

Regulations on Services and Accounting Books of Legal Professional Corporations, Registered Foreign Lawyer Corporations, and Attorney/Registered Foreign Lawyer Joint Corporations

(Ministry of Justice Order No. 62 of August 17, 2001)

Pursuant to the provisions of Article 30-5 of the Attorneys Act (Act No. 205 of 1949), the Ministerial Order to designate the services referred to in Article 30-5 of the Attorneys Act is established as follows.

(Scope of Services of a Legal Professional Corporation)

Article 1 The services specified by Ministry of Justice Order as provided for in Article 30-5 of the Attorneys Act (referred to below as the "Act") are those stated in the following items:

- (i) upon the request of the party or other concerned person, or upon entrustment from a public agency, undertaking management of the business of other persons or management or disposal of property of other persons by assuming a position of trustee, administrator or other similar position, or acting as an agent for or assisting a person who carries out those services;
- (ii) upon the request of the party or other concerned persons, or upon entrustment from a public agency, acting as an agent for, giving a consent to, or revoking a juridical act of another person by assuming a position of guardian, curator, assistant, supervisor or other similar position, or supervising a person who carries out those services;
- (iii) upon the request of the party or other concerned persons, or upon entrustment from a public agency, investigating the business and financial situation of other persons, irregular establishment conditions, prices of assets, and other matters related to legal services, and reporting or proving the results;
- (iv) holding lectures, issuing publications, and other educational and promotional activities related to the services of an attorney or a legal professional corporation; and
- (v) services incidental or closely related to legal services.

(Scope of Services of a Registered Foreign Lawyer Corporation)

Article 1-2 The services specified for by Ministry of Justice Order as prescribed in Article 59, paragraph (1) of the Act on the Handling of Legal Services by Foreign Lawyers are those stated in the following items:

- (i) upon the request of a party or other concerned persons, or upon entrustment

- from a public agency, investigating the business and financial situation of other persons, prices of assets and other matters related to legal services concerning foreign laws, and reporting or proving the results;
- (ii) holding lectures, issuing publications, and other educational and promotional activities related to the services of a registered foreign lawyer or a registered foreign lawyer corporation; and
 - (iii) services incidental or closely related to legal services concerning foreign laws.

(Scope of Services of an Attorney/Registered Foreign Lawyer Joint Corporation)

Article 1-3 The services specified by Ministry of Justice Order as provided for in Article 71 of the Act on the Handling of Legal Services by Foreign Lawyers are those stated in the following items:

- (i) upon the request of the party or other concerned persons, or upon entrustment from a public agency, undertaking management of the business of other persons or management or disposal of property of others persons by assuming a position of trustee, administrator or other similar position, or acting as an agent for or assisting a person who carries out those services;
- (ii) upon the request of the party or other concerned persons, or upon entrustment from a public agency, acting as an agent for, giving a consent to, or revoking a juridical act of another person by assuming a position of guardian, curator, assistant, supervisor or other similar position, or supervising a person who carries out those services;
- (iii) upon the request of the party or other concerned persons, or upon entrustment from a public agency, investigating the business and financial situation of other persons, irregular establishment conditions, prices of assets and other matters related to legal services, and reporting or proving the results;
- (iv) holding lectures, issuing publications, and other educational and promotional activities related to the services of an attorney, a registered foreign lawyer, or an attorney/registered foreign lawyer joint corporation; and
- (v) services incidental or closely related to legal services.

(Accounting Books)

Article 2 (1) Accounting books to be prepared pursuant to the provisions of Article 615, paragraph (1) of the Companies Act (Act No. 86 of 2005) as applied mutatis mutandis pursuant to paragraph (1) of Article 30-30 of the Act (including as applied mutatis mutandis pursuant to Article 67, paragraph (2) and Article 80, paragraph (1) of the Act on the Handling of Legal Services by Foreign Lawyers; the same applies below) are specified in this Article.

- (2) Accounting books must be prepared and retained in writing or in the form of an electronic or magnetic record (meaning a record used in computer data processing which is created in an electronic form, magnetic form, or any other form that cannot be perceived by the human senses (the record is limited to a file containing information that is stored in a computer or prepared in an electronic or magnetic recording medium (meaning a recording medium used in computer data processing which is created in an electronic form, magnetic form, or any other form that cannot be perceived by the human senses)); the same applies in Article 4).
- (3) Unless otherwise provided for in this Ministerial Order, costs at acquisition must be indicated for assets to be reported in the accounting books of a legal professional corporation, a registered foreign lawyer corporation, and an attorney/registered foreign lawyer joint corporation (referred to below as a "legal professional corporation, etc."); provided, however, that a market value or fair value as of the final day of the fiscal year may be assigned for assets for which assigning costs at acquisition is inappropriate.
- (4) Reasonable depreciation must be taken on the final day of the fiscal year regarding assets that should be depreciated (or if the assets are to be valued on a day other than the final day of the fiscal year, on that other day; the same applies in this Article).
- (5) If the price provided in the following items is to be assigned for the assets stated in each respective item on the last day of the fiscal year, the price provided in each respective item must be assigned:
 - (i) assets whose market value on the last day of the fiscal year is significantly lower than the cost at acquisition (excluding assets for which the market value is expected to recover to the cost at acquisition): the market value on the last day of the fiscal year; or
 - (ii) assets for which a reduction in value has arisen which could not be predicted, or assets which should be recognized as an impairment loss on the last day of the fiscal year: a remaining amount after a reasonable amount is reduced from the cost at the time of acquisition.
- (6) if a claim that is likely to be uncollectible, the amount that is expected to be uncollectible on the final day of the fiscal year must be deducted on that day.
- (7) Unless otherwise provided for in this Ministerial Order, the amount of debts must be indicated for a liability that is to be reported in the accounting books of a legal professional corporation, etc.; provided, however, that a market value or fair value may be indicated for a liability for which indicating the amount of debts is inappropriate.
- (8) Goodwill may be reported as an asset or liability only if it has been received for consideration or acquired through a merger.
- (9) With respect to interpretation of the terms in the preceding items and

