

Act on Specified Commercial Transactions

(Act No. 57 of June 4, 1976)

Table of Contents

Chapter I General Provisions (Article 1)
Chapter II Door-to-Door Sales, Mail Order Sales, and Telemarketing Sales
Section 1 Definitions (Article 2)
Section 2 Door-to-Door Sales (Articles 3 through 10)
Section 3 Mail Order Sales (Articles 11 through 15-4)
Section 4 Telemarketing Sales (Articles 16 through 25)
Section 5 Miscellaneous Provisions (Articles 26 through 32-2)
Chapter III Multilevel Marketing Transactions (Articles 33 through 40-3)
Chapter IV Provision of Specified Continuous Services (Articles 41 through 50)
Chapter V Business Opportunity Sales Transactions (Articles 51 through 58-3)
Chapter V-2 Door-to-Door Purchase (Articles 58-4 through 58-17)
Chapter V-3 Right to Demand an Injunction (Articles 58-18 through 58-26)
Chapter VI Miscellaneous Provisions (Articles 59 through 69-3)
Chapter VII Penal Provisions (Articles 70 through 76)
Supplementary Provisions

Chapter I General Provisions

(Purpose)

Article 1 The purpose of this Act is to protect the interests of purchasers and others and ensure that the distribution of the goods and other commodities and providing services is appropriate and smooth by ensuring fairness in specified commercial transactions (meaning transactions connected with door-to-door sales, mail order sales, and telemarketing sales; multilevel marketing transactions; transactions connected with the provision of specified continuous services; business opportunity sales transactions; and transactions connected with door-to-door purchases; the same applies hereinafter) and preventing damage that may be caused to purchasers and others, so as to contribute to the sound development of the national economy.

Chapter II Door-to-Door Sales, Mail Order Sales, and Telemarketing Sales

Section 1 Definitions

Article 2 (1) The term "door-to-door sale" as used in this Chapter and in Article 58-18, paragraph (1) means the following:

- (i) a sale of goods or specified rights or providing services that a seller or a person engaged in the business of providing the services (hereinafter referred to as a "service provider") undertakes after having received an offer to enter into a sales contract or for a contract to provide services in exchange for payment (hereinafter referred to as a "service contract"), or after having entered into a sales contract or a service contract, at a place other than a business office, agency office, or any other place specified by order of the competent ministry (hereinafter referred to as an "office or other location");
or
 - (ii) a sale of goods or specified rights or providing services that a seller or a service provider undertakes after having received an offer to enter into a sales contract or a service contract at an office or other location from a person whom the seller or the service provider has stopped at a place other than an office or other location and taken along with them to an office or other location, or from a person whom the seller or the service provider has induced away from a place that is not an office or other location by any other means specified by Cabinet Order (the person is hereinafter referred to as a "specified customer"), or that a seller or a service provider undertakes after having entered into a sales contract or a service contract at an office or other location with a specified customer.
- (2) The term "mail order sale" as used in this Chapter and in Article 58-19 means a sale of goods or specified rights or providing services that a seller or a service provider undertakes after having received an offer to enter into a sales contract or a service contract by postal mail or other means specified by order of the competent ministry (hereinafter referred to as "postal mail or a similar means"), and that does not fall under the category of telemarketing sales.
- (3) The term "telemarketing sale" as used in this Chapter and in Article 58-20, paragraph (1) means a sale of goods or specified rights or providing services that a seller or a service provider undertakes after having telephoned a person or having had a person to telephone the seller or the service provider by a means specified by Cabinet Order, during which telephone call the seller or the service provider has solicited the person to enter into a sales contract or a service contract (hereinafter referred to as an "act of telemarketing"), due to which the seller or the service provider received the relevant offer to enter into a sales contract or a service contract from the solicited person (hereinafter referred to as a "telemarketing target") by postal mail or a similar means, or due to which the seller or the service provider entered into the sales contract or a service contract with the telemarketing target via postal mail or a similar means.
- (4) The term "specified right" as used in this Chapter and in Article 58-19, item (i) and Article 67, paragraph (1) means the following rights:

- (i) the right to use a facility or to receive a service, which is sold in a transaction connected with people's daily lives, and which is specified by Cabinet Order;
- (ii) a corporate bond or other monetary claim; and
- (iii) a share in a stock company; an equity interest of a member of a limited liability company, general partnership company, or limited partnership company; a membership right in any other incorporated association; or a membership right in a foreign corporation that has the characteristics of any of the foregoing rights.

Section 2 Door-to-Door Sales

(Clear Indication of Name in Door-to-Door Sales)

Article 3 When a seller or a service provider seeks to conduct door-to-door sales, prior to solicitation, the seller or the service provider must clearly indicate to the other party the name of the seller or the service provider, the fact that the purpose is to solicit the person to enter into a sales contract or a service contract, and the type of goods, rights, or services connected with the solicitation.

(Prohibition on Soliciting the Business of a Person Who Has Indicated an Unwillingness to Enter Into a Contract)

Article 3-2 (1) When a seller or a service provider seeks to conduct a door-to-door sale, the seller or the service provider must endeavor to confirm that the other party is willing to be solicited.

(2) A seller or a service provider must not solicit a person to enter into a sales contract or a service contract connected with a door-to-door sale if that person has indicated an unwillingness to enter into the sales contract or a service contract.

(Delivery of Documents in Door-to-Door Sales)

Article 4 (1) When a seller or a service provider has received an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services at a place other than an office or other location, or has received an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services at an office or other location from a specified customer, pursuant to the provisions of order of the competent ministry, the seller or the service provider must immediately deliver a document to the person who made the offer, giving the details of the offer with respect to the following information; provided, however, that this does not apply if the seller or the service provider enters into the sales contract or the

service contract upon receiving the offer:

- (i) the type of goods, rights, or services;
 - (ii) the sales price of the goods or rights or the consideration for the services;
 - (iii) the timing and method of payment of the charges for the goods or rights, or the consideration for the services;
 - (iv) 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;
 - (v) information about withdrawing the offer to enter into the sales contract or the service contract or about canceling the sales contract or the service contract under the provisions of Article 9, paragraph (1) (including information under the provisions of paragraphs (2) through (7) of that Article (when the provisions of Article 26, paragraph (2), (4), or (5) apply, this includes information under the provisions of those paragraphs)); and
 - (vi) information specified by order of the competent ministry, beyond what is stated in the preceding items.
- (2) In place of the delivery in writing under the provisions of the preceding paragraph, a seller or a service provider may provide the information that should be described in the documents by an electronic or magnetic means (meaning a means that makes use of an electronic data processing system or any other means that makes use of information and communications technology, which is specified by order of the competent ministry; the same applies hereinafter) after gaining the consent of the person who made the offer, pursuant to Cabinet Order. In this case, the seller or the service provider is deemed to have delivered the documents.
- (3) The provision of information that should be described in documents as specified in the first sentence of the previous paragraph through electronic or magnetic means (excluding means specified by order of the competent ministry) means that the information is deemed to have reached the person who made the offer when it was recorded in a file stored on the computer used by the person who made the offer.

Article 5 (1) Except as prescribed in the following paragraph, if a seller or a service provider falls under one of the following items, the seller or the service provider must deliver a document to the purchaser or the service recipient that clarifies the details of the sales contract or the service contract with respect to the information referred to in the items of the preceding Article, paragraph (1) (with respect to the information referred to in item (v) of the paragraph, this is limited to information about the cancellation of the sales contract or the service contract) without delay (or immediately, in the case prescribed in the proviso to that Article), pursuant to the provisions of order of the competent ministry:

- (i) the seller or the service provider has entered into a sales contract for goods or specified rights or service contract for services at a place other than an office or other location (this excludes the case where the seller or the service provider received the offer at an office or other location from a customer who is not a specified customer, and entered into the sales contract or the service contract at a place other than an office or other location);
 - (ii) the seller or the service provider has received an offer to enter into a sales contract for goods or specified rights or a service contract for services at a place other than an office or other location and entered into the sales contract or the service contract at an office or other location; or
 - (iii) the seller or the service provider has entered into a sales contract for goods or specified rights or a service contract for services at an office or other location with a specified customer.
- (2) If a seller or a service provider falls under one of the items of the preceding paragraph and, upon entering into a sales contract or a service contract, the seller or the service provider delivers the goods, transfers the specified rights, or provides the services and receives the total amount of the charges for the goods or specified rights or the consideration for the services, pursuant to the provisions of order of the competent ministry, the seller or the service provider must immediately deliver to the purchaser or the service recipient a document giving the information referred to in paragraph (1), items (i) and (ii) of the preceding Article, and the portion of the information referred to in item (v) of the paragraph that is about canceling the sales contract or the service contract, and any other information specified by order of the competent ministry.
- (3) The provisions of paragraph (2) and paragraph (3) of the preceding Article apply mutatis mutandis to the delivery in writing under the provisions of the preceding two paragraphs. In this case, the phrase "the person who made the offer" in paragraph (2) and paragraph (3) of the Article is deemed to be replaced with "the purchaser or the service recipient".

(Prohibited Conduct)

- Article 6 (1) A seller or a service provider must not misrepresent the following information, either in soliciting a person to enter into a sales contract or a service contract connected with a door-to-door sale, or in order to prevent the withdrawal or cancellation of an offer to enter into a sales contract or a service contract connected with a door-to-door sale or the cancellation of the contract:
- (i) the type of goods and their performance or quality, the type of rights or services, the details of them, or other similar information specified by order of the competent ministry;
 - (ii) the sales price of the goods or rights, or the consideration for the services;
 - (iii) the timing or method of payment of the charges for the goods or rights or

- the consideration for the services;
 - (iv) 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;
 - (v) information about withdrawing the offer to enter the sales contract or the service contract or about canceling the sales contract or the service contract (including information under the provisions of Article 9, paragraphs (1) through (7) (when the provisions of Article 26, paragraph (2), (4), or (5) apply, this includes information under the provisions of the relevant paragraphs));
 - (vi) information about any circumstances that make it necessary for the customer to enter into the sales contract or the service contract; or
 - (vii) beyond what is stated in the preceding items, any material information about the sales contract or the service contract that would affect the decision of the customer, the purchaser, or the service recipient.
- (2) A seller or a service provider must not intentionally fail to disclose facts with respect to the matters listed in items (i) through (v) of the preceding paragraph in soliciting a person to enter into a sales contract or a service contract connected with a door-to-door sale.
- (3) A seller or a service provider must not use intimidation to overwhelm a person in order to have that person enter into a sales contract or a service contract connected with a door-to-door sale, in order to prevent the person from withdrawing an offer to enter into a sales contract or a service contract connected with a door-to-door sale, or in order to prevent the person from canceling the contract.
- (4) A seller or a service provider must not solicit a person whom the seller or the service provider has stopped and taken along with them or whom the seller or the service provider has induced away from a place that is not an office or other location by any other means specified by Cabinet Order, to enter into a sales contract or a service contract connected with a door-to-door sale other than in a place into and out of which the general public comes and goes, without first having informed the person that the purpose for doing so is to solicit the person to enter into the sales contract or the service contract.

(Submission of Materials Showing Reasonable Grounds)

Article 6-2 On finding that it is necessary to do so in order to determine whether a seller or a service provider has misrepresented the information prescribed in paragraph (1), item (i) of the preceding Article, the competent minister may ask the seller or the service provider to submit materials showing reasonable grounds to support the information conveyed to the other party, within a specified period. In this case, if the seller or the service provider fails to submit those materials, concerning application of the provisions of paragraph (1) of the following Article and Article 8, paragraph (1), the seller or the service

provider is deemed to have misrepresented the information prescribed in that item.

(Instructions)

Article 7 (1) If a seller or a service provider has violated any of the provisions of Article 3, Article 3-2, paragraph (2), Article 4, paragraph (1), Article 5, paragraph (1) or paragraph (2), or Article 4 through Article 6, or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with a door-to-door sale and the interests of the purchaser or the service recipient, the minister may instruct the seller or the service provider to take measures to correct the violation or conduct, measures to protect the interests of the purchaser or the service recipient, and any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of all or part of the obligations under a sales contract or a service contract connected with a door-to-door sale or the obligations arising due to the cancellation of a sales contract or a service contract connected with a door-to-door sale;
 - (ii) intentionally failing to disclose any material information about a sales contract or a service contract that would affect the decision of the customer (excluding the matters listed in Article 6, paragraph (1), items (i) through (v)) in soliciting a person to enter into a sales contract or a service contract connected with a door-to-door sale;
 - (iii) intentionally failing to disclose any material information about a sales contract or a service contract connected with a door-to-door sale that would affect the decision of the customer, the purchaser, or the service recipient in order to prevent the withdrawal of the offer to enter the sales contract or the service contract or the cancellation of the contract;
 - (iv) soliciting a person, without reasonable grounds, to enter into a sales contract or a service contract connected with a door-to-door sale in which the amount of goods or the amount of benefits guaranteed by specified rights (limited to those stated in Article 2, paragraph (4), item (i)) of a quantity that significantly exceeds what is normally required in daily life or for a service whose frequency, period, or quantity significantly exceeds what is normally required in daily life, or any other conduct specified by order of the competent ministry as conduct that is found to be inappropriate in light of the customer's financial status; or
 - (v) beyond what is stated in the preceding items, conduct in connection with a door-to-door sale that is specified by order of the competent ministry as being likely to prejudice the fairness of a transaction connected with a door-to-door sale and the interests of the purchaser or the service recipient.
- (2) Having given an instruction under the provisions of the preceding paragraph,

the competent minister must issue a public announcement to that effect.

(Suspension of Business Activities of the Seller)

Article 8 (1) If a seller or a service provider has violated any of the provisions of Article 3, Article 3-2, paragraph (2), Article 4, paragraph (1), Article 5, paragraph (1) or paragraph (2), or Article 6 or has engaged in any of the conduct listed in the items of paragraph (1) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of a transaction connected with a door-to-door sale and the interests of the purchaser or the service recipient, or the seller or the service provider fails to follow the instructions under the provisions of that paragraph, the minister may order the seller or the service provider to suspend its business activities that are connected with door-to-door sales in whole or in part, during a specified period of no longer than two years. In this case, if the seller or the service provider is an individual, the competent may also prohibit the individual from becoming an officer (meaning a member in charge of the executive management of business operations, a director, an operating officer, a representative, a manager, and including a person that has controlling power over a corporation that is equal or superior to a member in charge of the executive management of business operations, a director, an operating officer, a representative, a manager, regardless of the name of the person's position, the consultant or adviser; the same applies hereinafter) in charge of the business activities that are subject to the suspension at a corporation (including an association or a foundation without legal personality that has designated a representative or a manager; hereinafter the same applies) that engages in those business activities, for a period equal to the period of that suspension.

(2) When the competent minister orders suspension of business pursuant to the provisions of the first sentence of the preceding paragraph, when the seller or the service provider is an individual, and when this specified associated corporation (meaning a corporation whose business management is substantially controlled by a seller or a service provider, an executive thereof, a person who supervises the business operations of business offices thereof, or other employees specified by Cabinet Order (hereinafter simply referred to as "employees") (including a person who was an officer or employee within one year before the date of the order; the same applies in paragraph (2) of the next Article, Article 15, paragraph (2), and Article 23-2, paragraph (2)) and other corporations specified by Cabinet Order; the same applies in this Chapter) is found to conduct business activities equal to the scope of the business activities subject to the suspension, the minister may order the seller or the service provider to suspend the business activities conducted by the specified

associated corporation for the period equal to the period of the suspension.

