3-7).

- (6) If the Minister of Economy, Trade and Industry finds it to be particularly necessary in order to ensure the proper management of specified credit information services, the minister, within the scope of that necessity, may have the relevant officials enter the business office or office of an Affiliated Comprehensive Credit Purchase Intermediary, Affiliated Individual Credit Purchase Intermediary, or any other person that uses a Designated Credit Bureau, or of a person that has been entrusted as under the paragraphs of Article 35-3-42, and inspect its books and documents and other articles (but may only have the relevant officials inspect these in connection with the business activities or assets of the Designated Credit Bureau).
- (7) An official that conducts an on-site inspection pursuant to the provisions of the preceding paragraphs must carry identification and present it to the relevant parties.
- (8) The authority to conduct an on-site inspection under the provisions of paragraphs (1) to (6) inclusive must not be interpreted as being accorded for the purpose of a criminal investigation.
- (9) Before the Prime Minister seeks to conduct an on-site inspection under paragraph (2), the minister must consult with the Minister of Economy, Trade and Industry.

(Providing Materials to the Prime Minister)

Article 41-2 If the Prime Minister finds it to be necessary for protecting the interests of Users, purchasers, service recipients, or recipients of Designated Services, the minister may request the Minister of Economy, Trade and Industry to provide materials or explanations or to otherwise provide the necessary cooperation.

(Hearing of Opinions)

- Article 42 (1) Before the relevant person seeks to reach a disposition under Article 33-2, paragraph (1), Article 35-2-11, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-2-12, paragraph (2)), Article 35-3-26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-27, paragraph (2)), or Article 35-17-5, paragraph (1), a public hearing of opinions must be held, with the person that could become subject to the disposition having been notified of this a reasonable amount of time in advance.
- (2) The date, place, and content of the situation under review must be indicated in the advance notice referred to in the preceding paragraph.
  - (3) At the time of a hearing of opinions as referred to in paragraph (1), the person that could become subject to the disposition and other interested parties must be accorded the opportunity to present evidence and state an opinion with respect to the situation under review.

(Special Provisions on Hearings)

- Article 43 (1) Irrespective of the applicable category of proceeding for hearing statements of opinion under Article 13, paragraph (1) of the Administrative Procedure Act (Act No. 88 of 1993), if the Minister of Economy, Trade and Industry seeks to issue an order under the provisions of Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 23, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 34-2, paragraph (2); Article 35-2-14, paragraph (2); Article 35-3-32, paragraph (2); Article 35-3-54, paragraph (1); or Article 35-14, paragraph (2), the minister must conduct the proceedings as a hearing.
- (2) Proceedings on the date of the hearing on a disposition under Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 23, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 34-2, paragraph (1) or paragraph (2); Article 35-2-14, paragraph (1) or paragraph (2); Article 35-3-32, paragraph (1) or paragraph (2); Article 35-3-54, paragraph (1); Article 35-14; Article 35-17-11, paragraph (1) or paragraph (2), or Article 35-24, paragraph (2) must be open to the public.

(Hearing of Opinions in Appeal Proceedings)

- Article 44 (1) The judicial decision or ruling on a request for administrative review or objection in respect of a disposition under the provisions of this Act or an order based on this Act must be reached after a public hearing of opinions has been held, with the person that could become subject to the disposition having been notified of this a reasonable amount of time in advance..
- (2) The provisions of paragraphs (2) and (3) of Article 42 apply mutatis mutandis to the hearing of opinions referred to in the preceding paragraph.

(Transitional Measures)

- Article 45 When an order is enacted, revised, or abolished based on the provisions of this Act, transitional measures (including transitional measures for penal provisions) may be provided for therein, within the scope determined to be reasonably necessary in conjunction with its enactment, revision, or abolishment.