application of the provisions, generally accepted accounting practices and other accounting customs must be taken into consideration.

(Balance Sheets)

Article 3 (1) The balance sheet to be prepared pursuant to the provisions of Article 617, paragraphs (1) and (2) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (1) of the Act are as specified in this Article.

(2) The amount of items included in a balance sheet is to be indicated in units of one yen, one thousand yen, or one million yen.

(3) The balance sheet is to be expressed in the Japanese language; provided, however, that this does not apply when it is not unreasonable to express it in another language.

(4) The balance sheet to be prepared pursuant to the provisions of Article 617, paragraph (1) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (1) of the Act must be prepared based on the accounting books as of the date of establishment.

(5) The balance sheet to be prepared for each fiscal year pursuant to the provisions of Article 617, paragraph (2) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (1) of the Act must be prepared based on the accounting books for the relevant fiscal year.

(6) The period subject to preparation of a balance sheet for each fiscal year is the period from the day following the final day of the fiscal year preceding the relevant fiscal year (or from the date of incorporation if there is no fiscal year preceding the relevant fiscal year) to the final day of the relevant fiscal year. In this case, the relevant period may not exceed one year (or if the final day of a fiscal year is changed, it may not exceed one year and six months for the first fiscal year after the change).

(7) The balance sheet must consist of the following sections:

- (i) assets;
- (ii) liabilities; and
- (iii) net assets.

(8) The sections stated in each item of the preceding paragraph may be further divided into appropriate items. In this case, each relevant item must be given an appropriate name indicating assets, liabilities, or net assets.

(9) With respect to interpretation of the terms of each of the preceding paragraphs and application of the provisions, generally accepted accounting practices and other accounting customs must be taken into consideration.

(Method of Showing Information Recorded in Electronic or Magnetic Records)

Article 4 The method specified by Ministry of Justice Order as provided for in

Article 618, paragraph (1), item (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (1) of the Act is the method of showing information recorded in electronic or magnetic records provided in Article 618, paragraph (1), item (ii) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (1) of the Act, in writing or on a screen.

(Inventory of Assets)

Article 5 (1) The inventory of assets to be prepared pursuant to the provisions of Article 658, paragraph (1) or Article 669, paragraph (1) or (2) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (2) of the Act is as specified in this Article.

(2) If assets are to be recorded in an inventory of assets referred to in the preceding paragraph, the price of disposal as of the day of falling under the case stated in the items of Article 30-23, paragraph (1) of the Act (including as applied mutatis mutandis pursuant to Article 67, paragraph (2) and Article 80, paragraph (1) of the Act on the Handling of Legal Services by Foreign Lawyers) must be assigned for the assets, except the case in which it is difficult to assign the price of disposal. In this case, the price indicated in the inventory of assets is deemed to be the cost at acquisition that is to be recorded in accounting books of a legal professional corporation, etc.

(3) The inventory of assets referred to in paragraph (1) must consist of the following sections, in which case, the sections stated in items (i) and (ii) may be further divided into items that have been given appropriate titles indicating their contents:

- (i) assets;
- (ii) liabilities; and
- (iii) net assets.

(Balance Sheets at the Time of Commencement of Liquidation)

Article 6 (1) A balance sheet to be prepared pursuant to the provisions of Article 658, paragraph (1) or Article 669, paragraph (1) or (2) of the Companies Act as applied mutatis mutandis pursuant to Article 30-30, paragraph (2) of the Act is as specified in this Article.

(2) A balance sheet referred to in the preceding paragraph must be prepared based on the inventory of assets.

(3) The balance sheet referred to in paragraph (1) must consist of the following sections, in which case, the sections stated in items (i) and (ii) may be further divided into items that have been given appropriate titles indicating their contents:

- (i) assets;

- (ii) liabilities; and
 - (iii) net assets.
- (4) If assets exist for which assigning the price of disposal is difficult, the balance sheet referred to in paragraph (1) must annotate the policy of property appraisal in relation to those assets.