- (3) Having issued an order under the provisions of the preceding paragraph, the competent minister must issue a public announcement to that effect.

(Prohibition of Business of Officers)

Article 8-2 (1) If the competent minister orders a seller or a service provider to suspend its business activities pursuant to the first sentence of paragraph (1) of the preceding Article, and the person specified in accordance with the category of cases listed in the following items in the relevant items is a person specified by order of the competent ministry as one whose door-to-door sales should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the weight of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the seller or the service provider is a corporation: its officer or a person who was its officer within one year before the date of the order; a person supervising the business operations of its business office or any other employee specified by Cabinet Order (hereinafter simply referred to as an "employee"); or a person who was its employee within one year before the date of the order; or
- (ii) if the seller or the service provider is an individual: an employee or a person who was an employee within one year before the date of the order.

(2) When the competent minister prohibits business activities of an officer or employee pursuant to the provisions of the preceding paragraph and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by it and provided for in each of the items for a period equal to the period of the prohibition.

- (i) a person who is found to be engaged in the same business as the business within the scope for which prohibition is ordered by the order at the specified associated corporation of a seller or a service provider who is found to have committed the act constituting the grounds for the order; or
- (ii) a person who, as a seller or a service provider, is found to conduct the same business activities as the same scope of the business for which prohibition is ordered pursuant to the order.

(3) Having issued an order under the provisions of the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Withdrawal of an Offer to Enter into or Cancellation of a Door-to-Door Sales Contract)

Article 9 (1) If a seller or a service provider has received an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services at a place other than an office or other location; if a seller or a service provider has received an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services at an office or other location from a specified customer; if a seller or a service provider has entered into a sales contract for goods or specified rights or a service contract for services at a place other than an office or other location (excluding the case where the seller or the service provider received the offer at an office or other location and entered into the sales contract or the service contract at a place other than an office or other location); or if a seller or a service provider has entered into a sales contract for goods or specified rights or a service contract for services at an office or other location with a specified customer, the person who made the offer or the purchaser or the service recipient (hereinafter referred to as the "offerer or purchaser" in this Article through Article 9-3) may withdraw the offer to enter into a sales contract or a service contract or cancel the sales contract or the service contract (hereinafter referred to as the "withdrawal of an offer or cancellation" of a contract in this Article) in writing or through electronic or magnetic records (meaning records created in electronic form, magnetic form, or any other form not recognizable by human perception, which is used in information processing by computers; the same applies hereinafter); provided, however, that this does not apply once eight days have passed after the date on which the offerer or purchaser received the document referred to in Article 5, paragraph (1) or paragraph (2) (or after the date on which the offerer or purchaser received the document referred to in Article 4, paragraph (1), if the offerer or purchaser received the document under Article 4 at an earlier date than that on which the offerer or purchaser received the document referred to in Article 5) (if the offerer or purchaser did not withdraw the offer or cancel the contract before the end of that period because of having been under the misconception that information about the withdrawal of an offer or cancellation of the contract that the seller or the service provider had misrepresented to the offerer or purchaser, in violation of the provisions of Article 6, paragraph (1), was true, or because the offerer or purchaser was overwhelmed due to the seller's or the service provider's use of intimidation, in violation of the provisions of paragraph (3) of that Article, when eight days have passed after the date on which the offerer or purchaser received a document delivered to them by the seller or the service provider pursuant to the provisions of order of the competent ministry that contains a notice to the effect that the offerer or purchaser may withdraw the

offer or cancel the sales contract or the service contract).

- (2) The withdrawal of an offer or cancellation of a contract takes effect at the time the withdrawal or cancellation is stated in writing or through notification by electronic or magnetic records.
- (3) If a person withdraws an offer or cancels a contract, the seller or the service provider may not claim damages or demand the payment of any penalty in connection with the withdrawal of the offer or cancellation of the contract.
- (4) If a person withdraws an offer or cancels a contract, the seller bears the costs required for taking back or returning any goods already delivered or any rights already transferred under the sales contract.
- (5) If a person withdraws an offer or cancels a sales contract for goods or specified rights or a service contract, the seller or the service provider may not demand that the offerer or purchaser pay money equal to any benefit gained through the use of the goods or through the exercise of the rights, nor may the seller or the service provider demand that the offerer or purchaser pay consideration or any other money for services under the service contract, even if the goods delivered based on the sales contract have already been used or the rights have already been exercised, or even if services have already been provided based on the service contract.
- (6) If a person withdraws an offer or cancels a service contract, the service provider must promptly return any money the service provider has received in association with the service contract to the offerer or purchaser.
- (7) If the offerer or purchaser under a service contract or a sales contract for specified rights has withdrawn the offer to enter or canceled the service contract or the sales contract, and the existing state of the offerer or purchaser's land, building, or any other structure was changed in line with services that were to be provided in connection with the service contract or the specified rights, the offerer or purchaser may demand that the service provider or the seller of the specified rights take the necessary measures to restore it to its original state at no charge.
- (8) Any special provisions of a contract that run counter to the provisions of the preceding paragraphs and that are disadvantageous to the offerer or purchaser are invalid.

(Withdrawal of an Offer or Cancellation of a Sales Contract for Goods of a Quantity That Significantly Exceeds What Is Normally Required)

Article 9-2 (1) An offerer or purchaser may withdraw an offer to enter into a sales contract or a service contract that falls under the category of any of the following contracts, or may cancel the sales contract or the service contract (hereinafter referred to as "withdrawal of an offer or cancellation" of a contract in this Article); provided, however, that this does not apply if there are special

circumstances that make it necessary for the offerer or purchaser to enter into the contract:

- (i) a sales contract in which the amount of goods or the amount guaranteed by specified rights (limited to those stated in Article 2, paragraph (4), item (i); hereinafter the same applies in the following item) greatly exceeds the amount that would normally be required in the offerer's or purchaser's daily life or a service contract for the offerer or purchaser to be provided with services of a frequency, period, or quantity that significantly exceeds what would normally be required in the offerer's or purchaser's daily life; or
 - (ii) a sales contract or a service contract for which the seller or the service provider has received an offer or that the seller or the service provider has entered into with the knowledge that performing its obligations under the sales contract or the service contract would cause the quantity of any of the offerer's or purchaser's goods or specified rights of the same kind as the goods or specified rights under the sales contract to significantly exceed what would normally be required in the offerer's or purchaser's daily life; that performing those obligations would cause the frequency, period, or quantity of any services with which the offerer or purchaser was being provided of the same type as the services under the service contract to significantly exceed what would normally be required in the offerer's or purchaser's daily life; or with the knowledge that the quantity of any of the offerer's or purchaser's goods or specified rights of the same type as the goods or specified rights under the sales contract already significantly exceeded what would normally be required in the offerer's or purchaser's daily life or that the frequency, period, or quantity of services with which the offerer or purchaser was being provided of the same kind as the services under the service contract already significantly exceeded what would normally be required in the offerer or purchaser's daily life.
- (2) An offerer or purchaser must exercise the right under the provisions of the preceding paragraph within one year from the time of entry into the sales contract or the service contract.
- (3) The provisions of paragraphs (3) through (8) of the preceding Article apply mutatis mutandis to the withdrawal of an offer or cancellation of a contract under the provisions of paragraph (1). In this case, the term "the preceding paragraphs" in paragraph (8) of that Article is deemed to be replaced with "paragraphs (1) and (2) of the following Article and paragraphs (3) through the preceding paragraph as applied mutatis mutandis pursuant to paragraph (3) of that Article".

(Retraction of the Manifestation of an Intention to Offer to Enter into or Accept a Door-to-Door Sales Contract)

Article 9-3 (1) If the offerer or purchaser was under a misconception specified in one of the following items as a result of the seller's or the service provider's having engaged in the conduct listed in that item in soliciting the offerer's or purchaser's entry into a sales contract or a service contract connected with a door-to-door sale, because of which the offerer or purchaser indicated the intention to offer to enter or accept a sales contract or a service contract, the offerer or purchaser may retract the manifestation of that intention to offer to enter or accept the contract:

- (i) a misrepresentation in violation of the provisions of Article 6, paragraph (1): the misconception that the information represented was true; or
 - (ii) the intentional failure to disclose a fact, in violation of the provisions of Article 6, paragraph (2): the misconception that the relevant fact did not exist.
- (2) The retraction under the provisions of the preceding paragraph of the manifestation of the intention to offer to enter into or accept a sales contract or a service contract connected with a door-to-door sale may not be duly asserted against a third party in good faith that is free from any negligence.
- (3) The provisions of paragraph (1) do not preclude the application of the provisions of Article 96 of the Civil Code (Act No. 89 of 1896) to the manifestation of intention to offer to enter into or accept a sales contract or a service contract connected with a door-to-door sale prescribed in the paragraph.
- (4) The right to a retraction under the provisions of paragraph (1) extinguishes by prescription if it is not exercised within one year from the time that a contract can be ratified. The same applies once five years have passed after the time that the relevant sales contract or the service contract was entered into.
- (5) Notwithstanding the provisions of Article 121-2, paragraph (1) of the Civil Code, if an offerer or purchaser to whom a benefit has been conferred through the performance of an obligation under a sales contract or a service contract connected with a door-to-door sale retracts the manifestation of the intention to offer to enter into or accept the contract pursuant to the provisions of paragraph (1), but the offerer or purchaser did not know that the manifestation of the intention could be retracted when the benefit was conferred, the offerer or purchaser bears the obligation to return up to the extent of the actual benefit received based on the sales contract or the service contract.

(Limitation on the Amount of Damages for Canceling or Defaulting on a Door-to-Door Sales Contract)

Article 10 (1) If a seller or a service provider has entered into a sales contract or a service contract falling under any of the items in Article 5, paragraph (1), but the sales contract or the service contract is canceled, the seller or the service provider may not demand that the purchaser or the service recipient pay an

amount of money that exceeds the aggregate of the amount specified in the cases stated in the relevant items among the following items for the cases listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:

- (i) if the goods or rights are returned: the amount constituting the normal charges for use of the goods or the amount equal to the profit that can normally be earned through the exercise of the rights (or the amount equal to the sales price of the goods or rights less the value of those goods or rights at the time of their return, if this exceeds the amount constituting the normal charges for use of the goods or the amount equal to the profit that can normally be earned through the exercise of the rights);
 - (ii) if the goods or rights are not returned: the amount equal to the sales price of the goods or rights;
 - (iii) if the service contract is canceled after the services started to be provided: the amount equal to the consideration for the provided services; or
 - (iv) if the contract is canceled prior to the start of the delivery of the goods or the transfer of the rights or the provision of the services: the amount of costs normally required for entering into and performing a contract.
- (2) If a seller or a service provider has entered into a sales contract or a service contract falling under any of the items in Article 5, paragraph (1), but the obligation to pay the charges under the sales contract or the consideration under the service contract is not performed in whole or in part (excluding cases where the sales contract or the service contract has been canceled), the seller or the service provider may not demand that the purchaser or the service recipient pay an amount of money that exceeds the aggregate of the amount equal to the sales price of the goods or rights or the consideration for the services less the already-paid amount of the charges for the goods or rights or the consideration for the services plus the amount of any damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty.

Section 3 Mail Order Sales

(Advertisement of Mail Order Sales)

Article 11 When a seller or a service provider advertises the terms and conditions under which the seller or the service provider sells goods or specified rights or provides services through mail order sales, the seller or the service provider must indicate the following information concerning the goods, rights, or services in the advertisement pursuant to the provisions of order of the competent ministry; provided, however, that the seller or the service

provider is permitted not to indicate a portion of this information, pursuant to the provisions of order of the competent ministry, if the seller or the service provider indicates in the advertisement that upon request the seller or the service provider will deliver a document or provide an electronic or magnetic record that gives this information without delay:

- (i) the sales price of the goods or rights or the consideration for the services (meaning the sales price and the shipping charges for the goods, if shipping charges for the goods are not included in the sales price);
- (ii) the timing and method of payment of the charges for the goods or rights or the consideration for the services;
- (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) if there is a provision on the period of an offer regarding a sales contract for goods or specified rights or for a service contract, the fact and the details;
- (v) information concerning the withdrawal of an offer to enter into a sales contract for the goods or specified rights or the cancellation of the sales contract (if there are special provisions as prescribed in the proviso to Article 15-3, paragraph (1), this information includes the details of those special provisions; and if the provisions of Article 26, paragraph (2) apply, this information includes information concerning those provisions); and
- (vi) information specified by order of the competent ministry, beyond what is stated in the preceding items.

(Prohibition Against Hyperbolizing Advertising)

Article 12 When a seller or a service provider advertises the terms and conditions under which the seller or the service provider sells goods or specified rights or provides services through mail order sales, the seller or the service provider must not make a representation regarding the performance of the goods or the details of the rights or services, regarding information on the withdrawal of an offer to enter into a sales contract for the goods or the rights or a service contract for the service or the cancellation (if there are special provisions as prescribed in the proviso to Article 15-3, paragraph (1), this information includes the details of those special provisions), or regarding any other information specified by order of the competent ministry with respect to mail order sales, that differs significantly from the truth or could mislead people into believing that conditions are significantly better or more advantageous than they are in reality.

(Submission of Materials Showing Reasonable Grounds)

Article 12-2 On finding that it is necessary to do so in order to determine whether a seller's or service provider's representation falls under the category

of representations provided in the preceding Article, the competent minister may ask the seller or the service provider that made that representation to submit materials showing reasonable grounds to support it within a specified period. In this case, if the seller or the service provider fails to submit those materials, with regard to the application of the provisions of Article 14, paragraph (1) and Article 15, paragraph (1), the representation is deemed to fall under the category of representations provided in the preceding Article.

(Prohibition on Sending Email Advertising to a Person Who Has Not Given Consent)

Article 12-3 (1) Except in the following cases, a seller or a service provider must not advertise via email (meaning advertising by sending advertising text or any other data by an electronic or magnetic means in a way that causes it to be displayed on the screen of the computer used by the advertising target; the same applies hereinafter) with regard to the terms and conditions under which the seller or the service provider sells goods or specified rights or provides services through mail order sales, without the consent of the advertising target:

- (i) when sending email advertising regarding the terms and conditions under which the seller or the service provider sells goods or specified rights or provides services through mail order sales (hereinafter referred to as "email advertising mail order sales" in this section) at the request of the advertising target;
 - (ii) when sending email advertising mail order sales pursuant to the provisions of order of the competent ministry while notifying a person who has offered for a sales contract for goods or specified rights sold by the seller or a service contract for services provided by the service provider or a person who has entered into the sales contract or the service contract, of information concerning the details of the offer or contract or the performance of the contract through a means specified by order of the competent ministry; or
 - (iii) beyond what is stated in the preceding two items, when sending email advertising mail order sales in the cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the interests of the target of the email advertising mail order sales.
- (2) A seller or a service provider that has obtained the consent prescribed in the preceding paragraph or that has received the request prescribed in item (i) of that paragraph must not send email advertising mail order sales to an advertising target if the target of the email advertising mail order sales indicates an unwillingness to receive email advertising mail order sales; provided, however, that this does not apply if the seller or the service provider later receives another request from the advertising target or regains the

consent of the advertising target to send email advertising mail order sales.