(The Competent Minister)

- Article 46 In this Act, the competent ministers are as follows:
- (i) in matters that concern goods, the Minister of Economy, Trade and Industry and the minister with jurisdiction over the physical distribution of those

- goods;
- (ii) in matters that concern Designated Rights, the Minister of Economy, Trade and Industry and the minister with jurisdiction over the facility to which those rights pertain or the business of providing the services to which those rights pertain;
  - (iii) in matters that concern services, the Minister of Economy, Trade and Industry and the minister with jurisdiction over the business of providing those services;
  - (iv) in matters that concern advisory consultations with the Consumer Affairs Council under Article 36, paragraph (1), the Minister of Economy, Trade and Industry and the minister with jurisdiction over the physical distribution of the relevant goods, the minister with jurisdiction over the facility to which the relevant rights pertain or over the business of providing the services to which such rights pertain, or the minister with jurisdiction over the business of providing the relevant services; and
  - (v) in matters that concern advisory consultations with the Consumer Affairs Council and the Consumer Commission under Article 36, paragraph (2), the Minister of Economy, Trade and Industry, the Prime Minister, and the minister with jurisdiction over the physical distribution of the relevant goods, the minister with jurisdiction over the facility to which the relevant rights pertain or over the business of providing the services to which such rights pertain, or the minister with jurisdiction over the business of providing the relevant services.

(Administrative Functions Handled by Prefectural Governments)

Article 47 Part of the administrative functions prescribed in this Act which are under the authority of the competent minister or the Minister of Economy, Trade and Industry may be undertaken by a prefectural governor, pursuant to the provisions of Cabinet Order.

(Delegation of Authority)

Article 48 (1) The competent minister or the Minister of Economy, Trade and Industry may have the head of a local branch office undertake a matter that comes under the purview of the authority accorded to the minister pursuant to this Act, pursuant to the provisions of Cabinet Order.

(2) The Prime Minister delegates authority accorded thereto pursuant to this Act (other than the authority specified by Cabinet Order) to the Director-General of the Consumer Affairs Agency.

## **Chapter V Penal Provisions**



Article 49 In a case that falls under any of the following items, the violating person is subject to punishment by imprisonment with required labor for not more than three years, a fine of not more than 3,000,000 yen, or both:

- (i) the person violates the provisions of Article 11 in engaging in Prepaid Installment Sales in the course of trade;
- (ii) the person violates the provisions of Article 31 in engaging in the Intermediation of Comprehensive Credit Purchases in the course of trade;
- (iii) the person violates the provisions of Article 35-3-23 in engaging in the Intermediation of Individual Credit Purchases in the course of trade;
- (iv) the person violates the provisions of Article 35-3-30;
- (v) the person violates the provisions of Article 35-3-61 in having dealings in Specified Prepaid Transactions in the course of trade; or
- (vi) the person violates the provisions of Article 35-17-2 in engaging in making of Contract for Handling Credit Card Numbers in the course of trade.

Article 49-2 (1) If a Credit Card Numbers Handler or a Credit Card Numbers Entrusted Handler, or the officer or employee of any of these or a person that has held one of these positions, provides another party with, or misappropriates, a Credit Card Number learned in the course of business in order to wrongfully obtain a personal benefit or to benefit a third party, such a person is subject to punishment by imprisonment with required labor for not more than three years or by a fine of not more than 500,000 yen.

- (2) The provisions of the preceding paragraph also apply to a first person that cons a second person into providing the first person with a Credit Card Number. The same applies to a person that acquires another person's Credit Card Number in a way that is set forth in one of the following items:
  - (i) by copying an entry in a document or a record on a recording medium that is meant for the records of the person whose Credit Card Number is stated or recorded therein, without obtaining that person's consent; or
  - (ii) through unauthorized access (meaning unauthorized access as prescribed in Article 3 of the Act on Prohibition of Unauthorized Computer Access (Act No. 128 of 1999)).
- (3) The provisions of paragraph (1) apply to a person that provides someone with another person's Credit Card Number or receives another person's Credit Card Number, for remuneration, without legitimate grounds. The same applies to a person that keeps another person's Credit Card Number for the purpose of providing it to someone for remuneration, without legitimate grounds.
- (4) The provisions of the preceding three paragraphs do not preclude the application of the Penal Code or any other penal provisions.