- (3) Except in the case stated in paragraph (1), item (ii) or (iii), when sending email advertising mail order sales, a seller or a service provider must prepare what is specified by order of the competent ministry as a record of having obtained the consent of the advertising target or having received a request from the advertising target to send email advertising mail order sales, and must preserve the records pursuant to the provisions of order of the competent ministry.
- (4) Except in the case stated in paragraph (1), item (ii) or (iii), in addition to the matters listed in the items of Article 11, pursuant to the provisions of order of the competent ministry, when sending email advertising mail order sales, a seller or a service provider must indicate in its email advertising mail order sales the information that order of the competent ministry specifies as information that an advertising target needs to have in order to indicate an unwillingness to receive email advertising mail order sales.
- (5) If a seller or a service provider has comprehensively entrusted another person with all of the following business activities, the provisions of the preceding two paragraphs do not apply to any email advertising mail order sales subject to that entrustment:
 - (i) business activities for obtaining the consent of advertising targets or receiving requests from advertising targets to send email advertising mail order sales;
 - (ii) business activities for preparing and preserving the records prescribed in paragraph (3); and
 - (iii) business activities for indicating the information that an advertising target needs to have in order to indicate an unwillingness to receive email advertising mail order sales, as prescribed in the preceding paragraph.

Article 12-4 (1) Except in the following cases, a person comprehensively entrusted with all of the business activities listed in the items of paragraph (5) of the preceding Article by a seller or a service provider (the person is hereinafter referred to as a "contractor sending email advertising mail order sales" in this Section, Article 66, paragraph (6) and Article 67, paragraph(1), item (iv)) must not send email advertising mail order sales with regard to the terms and conditions under which the seller or the service provider that entrusted the contractor with those business activities (hereinafter referred to as the "party entrusting a contractor with email advertising mail order sales" in this Section) sells goods or specified rights or provides services through mail order sales, without the consent of the advertising target:

- (i) when sending email advertising the mail order sales of the party entrusting the contractor with email advertising mail order sales at the request of the

advertising target; or

- (ii) beyond what is provided in the preceding item, when sending email advertising the mail order sales of the party entrusting the contractor with email advertising mail order sales in cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the interests of the target of the email advertising the mail order sales of a party entrusting a contractor with email advertising mail order sales.
- (2) The provisions of paragraphs (2) through (4) of the preceding Article apply mutatis mutandis to email advertising the mail order sales of a party entrusting a contractor sending email advertising mail order sales which is sent by the contractor sending email advertising mail order sales. In this case, the phrase "paragraph (1), item (ii) or (iii)" in paragraphs (3) and (4) of the preceding Article is deemed to be replaced with "paragraph (1), item (ii) of the following Article".

(Prohibition on Sending Facsimile Advertisements to a Person Who Has Not Given Consent)

Article 12-5 (1) Except in the following cases, a seller or a service provider must not advertise via facsimile (meaning advertising by sending advertising text or any other information by using a facsimile machine; the same applies in item (i)) with regard to the terms and conditions under which the seller or the service provider sells goods or specified rights or provides services through mail order sales, without the consent of the advertising target:

- (i) when sending facsimile advertising regarding the terms and conditions under which the seller or the service provider sells goods or specified rights or provides services through mail order sales (hereinafter referred to as "facsimile advertisements for mail order sales" in this Article) at the request of the advertising target;
 - (ii) when sending facsimile advertisements for mail order sales pursuant to the provisions of order of the competent ministry while notifying a person who has applied for a sales contract for goods or specified rights sold by the seller or a service contract for services provided by the service provider or a person who has entered into the sales contract or the service contract, of information concerning the details of the offer or contract or the performance of the contract using a method specified by order of the competent ministry; or
 - (iii) beyond what is provided in the preceding two items, when sending facsimile advertisements for mail order sales in the cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the interests of the target of the facsimile advertisements for mail order sales.
- (2) A seller or a service provider that has obtained the consent prescribed in the

preceding paragraph or that has received a request prescribed in item (i) of that paragraph must not send facsimile advertisements for mail order sales to an advertising target if the target of the facsimile advertisements for mail order sales indicates an unwillingness to receive facsimile advertisements for mail order sales; provided, however, that this does not apply if the seller or the service provider later receives another request from the advertising target or regains the consent of the advertising target to send facsimile advertisements for mail order sales.

- (3) Except in a case stated in paragraph (1), item (ii) or (iii), when sending facsimile advertisements for mail order sales, a seller or a service provider must prepare what is specified by order of the competent ministry as a record of having obtained the consent of the advertising target or having received a request from the advertising target to send facsimile advertisements for mail order sales, and must preserve those records pursuant to the provisions of order of the competent ministry.
- (4) Except in a case stated in paragraph (1), item (ii) or (iii), when sending facsimile advertisements for mail order sales, pursuant to the provisions of order of the competent ministry, a seller or a service provider must indicate in its facsimile advertisements for mail order sales information that is specified by order of the competent ministry as the information that an advertising target needs to have in order to indicate an unwillingness to receive facsimile advertisements for mail order sales, beyond the matters listed in the items of Article 11.

(Indication When Receiving a Specified Offer)

- Article 12-6 (1) When a seller or a service provider receives an offer to enter into a sales contract or a service contract related to mail order sales made by customers in writing with a format specified by the seller or the service provider or a person entrusted by it or an offer to enter into a sales contract or a service contract related to mail order sales made by customers through a method where the seller or the service provider or a person entrusted by it uses an electronic data processing system or any other means that makes use of information and communications technology using procedures that display information on the screen of the computer used by the customers (hereinafter collectively referred to as a "specified offer"), the seller or the service provider must display the following matters on documents or a screen on which the processes are displayed related to the specified offer:
- (i) goods or specified rights sold under the sales contract, or the amount of services provided under the service contract; and
 - (ii) matters listed in Article 11, items (i) through (v) related to the sales contract or the service contract.

- (2) A seller or a service provider must not display the following indications on documents related to specified offers or screens on which procedures are displayed:
- (i) a misleading indication as to the fact that the sending of the documents or the transmission of information in accordance with the procedures constitutes an offer to enter into a sales contract or a service contract related to mail order sales; or
 - (ii) a misleading indication with regard to the matters listed in each item of the preceding paragraph.

(Notification of Acceptance in Mail Order Sales)

Article 13 (1) If a seller or a service provider engages in mail order sales in which the seller or the service provider receives charges for goods or rights or the consideration for services in whole or in part prior to the delivery of goods, the transfer of rights, or providing services from a person who has offered a sales contract for goods or specified rights or who has offered a service contract for services, and the seller or the service provider receives an offer to enter into a sales contract for goods or rights or a service contract for services by postal mail or a similar means and receives the charges for the goods or rights or consideration for the services in whole or in part, the seller or the service provider must notify the person who made the offer in writing of the acceptance or non-acceptance of the offer (if the seller or the service provider notified the person who made the offer of the acceptance or non-acceptance of the offer before receiving those charges or that consideration, the seller or the service provider must send the person a notice to that effect) and of any other information specified by order of the competent ministry without delay, pursuant to the provisions of order of the competent ministry; provided, however, that this does not apply if the seller or the service provider has sent the goods, transferred the rights, or provided the services without delay after receiving the charges for the goods or rights or the consideration for the services in whole or in part.

- (2) In place of the notification in writing under the provisions of the preceding paragraph, a seller or a service provider may provide the information which should be described in the documents by an electronic or magnetic means or any other means specified by order of the competent ministry, after gaining the consent of the person who made the offer, pursuant to Cabinet Order. In this case, the seller or the service provider is deemed to have made the notification in writing.

(Prohibition of False Notification)

Article 13-2 A seller or a service provider must not make a misrepresentation on

matters related to withdrawal of an offer to enter into a sales contract or a service contract related to mail order sales or cancellation of the sales contract or the service contract (including matters on the provision of Article 15-3) or matters on circumstances that require customers to enter into the sales contract or the service contract in order to prevent withdrawal or cancellation of the offer to enter into the sales contract or the service contract.

(Instructions)

Article 14 (1) If a seller or a service provider has violated any of the provisions of Article 11, Article 12, or Article 12-3 (excluding paragraph (5)), Article 12-5, Article 12-6, Article 13, paragraph (1), or Article 13-2, or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with a mail order sale and the interests of the purchaser or the service recipient, the minister may instruct the seller or the service provider to take measures for correcting the violation or conduct, measures for protecting the interests of the purchaser or the service recipient, and any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of the obligations under a sales contract or a service contract connected with a mail order sale or the obligations that occur through the cancellation of a sales contract or a service contract connected with a mail order sale in whole or in part;
- (ii) that which is specified by order of the competent ministry as conduct through which the relevant person sought to have a customer offer to enter into a sales contract or a service contract connected with a mail order sale against the customer's will; or
- (iii) beyond what is stated in the preceding two items, conduct in connection with a mail order sale that is specified by order of the competent ministry as being likely to prejudice the fairness of a transaction connected with a mail order sale and the interests of the purchaser or the service recipient.

(2) If a contractor sending email advertising mail order sales has violated any of the provisions of Article 12-4, paragraph (1) or Article 12-3, paragraphs (2) through (4) as applied mutatis mutandis pursuant to Article 12-4, paragraph (2) or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with mail order sales and the interests of the purchaser or the service recipient, the minister may instruct the contractor sending email advertising mail order sales to take any necessary measures:

- (i) that which is specified by order of the competent ministry as conduct through which the relevant person sought to have a customer offer to enter into a sales contract or a service contract related to mail order sales offered

- to the party entrusting a contractor with email advertising mail order sales, against the customer's will; or
- (ii) beyond what is stated in the preceding item, conduct in connection with a mail order sale that is specified by order of the competent ministry as being likely to prejudice the fairness of a transaction connected with a mail order sale and the interests of the purchaser or the service recipient.
- (3) Having given an instruction under the provisions of paragraph (1), the competent minister must issue a public announcement to that effect.
- (4) Having given an instruction under the provisions of paragraph (2), the competent minister must issue a public announcement to that effect.

(Suspension of Business Activities of the Seller)

- Article 15 (1) If a seller or a service provider has violated any of the provisions of Article 11, 12, or 12-3 (excluding paragraph (5)), Article 12-5, Article 12-6, Article 13, paragraph (1), or Article 13-2, or has engaged in any of the conduct listed in the items of paragraph (1) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of a transaction connected with a mail order sale and the interests of the purchaser or the service recipient or the seller or the service provider fails to follow the instructions under the provisions of that paragraph, the minister may order the seller or the service provider to suspend those of its business activities that are connected with mail order sales in whole or in part, during a specified period of no longer than two years. In this case, if the seller or the service provider is an individual, the minister may also prohibit the individual from becoming an officer in charge of business activities that are subject to the suspension at a corporation that engages in those business activities for a period equal to the period of that suspension.
- (2) If the competent minister orders suspension of business pursuant to the provisions of the first sentence of the preceding paragraph, and the seller or service provider is an individual, and the specified associated corporation is found to conduct business activities equal to the scope of the business activities subject to the suspension, the minister may order the seller or the service provider to suspend the business activities conducted by the specified associated corporation for the period equal to the period of the suspension.
 - (3) If a contractor sending email advertising mail order sales has violated any of the provisions of Article 12-4, paragraph (1) or Article 12-3, paragraphs (2) through (4) as applied mutatis mutandis pursuant to Article 12-4, paragraph (2) or has engaged in any of the conduct listed in the items of paragraph (2) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of a transaction connected with mail order sales and the interests of the purchaser or the service recipient, or if

a contractor sending email advertising mail order sales fails to follow the instructions under the provisions of that paragraph, the minister may order the contractor sending email advertising mail order sales to suspend those of its business activities that are connected with email advertising mail order sales in whole or in part, during a specified period of no longer than one year.

- (4) Having issued an order under the provisions of paragraph (1) or paragraph (2), the competent minister must issue a public announcement to that effect.
- (5) Having issued an order under the provisions of paragraph (3), the competent minister must issue a public announcement to that effect.

(Prohibition of Business of Officers)

Article 15-2 (1) If the competent minister orders a seller or a service provider to suspend its business activities pursuant to the first sentence of paragraph (1) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose mail order sales should be restricted so as to ensure the effectiveness of the order in consideration the facts constituting the grounds for the order and the weight of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the seller or the service provider is a corporation: its officer or a person who was its officer in one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
 - (ii) if the seller or the service provider is an individual: an employee or a person who was an employee within one year before the date of the order.
- (2) Where the competent minister prohibits business activities of an officer or employee pursuant to the provision of the preceding paragraph and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by the person and provided for in each of the items for a period equal to the period of the prohibition.
- (i) a person who is found to be engaged in the same business as the business on a scope for which prohibition is ordered by the order at a specified associated corporation of a seller or a service provider who is found to have committed the act constituting the grounds for the order; or
 - (ii) a person who is found to conduct the same business as the business on a scope for which prohibition is ordered pursuant to the order as a seller or a

service provider

- (3) Having issued an order under the provisions of the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Cancellation of a Contract in Mail Order Sales)

Article 15-3 (1) If a seller that has advertised terms and conditions for selling goods or specified rights through mail order sales has received an offer to enter into a sales contract for those goods or specified rights or entered into a sales contract for those goods or specified rights, the person making the offer or the purchaser (simply referred to as the "purchaser" in the following paragraph) may withdraw the offer to enter into the sales contract or cancel the sales contract (hereinafter referred to as a "withdrawal of an offer or cancellation" of a contract in this Article) during the period up until eight days have passed since the date on which the purchaser is delivered the goods or is transferred the specified rights; provided, however, that this does not apply if the seller had indicated special provisions on withdrawal of an offer or cancellation of a contract in its advertisement (if the sales contract is an electronic consumer contract prescribed in Article 2, paragraph (1) of the Act on Special Provisions to the Civil Code Concerning Electronic Consumer Contracts and Electronic Acceptance Notice (Act No. 95 of 2001) or in any other cases specified by order of the competent ministry, the case where the seller had indicated special provisions in its advertisement and had also indicated those special provisions by a method other than an advertisement that is specified by order of the competent ministry).

- (2) If a person withdraws an offer or cancels a contract, the purchaser bears the costs required for taking back or returning any goods already delivered or any specified rights already transferred under the sales contract.

(Retraction of the Manifested Intention to Offer to Enter into a Contract in Mail Order Sales)

Article 15-4 (1) When a seller or a service provider conducts any of the acts listed in the following items at the time of receiving a specified offer, and a person who made the specified offer is given the mistaken impressions specified in the items as a result of the acts and manifested intention for the specified offer, the person may rescind the manifested intention.