Article 50 In a case that falls under any of the following items, the violating

person is subject to punishment by imprisonment with required labor for not more than two years, a fine of not more than 3,000,000 yen, or both. The same applies to a person that knowingly receives specified credit information from a person committing the violation referred to in item (ii) or item (iii):

- (i) the person divulges or misappropriates confidential information, in violation of the provisions of Article 35-3-39 (including as applied mutatis mutandis pursuant to Article 35-3-47, paragraph (4));
- (ii) the person requests the Designated Credit Bureau with which it is affiliated to provide it with specified information for purposes other than an Investigation into the Ability to Pay; that uses specified credit information it receives from the Designated Credit Bureau with which it is affiliated for purposes other than an Investigation into the Ability to Pay; or that provides such information to a third party, in violation of the provisions of Article 35-3-59, paragraph (1); or
- (iii) the person violates the provisions of Article 35-3-59, paragraph (2) in using the specified credit information provided by the Designated Credit Bureau with which it is affiliated or by providing that information to a third party.

Article 51 In a case that falls under any of the following items, the violating representative, agent, employee, or other worker of a Licensed Installment Seller, Registered Comprehensive Credit Purchase Intermediary, Registered Comprehensive Small Amount Credit Purchase Intermediary, Registered Individual Credit Purchase Intermediary, or person that has obtained the license referred to in Article 35-3-61, is subject to punishment by imprisonment with required labor for not more than two years, a fine of not more than 3,000,000 yen, or both:

- (i) the person violates an order under the provisions of Article 20, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (ii) the person violates an order under the provisions of Article 23, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (iii) the person violates an order under the provisions of Article 34-2, paragraph (2); or
- (iv) the person violates an order under the provisions of Article 35-2-14, paragraph (2).
- (v) the person violates an order under the provisions of Article 35-3-32, paragraph (2).

Article 51-2 The representative, agent, employee, or other worker of a Designated Entrusted Institution that violates an order under the provisions of Article 35-14, paragraph (2) is subject to punishment by imprisonment with required labor for not more than one year, a fine of not more than 1,000,000

yen, or both.

Article 51-3 If a person accepts the assignment of a card, etc. or that acquires a card, etc. in connection with the lending of funds in the course of trade, in violation of the provisions of Article 37, that violating person is subject to punishment by imprisonment for not more than one year or by a fine of not more than 1,000,000 yen.

Article 51-4 If a person violates the provisions of Article 35-22, that violating person is subject to punishment by imprisonment for not more than one year or by a fine of not more than 500,000 yen.

Article 51-5 In a case that falls under any of the following items, the violating representative, administrator, agent, employee, or other worker of a Registered Comprehensive Credit Purchase Intermediary, Registered Comprehensive Small Amount Credit Purchase Intermediary, Registered Individual Credit Purchase Intermediary, Designated Credit Bureau, Designated Entrusted Institution, Maker of Contract for Handling Credit Card Numbers or Certified Installment Sales Association, is subject to punishment by a fine of not more than 1,000,000 yen:

- (i) the person violates an order under the provisions of Article 34 (including as applied mutatis mutandis pursuant to Article 35-3);
- (ii) the person violates an order under the provisions of Article 35-3-31;
- (iii) the person violates an order under the provisions of Article 35-3-52;
- (iv) the person violates an order under the provisions of Article 35-13;
- (v) the person violates an order under the provisions of Article 35-17-10; or
- (vi) the person violates an order under the provisions of Article 35-24, paragraph (1).

Article 51-6 In a case that falls under any of the following items, the violating person is subject to punishment by a fine of not more than 1,000,000 yen:

- (i) the person violates an order under the provisions of Article 30-5-3, paragraph (1);
- (ii) the person violates an order under the provisions of Article 30-6, paragraph (1); or
- (iii) the person violates an order under the provisions of Article 35-2-8, paragraph (1).
- (iv) the person violates an order under the provisions of Article 35-3-21, paragraph (1); or
- (v) the person violates an order under the provisions of Article 35-17.