- (i) misrepresentation in violation of the provisions of Article 12-6, paragraph

(1): the misconception that the information being represented is true;

- (ii) failure to display a fact, in violation of the provisions of Article 12-6,

paragraph (1): the misconception that the matter not displayed does not exist;

- (iii) Act of displaying matters listed in Article 12-6, paragraph (2), item (i): the

- misconception that the sending of the documents or the transmission of information set out in the same item does not constitute an offer to enter into a sales contract or a service contract related to mail order sales; or
- (iv) Act of displaying matters set out in Article 12-6, paragraph (2), item (ii): the misconception on matters set out in the items of paragraph (1) of the Article.
- (2) The provisions of Article 9-3, paragraphs (2) through (5) apply mutatis mutandis to the retraction: under the provisions of the preceding paragraph, of the manifested intention for a specified offer.

Section 4 Telemarketing Sales

(Clear Indication of Name in Telemarketing Sales)

Article 16 When a seller or a service provider seeks to conduct telemarketing sales, prior to solicitation, the seller or the service provider must tell the other party the name of the seller or the service provider and the name of the solicitor, the type of the goods, rights, or services, and the fact that the purpose of the telephone call is to solicit the person to enter into a sales contract or a service contract.

(Prohibition on Soliciting the Business of a Person Who Has Indicated an Unwillingness to Enter Into a Contract)

Article 17 A seller or a service provider must not solicit a person to enter into a sales contract or a service contract connected with a telemarketing sale if that person has indicated an unwillingness to enter into the sales contract or a service contract.

(Delivery of Documents in Telemarketing Sales)

Article 18 (1) When a seller or a service provider receives an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services from a telemarketing target by postal mail or a similar means as a result of an act of telemarketing, the seller or the service provider must deliver a document giving the details of the offer to the person who made the offer with respect to the following information without delay, pursuant to the provisions of order of the competent ministry; provided, however, that this does not apply if the seller or the service provider has entered into the sales contract or the service contract upon receiving the offer for them:

- (i) the type of goods, rights, or services;
- (ii) the sales price of the goods or rights or the consideration for the services;
- (iii) the timing and method of payment of the charges for the goods or rights or the consideration for the services;

- (iv) 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;
 - (v) information about withdrawing the offer to enter into the sales contract or the service contract or about canceling the sales contract or the service contract under the provisions of Article 24, paragraph (1) (including information under the provisions of paragraphs (2) through (7) of that Article (when the provisions of Article 26, paragraph (2), (4), or (5) apply, this includes information under the provisions of the paragraphs)); and
 - (vi) information specified by order of the competent ministry, beyond what is stated in the preceding items.
- (2) In place of the delivery in writing under the provisions of the preceding paragraph, a seller or a service provider may provide the information that should be described in the documents by an electronic or magnetic means, after gaining the consent of the person who made the offer, pursuant to Cabinet Order. In this case, the seller or the service provider is deemed to have delivered the documents.
- (3) Regarding the provision of information that should be described in documents as specified in the first sentence of the previous paragraph through electronic or magnetic means (excluding means specified by order of the competent ministry), the information is deemed to have reached the person who made the offer when it is recorded in a file stored on the computer used by the person who made the offer.

Article 19 (1) Except as prescribed in the following paragraph, if a seller or a service provider falls under one of the following items, the seller or the service provider must deliver a document to the purchaser or the service recipient that clarifies the details of the sales contract or the service contract with respect to the matters listed in the items of paragraph (1) of the preceding Article (with respect to the information referred to in item (v) of that Article, limited to information about the cancellation of the sales contract or the service contract) without delay, pursuant to the provisions of order of the competent ministry:

- (i) the seller or the service provider has entered into a sales contract for goods or specified rights or a service contract for services with a telemarketing target by postal mail or a similar means as a result of an act of telemarketing; or
 - (ii) the seller or the service provider has received an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services from a telemarketing target by postal mail or a similar means as a result of an act of telemarketing.
- (2) If a seller or a service provider falls under item (ii) of the preceding paragraph and, upon entering into a sales contract or a service contract, the

seller or the service provider delivers the goods, transfers the specified rights, or provides the services and receives the total amount of the charges for the goods or specified rights or the consideration for the services, pursuant to the provisions of order of the competent ministry, the seller or the service provider must immediately deliver to the purchaser or the service recipient a document giving the information referred to in paragraph (1), items (i) and (ii) of the preceding Article, the portion of the information referred to in item (v) of the paragraph of the Article that is about canceling the sales contract or the service contract, and any information specified by order of the competent ministry.

- (3) The provisions of paragraph (2) and paragraph (3) of the preceding Article apply *mutatis mutandis* to the delivery in writing under the provisions of the preceding two paragraphs. In this case, the phrase "the person who made the offer" in paragraph (2) and paragraph (3) of the Article is deemed to be replaced with "the purchaser or the service recipient".

(Notification of Acceptance in Telemarketing Sales)

Article 20 (1) If a seller or a service provider engages in telemarketing sales in which the seller or the service provider receives charges for goods or rights or the consideration for services in whole or in part prior to the delivery of goods, the transfer of rights, or providing services from a person who has offered a sales contract for goods or specified rights or who has offered a service contract for services, when the seller or the service provider has received an offer to enter into a sales contract for goods or rights or a service contract for services by postal mail or a similar means and has received the charges for the goods or rights or the consideration for the services in whole or in part, the seller or the service provider must notify the person who made the offer in writing of the acceptance or non-acceptance of the offer (if the seller or the service provider has notified the person who made the offer of the acceptance or non-acceptance of the offer before receiving the charges or consideration, the seller or the service provider must send the person a notice to that effect) and of any other information specified by order of the competent ministry without delay, pursuant to the provisions of order of the competent ministry; provided, however, that this does not apply if the seller or the service provider has sent the goods, transferred the rights, or provided the services without delay after receiving the charges for the goods or rights or the consideration for the services in whole or in part.

- (2) In place of the notification in writing under the provisions of the preceding paragraph, a seller or a service provider may provide the information that should be described in the documents by an electronic or magnetic means, after gaining the consent of the person who made the offer, pursuant to Cabinet

Order. In this case, the seller or the service provider is deemed to have made the notification in writing.

(Prohibited Conduct)

Article 21 (1) A seller or a service provider must not misrepresent the following information, either in soliciting a person to enter into a sales contract or a service contract connected with a telemarketing sale, or in order to prevent the withdrawal of an offer to enter into a sales contract or a service contract connected with a telemarketing sale or the cancellation of the contract:

- (i) the type of goods and their performance or quality, the type of rights or services, the details thereof, and other similar information specified by order of the competent ministry;
 - (ii) the sales price of the goods or rights, or the consideration for the services;
 - (iii) the timing or method of payment of the charges for the goods or rights or the consideration for the services;
 - (iv) 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;
 - (v) information about withdrawing the offer to enter into the sales contract or the service contract or about canceling the sales contract or the service contract (including information under the provisions of Article 24, paragraphs (1) through (7) (when the provisions of Article 26, paragraph (2), (4), or (5) apply, this includes information under the provisions of the paragraphs));
 - (vi) information about any circumstances that make it necessary for the telemarketing target to enter into the sales contract or the service contract; or
 - (vii) beyond what is stated in the preceding items, any material information about the sales contract or the service contract that would affect the decision of the telemarketing target, the purchaser, or the service recipient.
- (2) A seller or a service provider must not intentionally fail to disclose facts with respect to the matters listed in items (i) through (v) of the preceding paragraph in soliciting a person to enter into a sales contract or a service contract connected with a telemarketing sale.
- (3) A seller or a service provider must not use intimidation to overwhelm a person, either in order to have the person enter into a sales contract or a service contract connected with a telemarketing sale, or to prevent the person from withdrawing an offer to enter into a sales contract or a service contract connected with a telemarketing sale or from canceling the contract.

(Submission of Materials Showing Reasonable Grounds)

Article 21-2 On finding that it is necessary to do so in order to determine

whether a seller or a service provider has misrepresented the information prescribed in paragraph (1), item (i) of the preceding Article, the competent minister may ask the seller or the service provider to submit materials showing reasonable grounds to support the information conveyed to the other party, within a specified period. In this case, if the seller or the service provider fails to submit those materials, with regard to the application of the provisions of paragraph (1) of the following Article and Article 23, paragraph (1), the seller or the service provider is deemed to have misrepresented the information prescribed in that item.

(Instructions)

Article 22 (1) If a seller or a service provider has violated any of the provisions of Article 16, Article 17, Article 18, paragraph (1), Article 19, paragraph (1) or paragraph (2), Article 20, paragraph (1), or Article 21 or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with a telemarketing sale and the interests of the purchaser or the service recipient, the minister may instruct the seller or the service provider to take measures for correcting the violation or conduct, measures for protecting the interests of the purchaser or the service recipient, and any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of the obligations under a sales contract or a service contract connected with a telemarketing sale or the obligations that occur through the cancellation of a sales contract or a service contract connected with a telemarketing sale in whole or in part;
- (ii) intentionally failing to disclose any material information about a sales contract or a service contract that would affect the decision of a telemarketing target (excluding the matters listed in Article 21, paragraph (1), items (i) through (v)) in soliciting a person to enter into the sales contract or the service contract connected with the telemarketing sale;
- (iii) intentionally failing to disclose any material information about a sales contract or a service contract connected with a telemarketing sale that would affect the decision of the telemarketing target, the purchaser, or the service recipient, in order to prevent the withdrawal of an offer to enter into the sales contract or the service contract or the cancellation of the contract;
- (iv) without reasonable grounds, a person's entry into a sales contract or a service contract connected with a telemarketing sale for goods or specified rights (limited to those stated in Article 2, paragraph (4), item (i)) of a quantity that significantly exceeds what is normally required in daily life or for a service whose frequency, period, or quantity significantly exceeds what is normally required in daily life, or any other conduct specified by order of

- the competent ministry as conduct that is found to be inappropriate in light of the telemarketing target's financial status; or
- (v) beyond what is stated in the preceding items, conduct in connection with a telemarketing sale that is specified by order of the competent ministry as being likely to prejudice the fairness of a transaction connected with a telemarketing sale and the interests of the purchaser or the service recipient.
- (2) Having given an instruction under the provisions of the preceding paragraph, the competent minister must issue a public announcement to that effect.

(Suspension of Business Activities of the Seller)

- Article 23 (1) If a seller or a service provider has violated any of the provisions of Article 16, Article 17, Article 18, paragraph (1), Article 19, paragraph (1) or paragraph (2), Article 20, paragraph (1), or Article 21 or has engaged in any of the conduct listed in the items of paragraph (1) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of a transaction connected with a telemarketing sale and the interests of the purchaser or the service recipient or the seller or the service provider fails to follow the instructions under the provisions of that paragraph, the minister may order the seller or the service provider to suspend its business activities that are connected with telemarketing sales in whole or in part, during a specified period of no longer than two years. In this case, if the seller or the service provider is an individual, the minister may also prohibit the individual from becoming an officer in charge of the business activities of a corporation that engages in the business activities which fall within the scope of the suspension, for a period equal to the period of that suspension.
- (2) If the competent minister orders suspension of business pursuant to the provisions of the first sentence of the preceding paragraph, and when the seller or the service provider is an individual and a specified associated corporation of them is found to conduct business activities equal to the scope of the business activities subject to the suspension, the minister may order the seller or the service provider to suspend the business activities conducted by the specified associated corporation for the period equal to the period of the suspension.
- (3) Having issued an order under the provisions of the preceding paragraph, the competent minister must issue a public announcement to that effect.

(Prohibition of Business of Officers)

- Article 23-2 (1) If the competent minister orders a seller or a service provider to suspend their business activities pursuant to the first sentence of paragraph (1) of the preceding Article, and a person that the relevant items among the

following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose telemarketing sales should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the weight of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the seller or the service provider is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
 - (ii) if the seller or the service provider is an individual: their employee or a person who was an employee within one year before the date of the order.
- (2) If the competent minister prohibits business activities of an officer or employee pursuant to the provisions of the preceding paragraph and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by them and provided for in each of the items for a period equal to the period of the prohibition.
- (i) a person who is found to be engaged in the same business as the business on a scope for which prohibition is ordered by the order at a specified associated corporation of a seller or a service provider who is found to have committed the act constituting the grounds for the order; or
 - (ii) a person who, as a seller or a service provider, is found to conduct the same business as the business on a scope for which prohibition is ordered pursuant to the order.
- (3) Having issued an order under the provisions of the preceding paragraph, the competent minister must issue a public announcement to that effect.

(Withdrawal or Cancellation of an Offer of a Contract in Telemarketing Sales)

Article 24 (1) If a seller or a service provider has received an offer to enter into a sales contract for goods or specified rights or an offer to enter into a service contract for services from a telemarketing target by postal mail or a similar means as the result of an act of telemarketing, or when a seller or a service provider enters into a sales contract for goods or specified rights or a service contract for services with a telemarketing target by postal mail or a similar means as a result of an act of telemarketing, the person who made the offer or the purchaser or the service recipient (hereinafter referred to as the "offerer or purchaser" in this Article through Article 24-3) may withdraw the offer to enter

into the sales contract or the service contract or cancel the sales contract or the service contract (hereinafter referred to as "withdrawal of an offer or cancellation" of a contract in this Article) in writing or by using electronic or magnetic records; provided, however, that this does not apply once eight days have passed after the date on which the offerer or purchaser received the document referred to in Article 19, paragraph (1) or paragraph (2) (or after the date on which the offerer or purchaser received the document referred to in Article 18, paragraph (1), if the offerer or purchaser received the document under Article 18 at an earlier date than that on which the offerer or purchaser received the document referred to in Article 19, paragraph (1) or paragraph (2)) (if the offerer or purchaser did not withdraw the offer or cancel the contract by that time limit because the offerer or purchaser was under the misconception that information about the withdrawal of an offer or cancellation of a contract that the seller or the service provider had misrepresented to the offerer or purchaser, in violation of the provisions of Article 21, paragraph (1), was true, or because the offerer or purchaser was overwhelmed due to the seller's or service provider's use of intimidation, in violation of the provisions of paragraph (3) of that Article, when eight days have passed after the date on which the offerer or purchaser received a document delivered to them by the seller or the service provider pursuant to the provisions of order of the competent ministry that contains a notice to the effect that the offerer or purchaser may withdraw the offer or cancel the sales contract or the service contract).

- (2) A withdrawal of an offer or cancellation of a contract takes effect at the time the withdrawal of the offer or cancellation of the contract is stated in writing or through notification of electronic or magnetic records.
- (3) If a person withdraws an offer or cancels a contract, the seller or the service provider may not claim damages nor demand the payment of any penalty in connection with the withdrawal of the offer or cancellation of the contract.
- (4) If a person withdraws an offer or cancels a contract, the seller bears the costs required for taking back or returning any goods already delivered or any rights already transferred under the sales contract.
- (5) If a person withdraws an offer or cancels a sales contract for goods or specified rights or a service contract, the seller or the service provider may not demand that the offerer or purchaser pay money equal to any benefit gained through the use of the goods or through the exercise of the rights, nor may the seller or the service provider demand that the offerer or purchaser pay consideration or any other money for services under the service contract, even if the goods delivered based on the sales contract have already been used or the rights have already been exercised, or even if services have already been provided based on the service contract.