Article 52 In a case that falls under one of the following items, the violating representative, administrator, agent, employee, or other worker of a Licensed Installment Seller, entrusted party under a Contract on the Entrustment of Business Deposits, Designated Credit Bureau, person that has obtained the license referred to in Article 35-3-61, or Designated Entrusted Institution, is subject to punishment by a fine of not more than 500,000 yen:

- (i) the person violates the provisions of Article 16, paragraph (3) (including as applied mutatis mutandis pursuant to Article 18, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62), or Article 35-3-62) in commencing operations in Prepaid Installment Sales or Specified Prepaid Transactions;
- (ii) the person violates the provisions of Article 18-3, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62) in newly concluding a contract for Prepaid Installment Sales or for Specified Prepaid Transactions;
- (iii) the person fails to keep books, fails to enter a particular prescribed in of Article 19-2 (including as applied mutatis mutandis pursuant to Article 35-3-62), makes a false entry, or fails to archive its books, in violation of the provisions of Article 19-2 (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (iv) the person fails to make a business deposit for prepaid services, in violation of the provisions of Article 20-3, paragraph (4) (including as applied mutatis mutandis pursuant to Article 35-3-62);
- (v) the person does other business, in violation of the provisions of the main clause of Article 35-3-41, paragraph (1);
- (vi) the person fails to establish operational rules, does not obtain the approval of the Minister of Economy, Trade and Industry, or changes the operational rules without obtaining the approval of the Minister of Economy, Trade and Industry, in violation of the provisions of Article 35-3-43, paragraph (1);
- (vii) the person fails to prepare or archive records pursuant to the provisions of Article 35-3-45 (including as applied mutatis mutandis pursuant to Article 35-3-47, paragraph (4)), or prepares a false record;
- (viii) the person fails to submit a report on its business activities or assets as under Article 35-3-51, paragraph (1), or submits a report on its business activities or assets which contains a false statement;
- (ix) the person violates the provisions of Article 35-3-53, paragraph (1);
- (x) the person fails to submit the business plan referred to in Article 35-8, paragraph (1) or the business report referred to in paragraph (3) of that Article, or submits a false business plan or a business report that contains a false statement; or
- (xi) the person violates the provisions of Article 35-9 in engaging in business

other than Services Under Entrustment.

Article 53 In a case that falls under any of the following items, the violating person is subject to punishment by a fine of not more than 500,000 yen:

- (i) the person violates the provisions of Article 3, paragraph (1) or Article 35-3-2, paragraph (1) in failing to make an indication;
- (ii) the person violates the provisions of Article 3, paragraph (4); Article 29-2, paragraph (3); Article 30, paragraph (4); or Article 35-3-2, paragraph (2) in failing to make an indication;
- (iii) the person fails to deliver a document, in violation of the provisions of Article 3, paragraph (2) or paragraph (3); Article 4; Article 29-2, paragraph (1) or paragraph (2); Article 29-3; Article 30, paragraph (3); Article 30-2-3, paragraph (4) or paragraph (6); Article 35-3-8; or Article 35-3-9, paragraph (1) or paragraph (3);
- (iv) the person fails to provide information in violation of Article 30, paragraph (1) or paragraph (2); or Article 30-2-3, paragraph (1) to paragraph (3) inclusive or paragraph (5);
- (v) the person fails to prepare the record of an investigation, prepares a false record, or fails to archive a record, in violation of the provisions of Article 30-2, paragraph (4); Article 35-3-3, paragraph (4); Article 35-3-5, paragraph (2), or Article 35-17-8, paragraph (5);
- (vi) the person fails to prepare the record of calculation, prepares a false record, or fails to archive a record, in violation of the provisions of Article 30-5-5, paragraph (3); or Article 35-2-4, paragraph (3);
- (vii) the person fails to make a report under the provisions of Article 40, paragraph (1), paragraph (2), paragraphs (5) to (7) inclusive, paragraph (9), paragraph (12), or paragraph (13), or that makes a false report;
- (viii) the person fails to make a report under the provisions of Article 40, paragraph (3), paragraph (4), paragraph (8) or paragraph (11), that makes a false report, that fails to submit an article under those provisions, or that submits a false article;
- (ix) the person fails to make a report under the provisions of Article 40, paragraph (10), that makes a false report, that fails to submit a material under the provisions of that paragraph, or that submits a false material; or
- (x) the person refuses, obstructs, or evades an inspection under the provisions of Article 41, paragraph (1) to (6) inclusive.