- (6) If a person withdraws an offer or cancels a service contract, the service provider must promptly return any money the service provider has received in association with the service contract to the offerer or purchaser.
- (7) If the offerer or purchaser to a service contract or a sales contract for specified rights has withdrawn the offer or canceled the service contract or sales contract, and the existing state of the offerer or purchaser's land, building, or any other structure was changed in line with services that were to be provided in connection with the service contract or the specified rights, the offerer or purchaser may demand that the service provider or the seller of the specified rights take the necessary measures to restore it to its original state at no charge.
- (8) Any special provisions of a contract that run counter to the provisions of the preceding paragraphs and that are disadvantageous to the offerer or purchaser are invalid.

(Withdrawal of an Offer or Cancellation of a Sales Contract for Goods of a Quantity That Significantly Exceeds What Is Normally Required)

Article 24-2 (1) An offerer or purchaser may withdraw an offer to enter into a sales contract or a service contract that falls under the category of any of the following contracts, or may cancel the sales contract or a service contract (hereinafter referred to as "withdrawal of an offer or cancellation" of a contract in this Article); provided, however, that this does not apply when there are special circumstances that make it necessary for the offerer or purchaser to enter into the contract:

- (i) a sales contract for goods or specified rights (limited to those stated in Article 2, paragraph (4), item (i); hereinafter the same applies in the following item) of a quantity that significantly exceeds what would normally be required in the offerer's or purchaser's daily life or service contract for the offerer or purchaser to be provided with services of a frequency, period, or quantity that significantly exceeds what would normally be required in the offerer's or purchaser's daily life; or
- (ii) a sales contract or a service contract for which the seller or the service provider has received an offer or that the seller or the service provider has entered into with the knowledge that performing its obligations under the sales contract or the service contract would cause the quantity of any of the offerer's or purchaser's goods or specified rights of the same type as the goods or specified rights under the sales contract to significantly exceed what would normally be required in the offerer's or purchaser's daily life, that performing those obligations would cause the frequency, period, or quantity of any services the offerer or purchaser was being provided of the same type as the services under the service contract to significantly exceed what would

normally be required in the offerer's or purchaser's daily life, or with the knowledge that the quantity of any of the offerer's or purchaser's goods or specified rights of the same kind as the goods or specified rights under the sales contract already significantly exceeded what would normally be required in the offerer's or purchaser's daily life or that the frequency, period or quantity of services the offerer or purchaser was being provided of the same type as the services under the service contract already significantly exceeded what would normally be required in the offerer's or purchaser's daily life.

- (2) An offerer or purchaser must exercise the right under the provisions of the preceding paragraph within one year from the time of entry into the sales contract or service contract.
- (3) The provisions of paragraphs (3) through (8) of the preceding Article apply mutatis mutandis to the withdrawal of an offer or cancellation of a contract under the provisions of paragraph (1). In this case, the term "the preceding paragraphs" in paragraph (8) of that Article is deemed to be replaced with "paragraphs (1) and (2) of the following Article and paragraphs (3) through (8) as applied mutatis mutandis pursuant to paragraph (3) of that Article".

(Retraction of the Manifestation of an Intention to Offer to Enter into or Accept a Telemarketing Sales Contract)

Article 24-3 (1) If an offerer or purchaser was under a misconception specified in one of the following items as a result of the seller or the service provider having engaged in the conduct listed in that item in soliciting a person to enter into a sales contract or a service contract connected with a telemarketing sale, because of which the offerer or purchaser manifested the intention to offer to enter into or accept a sales contract or a service contract, the offerer or purchaser may retract the manifestation of that intention to offer to enter into or accept the contract:

- (i) a misrepresentation in violation of the provisions of Article 21, paragraph (1): the misconception that the information being represented was true; or
 - (ii) the intentional failure to disclose a fact, in violation of the provisions of Article 21, paragraph (2): the misconception that the relevant fact does not exist.
- (2) The provisions of Article 9-3, paragraphs (2) through (5) apply mutatis mutandis to a retraction, under the provisions of the preceding paragraph, of the manifestation of an intention to offer to enter into or accept a sales contract or a service contract connected with a telemarketing sale.

(Limitation on the Amount of Damages for Canceling or Defaulting on a Contract in Telemarketing Sales)

Article 25 (1) If a seller or a service provider has entered into a sales contract or a service contract falling under any of the items in Article 19, paragraph (1), and the sales contract or the service contract is canceled, the seller or the service provider may not demand that the purchaser or the service recipient pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the cases listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:

- (i) if the goods or rights are returned: the amount constituting the normal charges for use of the goods or the amount equal to the profit that can normally be earned through the exercise of the rights (or the amount equal to the sales price of the goods or rights less the value of those goods or rights at the time of their return, if this exceeds the amount constituting the normal charges for use of the goods or the amount equal to the profit that can normally be earned through the exercise of the rights);
 - (ii) if the goods or rights are not returned: the amount equal to the sales price of the goods or rights;
 - (iii) if the service contract is canceled after the services started to be provided: the amount equal to the consideration for the provided services; or
 - (iv) if the contract is canceled prior to the start of the delivery of the goods or the transfer of the rights or the provision of the services: the amount of costs normally required for entering into and performing a contract.
- (2) If a seller or a service provider has entered into a sales contract or a service contract falling under any of the items in Article 19, paragraph (1), and the obligation to pay the charges under the sales contract or the consideration under the service contract is not performed in whole or in part (except if the sales contract or the service contract has been canceled), the seller or the service provider may not demand that the purchaser or the service recipient pay an amount of money that exceeds the aggregate of the amount equal to the sales price of the goods or rights or the consideration for the services less the already-paid amount of the charges for the goods or rights or the consideration for the services plus the amount of any damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty.

Section 5 Miscellaneous Provisions

(Exclusion from Application)

Article 26 (1) The provisions of the preceding three Sections do not apply to the following sales or provision of services that fall under the category of door-to-

door sales, mail order sales, or telemarketing sales:

- (i) a sale or providing services under a sales contract or a service contract as prescribed in Article 2, paragraphs (1) through (3) that the person offering to enter into the sales contract or the purchaser or service recipient enters into for business purposes or as a part of business;
- (ii) a sale of goods or rights or providing services to a person located outside of Japan;
- (iii) a sale or providing services by the national or local government;
- (iv) a sale or providing services by one of the following organizations to its direct or indirect member (if the organization is able to make its business or facilities available to non-members, this includes a sale or provision of services to those non-members):
 - (a) a partnership established based on a special law or a federation or central association of the 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) a sale or providing services by a business to its employee;
- (vi) the sale of a newspaper published by a person that is not a stock company;
- (vii) providing services as prescribed in Article 3, paragraph (1) of the Attorneys Act (Act No. 205 of 1949) by an attorney, providing services as prescribed in Article 3, paragraph (1) or Article 30-5 of that Act by a legal professional corporation as prescribed in Article 30-2 of that Act, and providing services as prescribed in Article 3, paragraph (1), Article 5, paragraph (1), Article 6, paragraph (1), or Article 7 of the Act on the Handling of Legal Services by Foreign Lawyers (Act No. 66 of 1986) by a registered foreign-qualified lawyer prescribed in Article 2, item (iv) of that Act, the provision of the services prescribed in Article 59 of the Act by a registered foreign lawyer corporation prescribed in Article 2, item (v) of the Act, and providing services prescribed in Article 3, paragraph (1) of the Attorneys Act and Article 71 of the Act on the Handling of Legal Services by Foreign Lawyers by an attorney / registered foreign lawyer joint corporation prescribed in Article 2, item (vi) of the Act; or
- (viii) the following sales or provision of services:
 - (a) a sale of goods or providing services related to the financial instruments business prescribed in Article 2, paragraph (8) of the Financial Instruments and Exchange Act (Act No. 25 of 1948) by a financial instruments business operator prescribed in paragraph (9) of that Article, providing services related to the financial instruments intermediary prescribed in paragraph (11) of that Article by a financial instruments

- intermediary prescribed in paragraph (12) of that Article, the sale of goods or providing services as prescribed in Article 33-5, paragraph (1), item (vi), (a) of that Act by a registered financial institution prescribed in Article 2, paragraph (11) of that Act, providing services related to the business prescribed in the items of in Article 79-7, paragraph (1) of that Act by a certified investor protection organization as prescribed in Article 79-10 of that Act, and providing services related to the business prescribed in Article 156-24, paragraph (1) or Article 156-27, paragraph (1) of that Act by a securities finance company as prescribed in Article 2, paragraph (30) of that Act;
- (b) a sale of goods or providing services as prescribed in Article 2, item (ii) of the Real Estate Brokerage Act (Act No. 176 of 1952) by a real estate broker prescribed in Article 2, item (iii) of that Act (including a trust company or a financial institution that has obtained the authorization stated in Article 1, paragraph (1) of the Act on Engagement in Trust Business Activities by Financial Institutions (Act No. 43 of 1943) that engages in the real estate brokerage prescribed in Article 2, item (ii) of the Real Estate Brokerage Act);
- (c) providing services as prescribed in Article 2, paragraph (3) of the Travel Agency Act (Act No. 239 of 1952) by a travel operator as prescribed in Article 6-4, paragraph (1) of that Act or a travel agent as prescribed in paragraph (3) of that Article; or
- (d) beyond what is provided in (a) through (c), a sale or providing services under a sales contract for goods or specified rights or service contract in door-to-door sales, mail order sales, or telemarketing sales, which is specified by cabinet order as a sale or providing services for which it is found that the interests of the target of solicitation or advertisement, the person making the offer, or the purchaser or service recipient can be protected based on the provisions of other laws.
- (2) The provisions of Articles 9 through 9-3, 15-3, 15-4, and 24 through 24-3 do not apply to a sale of specified rights that falls under the category of a door-to-door sale, mail order sale, or telemarketing sale that has been undertaken as a subscription for shares or for contributions, or as a contribution of funds, which pursuant to the Companies Act (Act No. 86 of 2005) or any other Act, cannot be retracted on grounds of fraud or duress.
- (3) The provisions of Articles 4, 5, 9, 18, 19, and 24 do not apply if the whole or a part of providing services that is specified by Cabinet Order as being normally undertaken in whole immediately after the parties enter into a contract, and which falls under the category of a door-to-door sale or telemarketing sale, has been undertaken immediately after the parties enter into the contract (limited to the cases specified by order of the competent ministry).

- (4) The provisions of Articles 9 and 24 do not apply to the following sales or provision of services falling under the category of a door-to-door sale or telemarketing sale:
- (i) a sale of goods or providing services that is specified by Cabinet Order as goods or services whose transactions normally feature negotiations over the terms and conditions of their sale or the terms and conditions for providing services taking place between the seller or the service provider and the purchaser or the service recipient over a reasonable period of time; or
 - (ii) providing services that are specified by Cabinet Order as being likely to significantly prejudice the interests of the service recipient if they are not provided promptly after the contract is entered into.
- (5) The provisions of Articles 9 and 24 do not apply to a sale or providing a service that falls under the category of a door-to-door sale or telemarketing sale if any of the following applies:
- (i) an offerer or purchaser as prescribed in Article 9, paragraph (1) or an offerer or purchaser as prescribed in Article 24, paragraph (1) has received a document as referred to in Article 4, paragraph (1), or Article 5, paragraph (1) or paragraph (2), Article 18, paragraph (1) or Article 19, paragraph (1) or paragraph (2), and the offerer or purchaser has used or consumed in whole or in part goods specified by Cabinet Order as having a value that is likely to decline significantly through their use or partial consumption (except when the seller had the offerer or purchaser use or consume the goods in whole or in part);
 - (ii) an offerer or purchaser as prescribed in Article 9, paragraph (1) or an offerer or purchaser as prescribed in Article 24, paragraph (1) has received a document as referred to in Article 4, paragraph (1), Article 5, paragraph (1) or paragraph (2), or Article 18, paragraph (1) or Article 19, paragraph (1) or paragraph (2), and the goods transferred to them are goods specified by Cabinet Order as being of a quality that is difficult to maintain for any reasonable period of time and whose value is likely to decline significantly due to a decline in quality; or
 - (iii) in a case as prescribed in Article 5, paragraph (2) or Article 19, paragraph (2), if the total amount of the charges for the goods or the specified rights under the sales contract or the consideration for the services under the service contract is below the amount specified by Cabinet Order.
- (6) The provisions of Articles 4 through 10 do not apply to the following door-to-door sales:
- (i) a door-to-door sale to a person that has offered to enter into a sales contract or a service contract or requested that the contract be entered into at the person's residence; or
 - (ii) a door-to-door sale that falls under a form of transaction specified by

Cabinet Order in which it is normal for the seller or the service provider to receive an offer to enter into a sales contract for goods or specified rights or a service contract for services at a place other than an office or other location and that is found unlikely to prejudice the interests of the purchaser or the service recipient.

- (7) The provisions of Articles 18, 19, and 21 through 25 do not apply to the following telemarketing sales:
- (i) a telemarketing sale to a person that has requested a telephone call in order to offer to enter into a sales contract or a service contract (excluding a person that has made the request as a result of an act of telemarketing or because of conduct specified by Cabinet Order); or
 - (ii) a telemarketing sale that falls under a form of transaction specified by Cabinet Order in which it is normal for the seller or the service provider to receive offers to enter into a sales contract for goods or specified rights or a service contract for services by postal mail or a similar means as a result of an act of telemarketing, and that is found unlikely to prejudice the interests of the purchaser or the service recipient.
- (8) The provisions of Article 10 and the preceding Article do not apply to installment sales (meaning installment sales as prescribed in Article 2, paragraph (1) of the Installment Sales Act (Act No. 159 of 1961); the same applies hereinafter) that fall under the category of door-to-door sales or telemarketing sales.
- (9) The provisions of Articles 11 and 13 do not apply to installment sales, etc. (meaning installment sales, loan-backed sales as prescribed in Article 2, paragraph (2) of the Installment Sales Act, intermediation of comprehensive credit purchases as prescribed in paragraph (3) of that Article, or intermediation of individual credit purchases as prescribed in paragraph (4) of that Article; the same applies in the following paragraph) that fall under the category of mail order sales.
- (10) The provisions of Article 20 do not apply to installment sales, etc. that fall under the category of telemarketing sales.

(Door-to-Door Sales Associations)

Article 27 (1) A general incorporated association that includes the characters "訪問販売協会" (pronounced "houmon-hanbai-kyoukai", meaning "door-to-door sales association" in its name may be established, provided that its articles of incorporation contain provisions to the effect that it will ensure the fairness of transactions connected with door-to-door sales, protect the interests of the purchasers or the service recipients, contribute to the sound development of the door-to-door sales business, and have as its members persons who engage in door-to-door sales as a business.

- (2) The provisions of the articles of incorporation prescribed in the preceding paragraph may not be changed.

(Restrictions on Joining the Association)

Article 27-2 (1) A general incorporated association stated in paragraph (1) of the preceding Article (hereinafter referred to as a "door-to-door sales association") must provide in its articles of incorporation to the effect that it may refuse admission to any party that has been ordered to suspend its business activities that are connected with door-to-door sales in whole or in part pursuant to the provisions of Article 8, paragraph (1), or to any party that has been expelled by a door-to-door sales association pursuant to the provisions of the articles of incorporation prescribed in Article 29-3.

- (2) A door-to-door sales association must make the directory of its members available for public inspection.

(Notification of Establishment)

Article 27-3 (1) When a door-to-door sales association has been established, a notification to that effect must be submitted to the competent minister with a certificate of registered information and a copy of its articles of incorporation attached to it, within two weeks from the day of its establishment.

- (2) When a notification under the provisions of the preceding paragraph is submitted, the competent minister must issue a public notice to that effect.

(Notification of Changes)

Article 27-4 (1) If there has been a change involving a door-to-door sales association's name, address, articles of incorporation, or any other information specified by order of the competent ministry, a notification to that effect must be submitted to the competent minister within two weeks from the day on which the change occurred.

- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to a notification under the provisions of the preceding paragraph.

(Restrictions on Name Use)

Article 28 (1) A person that is not a door-to-door sales association must not use a character in its name or trade name that could cause it to be mistaken for a door-to-door sales association.

- (2) A person that is not a member of a door-to-door sales association must not use a character in its name or trade name that could cause it to be mistaken for a door-to-door sales association member.

(Measures for Protecting the Interests of Purchasers and Others)

Article 29 (1) When a door-to-door sales association is requested by a purchaser, a service recipient, or other relevant person to help settle a complaint about business activities for door-to-door sales in which a member is engaging, it must hold consultations, provide the necessary advice to the requester, and in addition to investigating the circumstances surrounding the complaint, the association must notify the member of the details of the complaint and request that it be processed promptly.

- (2) When a door-to-door sales association finds it necessary for settling a complaint connected with a request under the preceding paragraph, it may ask for a written or oral explanation or for the submission of materials from the member.
- (3) A member must not refuse what a door-to-door sales association has asked it to do under the provisions of the preceding paragraph without reasonable grounds.
- (4) A door-to-door sales association must fully inform its members about any request under paragraph (1), the circumstances involved in the complaint, and the result of the settlement of the complaint.

Article 29-2 (1) If a person has canceled a sales contract or a service contract connected with the business activities in door-to-door sales in which a member is engaged, pursuant to the provisions of this Act, or the person has retracted a manifestation of the intention to offer to enter into or accept a sales contract or a service contract connected with the business activities in door-to-door sales in which a member is engaged, pursuant to the provisions of this Act, and if the member has refused the person's request for the refund of the money that the person paid to the member, a door-to-door sales association must carry out business activities for delivering a fixed amount of money to the person that has requested the refund of the money.

- (2) A door-to-door sales association is to set up a fund for the business activities stated in the preceding paragraph, and is to allocate to the fund the total amount of money contributed by its members on the condition of its allocation to the expenses required for the business activities.
- (3) A door-to-door sales association must specify the means by which it will implement the business activities stated in paragraph (1) in its articles of incorporation.
- (4) Once a door-to-door sales association has specified the means by which it will implement its business activities pursuant to the provisions of the preceding paragraph, it must issue a public announcement of those means. The same applies if the door-to-door sales association has changed those means.

(Disposition Against a Member)

Article 29-3 A door-to-door sales association must state in its articles of incorporation that if a member engages in conduct violating the provisions of this Act or a disposition based on the provisions of this Act, it will impose a monetary penalty on the member, order the member's rights as provided in the articles of incorporation to be suspended or restricted, or expel the member.

(Provision of Information)

Article 29-4 The competent minister must provide the necessary information and materials or offer the necessary guidance and advice concerning the implementation of the business activities prescribed in Articles 29 and 29-2 to a door-to-door sales association.

(Supervision of the Business Activities of Door-to-Door Sales Associations)

Article 29-5 (1) The business activities of a door-to-door sales association are subject to the supervision of the competent minister.

- (2) If the competent minister finds that it is necessary to do so in order to ensure the proper implementation of business activities, to the extent necessary for enforcing the provisions of this Act, the minister may examine a door-to-door sales association's business activities or financial status or order a door-to-door sales association to take any measures necessary for the improvement of them.
- (3) Having issued the order stated in the preceding paragraph, upon finding that it is particularly necessary to do so in order to protect the interests of purchasers or service recipients, the competent minister may issue a public announcement to the effect that the order has been issued.

(Mail Order Sales Associations)

Article 30 (1) A general incorporated association that includes the characters "通信販売協会" (pronounced "tsushin-hanbai kyoukai" and meaning "mail order sales association") in its name may be established, but only if its articles of incorporation contain provisions to the effect that it will ensure the fairness of transactions connected with mail order sales, protect the interests of the purchasers or the service recipients, contribute to the sound development of the mail order sales business, and have as its members persons engaged in mail order sales as a business.

- (2) The provisions of the articles of incorporation prescribed in the preceding paragraph may not be changed.

(Notification of Establishment)

Article 30-2 (1) When a general incorporated association stated in paragraph (1) of the preceding Article (hereinafter referred to as a "mail order sales association") is established, a notification to that effect must be submitted to

the competent minister with a certificate of registered information and a copy of its articles of incorporation attached to it, within two weeks from the day of its establishment.

- (2) When a notification under the provisions of the preceding paragraph is submitted, the competent minister must issue a public notice to that effect.

(Notification of Changes)

Article 30-3 (1) If there has been a change involving a mail order sales association's name, address, articles of incorporation, or any other information specified by order of the competent ministry, a notification to that effect must be submitted to the competent minister within two weeks from the day on which the change occurred.

- (2) The provisions of paragraph (2) of the preceding Article apply mutatis mutandis to a notification under the provisions of the preceding paragraph.

(Restrictions on Name Use)

Article 31 (1) A person that is not a mail order sales association must not use a character in its name or trade name that could cause it to be mistaken for a mail order sales association.

- (2) A person that is not a member of a mail order sales association must not use a character in its name or trade name that could cause it to be mistaken for a mail order sales association member.

(Settlement of Complaints)

Article 32 (1) When a mail order sales association is requested by a purchaser, a service recipient, or any other relevant person to help settle a complaint about business activities for mail order sales in which a member is engaging, it must hold consultations, provide the necessary advice to the requester, and investigate the circumstances surrounding the complaint, and also notify the member of the details of the complaint and ask that it be processed promptly.

- (2) When a mail order sales association finds it necessary for settling a complaint connected with a request under the preceding paragraph, it may ask for a written or oral explanation or for the submission of materials from the member.
- (3) A member must not refuse what a mail order sales association has asked for under the provisions of the preceding paragraph without reasonable grounds.
- (4) A mail order sales association must fully inform its members about any request under paragraph (1), the circumstances involved in the complaint, and the result of settlement of the complaint.

(Supervision of the Business Activities of a Mail Order Sales Association)

Article 32-2 (1) The business activities of a mail order sales association are

subject to the supervision of the competent minister.

- (2) On finding that it is necessary to do so in order to ensure the proper implementation of the business activities stated in the preceding Article, at any time, the competent minister may examine a mail order sales association's business activities or financial status, or issue a mail order sales association any order that is necessary from a supervisory perspective, with regard to its business activities.
- (3) Having issued an order as stated in the preceding paragraph, and on finding it particularly necessary for protecting the interests of purchasers or service recipients, the competent minister may issue a public announcement to the effect that the order has been issued.

Chapter III Multilevel Marketing Transactions

(Definitions)

Article 33 (1) The term "multilevel marketing undertaking" as used in this Chapter and Article 58-21, paragraphs (1) and (3) and Article 67, paragraph (1) means the business of selling (including arranging for another person to sell) articles (including rights to use facilities or to be provided with services; the same applies hereinafter in this Chapter and Chapter 5) or of providing (including arranging for another person to provide) services in exchange for payment, where a counterparty is induced to resell the articles that have been sold to them (hereinafter referred to as "goods" in this Chapter and Article 58-21, paragraph (1), item (i), (a)) ("resell" means purchasing the goods and then selling them; the same applies hereinafter), wherein a counterparty is induced to sell goods on consignment (meaning being consigned the goods and then selling them; the same applies hereinafter), where a counterparty is induced to arrange the sale of goods, where a counterparty is induced to provide the same kind of services (meaning providing the same kind of services that have been provided to them; the same applies hereinafter), or where a counterparty is induced to arrange for the services to be provided, using the possible receipt of a specified profit (meaning all or part of the transaction fees provided by another person who resells, sells on consignment, or arranges the sale of goods, all or part of the transaction fees provided by another person who provides the same kind of services or arranges for those services to be provided, and any other profits that satisfy the requirements specified by order of the competent ministry; hereinafter the same applies in this Chapter and Article 58-21, paragraph (1), item (iv)), and where transactions that involve a specified burden (meaning the purchase of goods, payment of the consideration for services, or provision of a transaction fee; hereinafter the same applies in this Chapter and Article 58-21, paragraph (1), item (iv)) are carried out with the

counterparty to sell or arrange the sale of goods, or where transactions that involve a specified burden are carried out with the counterparty to provide or arrange the provision of the same type of services (the transactions include any change in the terms of a transaction; hereinafter referred to as "multilevel marketing transactions").

- (2) The term "orchestrator" as used in this Chapter and Article 58-21, Article 58-26, paragraph (1), Article 66, paragraph (1), and Article 67, paragraph (1) means the person materially orchestrating a set of related multilevel marketing undertakings, which includes the orchestrator attaching its own trademark to the multilevel marketing goods or causing its own trade name or other specified indication to be used for providing services in connection with multilevel marketing undertakings, stipulating the terms and conditions of multilevel marketing transactions, and continuously guiding the operations of persons carrying on multilevel marketing undertakings.
- (3) The term "transaction fee" as used in this Chapter means a transaction fee, a membership fee, a security deposit, or other money or goods provided at the time a transaction is carried out or upon changing the terms of a transaction, irrespective of the name given to it.

(Clear Indication of Name in Multilevel Marketing Transactions)

Article 33-2 When an orchestrator, a solicitor (meaning a person who is made to solicit other persons by the orchestrator in connection with multilevel marketing transactions connected to the set of related multilevel marketing undertakings orchestrated by that orchestrator; the same applies hereinafter), or a general multilevel marketing distributor (meaning a person, other than an orchestrator or a solicitor, who carries on a multilevel marketing undertaking; the same applies hereinafter) seeks to carry out a multilevel marketing transaction connected to the set of related multilevel marketing undertakings orchestrated by that orchestrator, the orchestrator, the solicitor, or the general multilevel marketing distributor must clearly indicate to the other party, prior to solicitation, the name of the orchestrator, the solicitor, or the general multilevel marketing distributor (a solicitor or a general multilevel marketing distributor must also indicate the name of the orchestrator), the fact that the purpose is to solicit the person to enter into a contract involving transactions that give rise to a specified burden, and the type of goods or services connected with the solicitation.

(Prohibited Conduct)

Article 34 (1) An orchestrator or solicitor must not intentionally fail to disclose facts about or to misrepresent the following information either in soliciting a person to enter into a contract involving multilevel marketing transactions

that are connected to the set of related multilevel marketing undertakings orchestrated by the orchestrator (limited to a contract with an individual who, without using a store or other similar facility (hereinafter referred to as a "store or similar facility"), will sell or arrange the sale of goods associated with that multilevel marketing undertaking or will provide or arrange for providing services associated with that multilevel marketing undertaking; hereinafter the same applies in this Article and Article 38, paragraph (3), item (ii)), or in order to prevent the cancellation of a contract involving multilevel marketing transactions that are connected to the multilevel marketing undertaking:

- (i) the type of goods (excluding rights to use a facility and to be provided with services) and their performance or quality, the type of services, rights to use a facility, or rights to be provided with services, the details of them, and other similar information specified by order of the competent ministry;
 - (ii) information about the specified burden involved in the multilevel marketing transactions;
 - (iii) information about canceling the contract (including information under the provisions of Article 40, paragraphs (1) through (3) and Article 40-2, paragraphs (1) through (5));
 - (iv) information about the specified profit involved in that multilevel marketing undertaking; or
 - (v) beyond what is stated in the preceding items, any material information about that multilevel marketing undertaking that would affect the decision of the counterparty to the multilevel marketing transactions.
- (2) A general multilevel marketing distributor must not misrepresent the matters listed in the items of the preceding paragraph, either in soliciting a person to enter into a contract involving multilevel marketing transactions that are connected to a set of related multilevel marketing undertakings orchestrated by an orchestrator, or in order to prevent the cancellation of a contract for multilevel marketing transactions connected with that multilevel marketing undertaking.
- (3) An orchestrator, solicitor, or general multilevel marketing distributor must not use intimidation to overwhelm a person in order to have the person enter into a contract involving multilevel marketing transactions that are connected to a set of related multilevel marketing undertakings orchestrated by that orchestrator or in order to prevent the person from canceling a contract involving multilevel marketing transactions that are connected to the multilevel marketing undertaking.
- (4) An orchestrator, solicitor, or general multilevel marketing distributor must not solicit a person whom the orchestrator, the solicitor, or the general multilevel marketing distributor has stopped and taken along with them or whom the orchestrator, the solicitor, or the general multilevel marketing

distributor has induced away from a place that is not a business office, agency office, or any other place specified by order of the competent ministry by any other means specified by Cabinet Order, to enter into a contract involving transactions that give rise to a specified burden other than in a place into and out of which the general public comes and goes, without first having informed the person that the purpose for doing so is to solicit the person to enter into the contract.

(Submission of Materials Showing Reasonable Grounds)

Article 34-2 On finding that it is necessary to do so in order to determine whether an orchestrator, a solicitor, or a general multilevel marketing distributor has misrepresented the information prescribed in Article 34, paragraph (1), item (i) or (iv), the competent minister may ask the orchestrator, the solicitor, or the general multilevel marketing distributor to submit materials showing reasonable grounds to support the information conveyed to the other party, within a specified period. In this case, if the orchestrator, the solicitor, or the general multilevel marketing distributor fails to submit those materials, the orchestrator, the solicitor, or the general multilevel marketing distributor is deemed to have misrepresented the information prescribed in Article 34, paragraph (1), item (i) or (iv), with regard to the application of the provisions of Article 38, paragraphs (1) through (3) and Article 39, paragraph (1).

(Advertising Multilevel Marketing Transactions)

Article 35 When an orchestrator, a solicitor, or a general multilevel marketing distributor advertises the multilevel marketing transactions that are connected with the set of related multilevel marketing undertakings orchestrated by the orchestrator, it must indicate the following information about the multilevel marketing undertaking in the advertisement, pursuant to the provisions of order of the competent ministry:

- (i) the type of goods or services;
- (ii) information about the specified burden involved in the multilevel marketing transactions;
- (iii) if the specified profits connected with its multilevel marketing undertaking are advertised, the method of calculating those profits; and
- (iv) beyond what is listed in the preceding three items, information specified by order of the competent ministry.