Article 53-2 In a case that falls under one of the following items, the violating representative, administrator, agent, employee, or other worker of a Licensed Installment Seller, Registered Comprehensive Credit Purchase Intermediary, Registered Comprehensive Small Amount Credit Purchase Intermediary,

Registered Individual Credit Purchase Intermediary, Designated Credit Bureau, person that has obtained the license referred to in Article 35-3-61, Designated Entrusted Institution or Maker of Contract for Handling Credit Card Numbers, is subject to punishment by a fine of not more than 300,000 yen:

- (i) the person fails to make the notification under the provisions of Article 19, paragraph (1) or paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62); Article 33-3, paragraph (1); Article 35-2-13, paragraph (1); Article 35-3-28, paragraph (1); Article 35-3-50, paragraph (1); Article 35-6; Article 35-7, paragraph (1); Article 35-8, paragraph (2) or Article 35-17-6, paragraph (1), or makes a false notification;
- (ii) the person fails to file a notification under the provisions of Article 35-3-53, paragraph (2), files a false notification, fails to notify as under the same provisions, or makes a false report.

Article 53-3 If a person uses a term in its name or trade name which could give rise to the misconception that it is the member of a Certified Installment Sales Association, in violation of the provisions of Article 35-19, paragraph (3), that violating person is subject to punishment by a fine of not more than 300,000 yen.

Article 54 (1) If the representative or administrator of a corporation (this includes an association or a foundation that is without legal personality but that has a representative or administrator; hereinafter the same applies in this paragraph), or the agent, employee, or other worker of corporation or individual commits one of the violations referred to in Article 49 or Article 50 to the preceding Article inclusive in connection with the business of that corporation or individual, in addition to the offender being subject to punishment, the corporation or individual is subject to punishment by the fine prescribed in the respective Article.

(2) If the provisions of the preceding paragraph apply to an association or foundation without legal personality, its representative or its administrator represents the association or foundation without legal personality in procedural acts and the provisions of laws on criminal proceedings when a corporation stands as the accused or the suspect apply mutatis mutandis.

Article 55 A person that falls under any of the following items is subject to punishment by a non-criminal fine of not more than 300,000 yen:

- (i) a person that fails to file a notification under the provisions of Article 18-6, paragraph (2) (including as applied mutatis mutandis pursuant to Article 35-3-62) or files a false notification;

- (ii) a person that violates an order provided for in Article 20-2, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-62); or
- (iii) a person that fails to file a notification under the provisions of Article 26, paragraph (1) (including as applied mutatis mutandis pursuant to Article 35-3-35, or Article 35-3-62); Article 35 (including as applied mutatis mutandis pursuant to Article 35-3); or Article 35-17-14, or that files a false notification.

Article 55-2 In a case that falls under one of the following items, the violating director, executive officer, accounting advisor, or member that performs the duties of the same, or the violating auditor, board director, inspector, representative, administrator, member that executes business, or liquidator of a Designated Credit Bureau, or the violating person that was formerly the officer (including a provisional board director) or representative of a Certified Installment Sales Association, is subject to punishment by a fine of not more than 300,000 yen:

- (i) the person violates the provisions of Article 35-3-38 in becoming the representative of a corporation, engaging in day-to-day business operations, or engaging in business without obtaining the approval of the Minister of Economy, Trade and Industry; or
- (ii) the person violates the provisions of Article 35-3-48 or Article 35-19, paragraph (1).

Article 55-3 A person that violates the provisions of Article 35-3-49 or Article 35-19, paragraph (2) is subject to punishment by a non-criminal fine of not more than 100,000 yen.