(Prohibition Against Hyperbolizing Advertising)

Article 36 When an orchestrator, a solicitor, or a general multilevel marketing distributor advertises multilevel marketing transactions that are connected

with the set of related multilevel marketing undertakings orchestrated by the orchestrator, it must not make a representation about the performance or quality of the goods associated with its multilevel marketing undertaking (excluding rights to use a facility or to be provided with services), the details of the rights to use a facility or to be provided with services, or the details of services associated with its multilevel marketing undertaking, nor about the specified burden involved in those multilevel marketing transactions, the specified profit involved in that multilevel marketing undertaking, or any other information specified by order of the competent ministry, that differs significantly from the truth or misleads people into believing that it is significantly better or more advantageous than it is in reality.

(Submission of Materials Showing Reasonable Grounds)

Article 36-2 On finding that it is necessary to do so in order to determine whether an orchestrator's, solicitor's, or general multilevel marketing distributor's representation falls under the category of representations provided in the preceding Article, the competent minister may ask the orchestrator, the solicitor, or the general multilevel marketing distributor that made that representation to submit materials showing reasonable grounds to support it within a specified period. In the case, with regard to the application of the provisions of Article 38, paragraphs (1) through (3) and Article 39, paragraph (1) if the orchestrator, the solicitor, or the general multilevel marketing distributor fails to submit those materials, the representation is deemed to fall under the category of representations provided for in the preceding Article.

(Prohibition on Sending Email Advertising to a Person Who Has Not Given Consent)

Article 36-3 (1) Except in the following cases, an orchestrator, a solicitor, or a general multilevel marketing distributor must not advertise multilevel marketing transactions that are connected with the set of related multilevel marketing undertakings orchestrated by that orchestrator via email without the consent of the advertising target:

- (i) when sending email advertising multilevel marketing transactions that are connected with the set of related multilevel marketing undertakings orchestrated by that orchestrator (hereinafter referred to as "email advertising multilevel marketing transactions" in this Chapter) at the request of the advertising target; or
- (ii) beyond what is provided in the preceding item, when sending email advertising multilevel marketing transactions in cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the

interests of the target of the email advertising multilevel marketing transactions.

- (2) An orchestrator, solicitor, or general multilevel marketing distributor that has obtained the consent prescribed in the preceding paragraph or that has received a request provided in item (i) of that paragraph must not send email advertising multilevel marketing transactions to an advertising target if the target of the email advertising multilevel marketing transactions indicates an unwillingness to receive email advertising multilevel marketing transactions; provided, however, that this does not apply if the orchestrator, the solicitor, or the general multilevel marketing distributor later receives a request from the advertising target or regains the consent of the advertising target to send email advertising multilevel marketing transactions.
- (3) Except in the case stated in paragraph (1), item (ii), when sending email advertising multilevel marketing transactions, an orchestrator, a solicitor, or a general multilevel marketing distributor must prepare what is specified by order of the competent ministry as a record of having obtained the consent of the advertising target or having received a request from the advertising target to send email advertising multilevel marketing transactions, and must preserve the records pursuant to the provisions of order of the competent ministry.
- (4) Except in the case stated in paragraph (1), item (ii), when sending email advertising multilevel marketing transactions, pursuant to the provisions of order of the competent ministry, in its email advertising multilevel marketing transactions, an orchestrator, a solicitor, or a general multilevel marketing distributor must indicate information that is specified by order of the competent ministry as the information that an advertising target needs to have in order to indicate an unwillingness to receive email advertising multilevel marketing transactions, in addition to the matters listed in the items of Article 35.
- (5) If an orchestrator, a solicitor, or a general multilevel marketing distributor has comprehensively entrusted another person with all of the following business activities, the provisions of the preceding two paragraphs do not apply to any email advertising multilevel marketing transactions subject to that entrustment:
 - (i) business activities for obtaining the consent of the advertising targets or receiving requests from advertising targets to send email advertising multilevel marketing transactions;
 - (ii) business activities for preparing and preserving the records prescribed in paragraph (3); and
 - (iii) business activities for indicating the information an advertising target needs to have in order to indicate an unwillingness to receive email

advertising multilevel marketing transactions, as prescribed in the preceding paragraph.

- Article 36-4 (1) Except in the following cases, a person comprehensively entrusted with all of the business activities listed in the items of paragraph (5) of the preceding Article by an orchestrator, a solicitor, or a general multilevel marketing distributor (a person so entrusted is hereinafter referred to as a "contractor sending email advertising multilevel marketing transactions" in this Chapter and Article 66, paragraph (6) and Article 67, paragraph (1), item (iv)) must not send email advertising multilevel marketing transactions for multilevel marketing transactions that are connected with the set of related multilevel marketing undertakings orchestrated by the orchestrator, that are carried out by the orchestrator, the solicitor, or the general multilevel marketing distributor that entrusted the contractor with those business activities (hereinafter referred to as the "party entrusting a contractor with email advertising its multilevel marketing transactions" in this Article), without the consent of the advertising target:
- (i) when sending email advertising the multilevel marketing transactions of a party entrusting a contractor with email advertising its multilevel marketing transactions at the request of the advertising target; and
 - (ii) beyond what is stated in the preceding item, when sending email advertising the multilevel marketing transactions of a party entrusting a contractor with email advertising its multilevel marketing transactions in cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the interests of the target of the email advertising the multilevel marketing transactions of the party entrusting a contractor with email advertising its multilevel marketing transactions.
- (2) The provisions of paragraphs (2) through (4) of the preceding Article apply mutatis mutandis to the email advertising the multilevel marketing transactions of a party entrusting a contractor with email advertising its multilevel marketing transactions by a contractor sending email advertising multilevel marketing transactions. In this case, the phrase "paragraph (1), item (ii)" in paragraphs (3) and (4) of the preceding Article is deemed to be replaced with "paragraph (1), item (ii) of the following Article".

(Delivery of Documents in Multilevel Marketing Transactions)

- Article 37 (1) When a person carrying on a multilevel marketing undertaking (if a person other than a person carrying on a multilevel marketing undertaking will enter into a contract concerning the specified burden involved in multilevel marketing transactions that are connected with that multilevel marketing undertaking, the person entering into the contract; the same applies in

paragraph (3)) seeks to enter into a contract concerning the specified burden involved in multilevel marketing transactions with a person seeking to bear that specified burden (limited to an individual who will sell or arrange the sale of goods associated with that multilevel marketing undertaking or will provide or arrange for providing services associated with its multilevel marketing undertaking, without using a store or similar facility), the person carrying on that multilevel marketing undertaking must deliver to that person a document containing an outline of its multilevel marketing undertaking pursuant to the provisions of order of the competent ministry before entering into that contract.

(2) If a person carrying on a multilevel marketing undertaking has entered into a contract involving multilevel marketing transactions that are connected with the person's multilevel marketing undertaking (hereinafter referred to as a "multilevel marketing contract" in this Chapter), and the counterparty to the multilevel marketing contract is an individual who sells or arranges the sale of goods associated with that multilevel marketing undertaking or provides or arranges for providing services associated with that multilevel marketing undertaking without using a store or similar facility, the person engaged in multilevel marketing must deliver to that person a document containing the details of that multilevel marketing contract with respect to the following information without delay, pursuant to the provisions of order of the competent ministry:

- (i) the type of goods (excluding rights to use a facility or to be provided with services) and their performance or quality, or the type of services, rights to use a facility, or rights to be provided with services, and the details of them;
- (ii) information about conditions for reselling, selling on consignment, or arranging the sale of the goods, or about providing the same type of services or arranging for those services to be provided;
- (iii) information about the specified burden involved in the multilevel marketing transactions;
- (iv) information about canceling the multilevel marketing contract (including information related to the provisions of Article 40, paragraphs (1) through (3) and Article 40-2, paragraphs (1) through (5)); and
- (v) information specified by order of the competent ministry, beyond what is stated in the preceding items.

(3) In place of the delivery in writing under the provisions of the preceding two paragraphs, a person engaged in multilevel marketing may provide the information that should be described in the documents by an electronic or magnetic means, after gaining the consent of a person who seeks to execute the specified burden involved in the multilevel marketing transactions or a counterparty to the multilevel marketing contract, pursuant to Cabinet Order. In this case, the person engaged in the multilevel marketing is deemed to have

delivered the documents.

- (4) The provision of information that is to be described in documents under paragraph (2) as specified in the first sentence of the previous paragraph through electronic or magnetic means (excluding means specified by ordinance of the competent ministry) is deemed to have been made to the counterparty to the multilevel marketing contract when the information is recorded in a file stored on the computer used by the counterparty to the multilevel marketing contract.

(Instructions)

Article 38 (1) If an orchestrator has violated any of the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (excluding paragraph (5)), or Article 37, paragraph (1) or paragraph (2) or has engaged in any of the following conduct, or if a solicitor has violated any of the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, or Article 36-3 (excluding paragraph (5)) or has engaged in any of the conduct listed in items (ii) through (iv) of this paragraph, and the competent minister finds that the conduct is likely to prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, the minister may instruct the orchestrator to take measures for correcting the violation or conduct, measures for protecting the interests of the counterparty to the multilevel marketing transactions, or any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of the obligations under a multilevel marketing contract connected with multilevel marketing or the obligations that occur through the cancellation of the contract in whole or in part;
- (ii) soliciting a person's entry into a multilevel marketing contract connected with a multilevel marketing undertaking (limited to a contract with an individual who sells or arranges the sale of goods associated with that multilevel marketing undertaking or provides or arranges for providing services associated with that multilevel marketing undertaking, without using a store or similar facility; hereinafter the same applies in the following item) by providing conclusive evaluations that would likely cause a person to mistakenly believe that the multilevel marketing transactions connected with the set of related multilevel marketing undertakings orchestrated by the orchestrator are sure to generate a profit;
- (iii) soliciting a person who has indicated an unwillingness to enter into a multilevel marketing contract connected with the set of related multilevel marketing undertakings orchestrated by the orchestrator to enter into the contract, in a way that the person feels is a nuisance; or

- (iv) beyond what is stated in the preceding three items, conduct that is carried out in connection with a multilevel marketing contract connected with the set of related multilevel marketing undertakings orchestrated by a orchestrator, and that is specified by order of the competent ministry as being likely to prejudice the fairness of multilevel marketing transactions and the interests of the counterparty.
- (2) If a solicitor has violated any of the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (excluding paragraph (5)), or Article 37, paragraph (1) or paragraph (2) or has engaged in any of the conduct listed in the items of the preceding paragraph, and the competent minister finds that the conduct is likely to prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, the minister may instruct the solicitor to take measures for correcting the violation or conduct, measures for protecting the interests of the counterparty to multilevel marketing transactions, and any other necessary measures.
- (3) If a general multilevel marketing distributor has violated any of the provisions of Article 33-2, Article 34, paragraphs (2) through (4), Article 35, Article 36, Article 36-3 (excluding paragraph (5)), or Article 37, paragraph (1) or paragraph (2) or has engaged in any of the conduct listed in the following items, and the competent minister finds that the conduct is likely to prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, the minister may instruct the general multilevel marketing distributor to take measures for correcting the violation or conduct, measures for protecting the interests of the counterparty to multilevel marketing transactions, or any other necessary measures:
- (i) conduct stated in the items of paragraph (1); or
 - (ii) intentionally failing to disclose any material information about its multilevel marketing undertaking that would affect the decision of the other party, either in soliciting a person to enter into a contract involving multilevel marketing transactions that are connected to a set of related multilevel marketing undertakings orchestrated by an orchestrator or in order to prevent the cancellation of a contract involving multilevel marketing transactions that are connected to the multilevel marketing undertaking.
- (4) If a contractor sending email advertising multilevel marketing transactions has violated any of the provisions of Article 36-4, paragraph (1) or Article 36-3, paragraphs (2) through (4) as applied *mutatis mutandis* pursuant to Article 36-4, paragraph (2), and the competent minister finds that the conduct is likely to prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, the minister may instruct the contractor sending email advertising multilevel marketing transactions to take any necessary

measures.

- (5) Having given an instruction under the provisions of paragraphs (1) through (3), the competent minister must issue a public announcement to that effect.
- (6) Having given an instruction under the provisions of paragraph (4), the competent minister must issue a public announcement to that effect.

(Suspension of Multilevel Marketing Transactions of an Orchestrator)

Article 39 (1) If an orchestrator has violated any of the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (excluding paragraph (5)), or Article 37, paragraph (1) or (2) or has engaged in any of the conduct listed in the items of Article 38, paragraph (1), or if a solicitor has violated any of the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, or Article 36-3 (excluding paragraph (5)) or has engaged in any of the conduct listed in Article 38, paragraph (1), items (ii) through (iv), and the competent minister finds that that conduct is likely to significantly prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, or the orchestrator fails to follow the instructions under the provisions of Article 38, paragraph (1), the minister may order the orchestrator to stop soliciting or causing a solicitor to solicit persons in connection with the multilevel marketing transactions that are connected to the multilevel marketing undertaking, or may order the orchestrator to suspend the multilevel marketing transactions in whole or in part, during a specified period of no longer than two years. In this case, if the orchestrator is an individual, the minister may also prohibit the individual from becoming an officer in charge of the business activities of a corporation that engages in business activities related to multilevel marketing transactions which fall within the scope of the suspension for a period equal to the period of that suspension.

- (2) If a solicitor has violated any of the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (excluding paragraph (5)), or Article 37, paragraph (1) or paragraph (2) or has engaged in any of the conduct listed in the items of Article 38, paragraph (1), and the competent minister finds that the conduct is likely to significantly prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, or the solicitor fails to follow the instructions under the provisions of Article 38, paragraph (2), the minister may order the solicitor to stop soliciting persons in connection with the multilevel marketing transactions that are connected to the multilevel marketing undertaking, or may order the solicitor to suspend multilevel marketing transactions in whole or in part, during a specified period of no longer than two years. In this case, if the solicitor is an individual, the competent minister may also prohibit the

individual from becoming an officer in charge of the business activities of a corporation that engages in business activities related to multilevel marketing transactions which fall within the scope of the suspension for a period equal to the period of that suspension.

- (3) If a general multilevel marketing distributor has violated any of the provisions of Article 33-2, Article 34, paragraphs (2) through (4), Article 35, Article 36, Article 36-3 (excluding paragraph (5)), or Article 37, paragraph (1) or paragraph (2) or has engaged in any of the conduct listed in the items of paragraph (3) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, or the general multilevel marketing distributor fails to follow the instructions under the provisions of that paragraph, the minister may order the general multilevel marketing distributor to stop soliciting persons in connection with the multilevel marketing transactions that are connected to the multilevel marketing undertaking, or may order the general multilevel marketing distributor to suspend multilevel marketing transactions in whole or in part, during a specified period of no longer than two years. In this case, if the general multilevel marketing distributor is an individual, the minister may also prohibit the individual from becoming an officer in charge of the business activities of a corporation that engages in business activities related to multilevel marketing transactions which fall within the scope of the suspension for a period equal to the period of that suspension.
- (4) When the competent minister orders suspension of a multilevel marketing transaction pursuant to the provisions of the first sentence of paragraph (1), the first sentence of paragraph (2), and the first sentence of the preceding paragraph, and when the orchestrator, solicitor, or general multilevel marketing distributor is an individual and a specified associated corporation of them (meaning a juridical person whose business management is substantially controlled by an orchestrator, solicitor, or general multilevel marketing distributor, or an officer or employee of them (including a person who was an officer or employee within one year before the date of the order; the same applies in paragraph (4) of the next Article) and other corporations specified by Cabinet Order; the same applies in this paragraph and paragraph (4), item (i) of the Article) is found to conduct business activities equal to the business activities related to the multilevel marketing transaction on the scope subject to the suspension, the minister may order the orchestrator, solicitor, or general multilevel marketing distributor to suspend the business activities conducted by the specified associated corporation for the period equal to the period of the suspension.
- (5) If a contractor sending email advertising multilevel marketing transactions

has violated any of the provisions of Article 36-4, paragraph (1) or Article 36-3, paragraphs (2) through (4) as applied mutatis mutandis pursuant to Article 36-4, paragraph (2), and the competent minister finds that the conduct is likely to significantly prejudice the fairness of multilevel marketing transactions and the interests of the counterparty to them, or the contractor sending email advertising multilevel marketing transactions fails to follow the instructions under the provisions of paragraph (4) of the preceding Article, the minister may order the contractor sending email advertising multilevel marketing transactions to suspend its business activities that are connected with email advertising multilevel marketing transactions in whole or in part, during a specified period of no longer than one year.

- (6) Having issued an order under the provisions of paragraphs (1) through (4), the competent minister must issue a public announcement to that effect.
- (7) Having issued an order under the provisions of paragraph (5), the competent minister must issue a public announcement to that effect.

(Prohibition of Business of Officers)

Article 39-2 (1) If the competent minister orders an orchestrator to suspend its multilevel marketing transactions pursuant to the first sentence of paragraph (1) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as a person whose multilevel marketing transactions should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the extent of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities related to multilevel marketing transactions that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the orchestrator is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
 - (ii) if the orchestrator is an individual: an employee or a person who was an employee within one year before the date of the order.
- (2) If the competent minister orders a solicitor to suspend its multilevel marketing transactions pursuant to the first sentence of paragraph (2) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose multilevel marketing transactions should be restricted so as to ensure the effectiveness of the order

in consideration of the facts constituting the grounds for the order and the extent of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities related to multilevel marketing transactions that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the solicitor is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
- (ii) if the solicitor is an individual: an employee or a person who was an employee within one year before the date of the order.

(3) If the competent minister orders a general multilevel marketing distributor to suspend its multilevel marketing transactions pursuant to the first sentence of paragraph (3) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose multilevel marketing transactions should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the extent of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities related to multilevel marketing transactions that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the general multilevel marketing distributor is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employees or a person who was its employee within one year before the date of the order; or
- (ii) if the general multilevel marketing distributor is an individual: an employee or a person who was an employee within one year before the date of the order.

(4) When the competent minister prohibits business activities of an officer or employee pursuant to the provision of the preceding three paragraphs and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by it and provided for in the relevant items for a period equal to the period of the prohibition.

- (i) a person who is found to be engaged in the same business as the business related to a multilevel marketing transaction on a scope for which prohibition is ordered by the order at a specified associated corporation who

is an orchestrator, solicitor, or general multilevel marketing distributor and is found to have committed the act constituting the grounds for the order; or
(ii) a person who is found to be engaged in the same business as the business related to a multilevel marketing transaction on a scope for which prohibition is ordered by the order as an orchestrator, solicitor, or general multilevel marketing distributor.

(5) Having issued an order under the provisions of the preceding paragraphs, the competent minister must issue a public announcement to that effect.

(Cancellation of a Multilevel Marketing Contract)

Article 40 (1) When a person conducting a multilevel marketing undertaking has entered into a multilevel marketing contract in connection with the multilevel marketing undertaking, the counterparty to the multilevel marketing contract (limited to an individual who sells or arranges the sale of goods associated with that multilevel marketing or provides or arranges for providing services associated with that multilevel marketing undertaking, without using a store or similar facility; hereinafter referred to as a "multilevel marketing affiliate" in this Chapter) may cancel the multilevel marketing contract in writing or through electronic or magnetic records, except when 20 days have passed after the date on which the multilevel marketing affiliate received the document referred to in Article 37, paragraph (2) (or except when 20 days have passed since the date the goods were first delivered, if the specified burden under the multilevel marketing contract is the purchase of goods (excluding rights to use a facility or to be provided with services; hereinafter the same applies in this paragraph) for resale, and if the date of the first delivery of the goods that were purchased based on the multilevel marketing contract is after the date on which the multilevel marketing affiliate received the document; the same applies in paragraph (1) of the following Article) (if the multilevel marketing affiliate did not cancel the multilevel marketing contract under the provisions of this paragraph by that time limit because the multilevel marketing affiliate was under the misconception that information about canceling the multilevel marketing contract under the provisions of this paragraph that the orchestrator or the solicitor had misrepresented to the multilevel marketing affiliate, in violation of the provisions of Article 34, paragraph (1), or that the general multilevel marketing distributor had misrepresented to the multilevel marketing affiliate, in violation of Article 34, paragraph (2), was true, or because the multilevel marketing affiliate was overwhelmed due to the orchestrator's, the solicitor's, or the general multilevel marketing distributor's use of intimidation, in violation of the provisions of Article 34, paragraph (3), then except when 20 days have passed after the date on which the multilevel marketing affiliate received a document delivered to them by the orchestrator,

the solicitor, or the general multilevel marketing distributor, pursuant to the provisions of order of the competent ministry, that contains a notice to the effect that the multilevel marketing affiliate may cancel the multilevel marketing contract pursuant to the provisions of this paragraph). In this case, the person engaged in multilevel marketing may not claim damages or demand the payment of any penalty in connection with the cancellation of the multilevel marketing contract.

- (2) The cancellation of a multilevel marketing contract as referred to in the preceding paragraph takes effect at the time the multilevel marketing affiliate states in writing or through electronic or magnetic records that the multilevel marketing affiliate is canceling the multilevel marketing contract.
- (3) If a multilevel marketing contract is canceled as referred to in paragraph (1), the person engaged in multilevel marketing bears the costs required for taking back any goods that have already been delivered under the multilevel marketing contract.
- (4) Any special provisions of a contract that run counter to the provisions of the preceding three paragraphs and that are disadvantageous to the multilevel marketing affiliate are hereby invalidated.

Article 40-2 (1) When 20 days have passed after the date on which a multilevel marketing affiliate has received the document referred to in Article 37, paragraph (2), the multilevel marketing affiliate may effect a prospective cancellation of the multilevel marketing contract in question (if the multilevel marketing affiliate did not cancel the multilevel marketing contract under the provisions of paragraph (1) of the preceding Article by the relevant time limit because the multilevel marketing affiliate was under the misconception that information about canceling the multilevel marketing contract under the provisions of that paragraph that the orchestrator or the solicitor had misrepresented to the multilevel marketing affiliate, in violation of the provisions of Article 34, paragraph (1), or that the general multilevel marketing distributor had misrepresented, in violation of Article 34, paragraph (2), was true, or because the multilevel marketing affiliate was overwhelmed due to the orchestrator's, the solicitor's, or the general multilevel marketing distributor's use of intimidation, in violation of the provisions of Article 34, paragraph (3), at the time when 20 days have passed after the date on which the multilevel marketing affiliate received a document delivered to them by the orchestrator, the solicitor, or the general multilevel marketing distributor, pursuant to the provisions of order of the competent ministry, that contains a notice to the effect that the multilevel marketing affiliate may cancel the multilevel marketing contract under the provisions of paragraph (1) of the preceding Article).

- (2) If a multilevel marketing contract has been canceled pursuant to the provisions of the preceding paragraph, and the person carrying on the multilevel marketing undertaking has already sold (including arranging the sale of) the goods associated with the multilevel marketing undertaking to the multilevel marketing affiliate (limited to the person who entered into the relevant multilevel marketing contract (excluding a multilevel marketing contract to change the terms of transactions) within the past one-year period; hereinafter the same applies in this Article), the multilevel marketing affiliate may cancel the contract for the sale of the goods (including the part of the multilevel marketing contract concerning the sale of goods that are connected with the specified burden involved in the relevant multilevel marketing transactions; hereinafter referred to as the "sales contract for goods" in this Article), except in the following cases:
- (i) when 90 days have passed after the date the goods were delivered to the multilevel marketing affiliate (if those goods constitute rights to use a facility or to be provided with services, the date the multilevel marketing affiliate was transferred the rights; hereinafter the same applies in this Article);
 - (ii) if the multilevel marketing affiliate has resold the goods;
 - (iii) if the multilevel marketing affiliate has used or consumed the goods in whole or in part (excluding the case where the person that sold the multilevel marketing affiliate the goods associated with that multilevel marketing undertaking induced the multilevel marketing affiliate to use or consume the goods in whole or in part); or
 - (iv) when otherwise specified by Cabinet Order.
- (3) If a multilevel marketing contract is canceled pursuant to the provisions of paragraph (1), the person carrying on the multilevel marketing undertaking may not demand that the multilevel marketing affiliate pay an amount of money that exceeds the aggregate of the amount of costs normally required for entering into and performing a contract (if the case falls under one of the following items, that amount plus the amount specified in the relevant items for the cases listed in them) and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:
- (i) if the multilevel marketing contract is canceled after the delivery of goods connected with multilevel marketing transactions that involve a specified burden: the total of the following amounts:
 - (a) the amount equal to the sales price of the delivered goods (limited to those sold under the multilevel marketing contract and excluding those with regard to which the sales contract for goods has been canceled pursuant to the provisions of the preceding paragraph); and

- (b) the amount equal to the specified profit or any other money and goods that were offered (limited to those connected with the goods under the sales contract for goods that was canceled pursuant to the provisions of the preceding paragraph).
- (ii) if the multilevel marketing contract is canceled after the services connected with multilevel marketing transactions that involve a specified burden started to be provided: the amount equal to the consideration for the services provided (limited to those provided under the multilevel marketing contract).
- (4) When a sales contract for goods is canceled pursuant to the provisions of paragraph (2), the person engaged in the sale of goods associated with that multilevel marketing undertaking may not demand that the multilevel marketing affiliate pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the cases listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:
 - (i) if the goods have been returned or the sales contract for goods has been canceled before the delivery of the goods: the amount equal to one-tenth of the sales price of the goods; and
 - (ii) if the goods are not returned: the amount equal to the sales price of the goods.
- (5) If a sales contract for goods is canceled pursuant to the provisions of paragraph (2), the orchestrator of the set of related multilevel marketing undertakings with which the goods are associated is jointly and severally liable for the performance of any obligations of the person selling the goods which have arisen from that cancellation.
- (6) Any special provisions that run counter to the provisions of the preceding paragraphs and that are disadvantageous to the multilevel marketing affiliate are hereby invalidated.
- (7) The provisions of paragraphs (3) and (4) do not apply to goods or services associated with a multilevel marketing undertaking that are sold or provided through installment sales.

(Retraction of the Manifestation of an Intention to Offer to Enter into or Accept a Multilevel Marketing Contract)

Article 40-3 (1) If a multilevel marketing affiliate was under a misconception specified in item (i) or (ii) as a result of the orchestrator's or the solicitor's having engaged in conduct listed in that item in soliciting a multilevel marketing contract connected with the set of related multilevel marketing undertakings orchestrated by the orchestrator, or if the multilevel marketing affiliate was under a misconception specified in item (iii) as a result of a

general multilevel marketing distributor's having engaged in conduct listed in that item in soliciting the affiliate's entry into the multilevel marketing contract connected with its multilevel marketing undertaking, because of which the multilevel marketing affiliate manifested the intention to offer to enter into or accept a multilevel marketing contract, the multilevel marketing affiliate may retract the manifestation of the intention to offer to enter into or accept the contract; provided, however, that this does not apply if the counterparty to the multilevel marketing contract was unaware of the conduct by the orchestrator, the solicitor, or the general multilevel marketing distributor at the time the multilevel marketing contract was entered into:

- (i) a misrepresentation in violation of the provisions of Article 34, paragraph (1): the misconception that the information being represented was true;
 - (ii) an intentional failure to disclose a fact, in violation of the provisions of Article 34, paragraph (1): the misapprehension that the relevant fact does not exist; or
 - (iii) a misrepresentation in violation of the provisions of Article 34, paragraph (2): the misconception that the information being represented is true.
- (2) The provisions of Article 9-3, paragraphs (2) through (5) apply mutatis mutandis to a retraction under the provisions of the preceding paragraph of the manifestation of the intention to offer to enter into or accept a multilevel marketing contract.

Chapter IV Provision of Specified Continuous Services

(Definitions)

Article 41 (1) The term "provision of specified continuous services" as used in this Chapter and Article 58-22, paragraph (1), item (i) means the following:

- (i) the provision of specified continuous services that a service provider undertakes after having entered into a contract under which the service provider promises to provide specified continuous services for a period exceeding that which is specified by Cabinet Order for each type of specified continuous services, and under which the counterparty promises to pay an amount of money that exceeds that which is specified by Cabinet Order in exchange (hereinafter referred to as a "specified continuous service contract" in this Chapter); and
- (ii) the sale of rights to be provided with specified continuous services (limited to those to be provided for a period exceeding that which is specified by Cabinet Order under the preceding item) that a seller undertakes after having entered into a contract under which the seller sells the rights to be provided with specified continuous services and receives an amount of money exceeding that which is specified by Cabinet Order under that item

(hereinafter referred to as a "sales contract for specified rights" in this Chapter).

(2) The term "specified continuous services" as used in this Chapter and Article 58-22, paragraph (1), item (i) and Article 67, paragraph (1) means services that are continuously provided, in exchange for payment, during transactions that arise in people's daily lives, and that are specified by Cabinet Order as falling under both of the following items:

- (i) services that the recipient is induced to receive through the claim that they will increase the recipient's physical beauty, increase the recipient's knowledge or skills, or enable the recipient to accomplish any other purpose related to the recipient's mind, body, or personal affairs; and
- (ii) services whose nature makes it uncertain whether the purposes prescribed in the preceding item will be accomplished.

(Delivery of Documents in the Provision of Specified Continuous Services)

Article 42 (1) If a service provider or a seller seeks to enter into a specified continuous service contract or a sales contract for specified rights (hereinafter referred to as a "contract for specified continuous service or sale of specified rights" in this Chapter and Article 58-22) with a person who seeks to be provided with specified continuous services or a person who seeks to purchase the rights to be provided with specified continuous services, the service provider or the seller must deliver a document containing an outline of the contract for specified continuous service or sale of specified rights to them pursuant to the provisions of order of the competent ministry, prior to the person's entry into the contract for specified continuous service or sale of specified rights.

(2) Having entered into a specified continuous service contract, a service provider must immediately deliver to the person being provided the specified continuous services a document containing the details of the specified continuous service contract pursuant to the provisions of order of the competent ministry, with respect to the following information:

- (i) information specified by order of the competent ministry concerning the details of the services, and if there are goods that the service recipient will need to purchase at the time the services are provided, the names of those goods;
- (ii) the consideration for the services and any other amount of money that the service recipient must pay;
- (iii) the timing of the payment and means of paying the money referred to in the preceding item;
- (iv) the service period;
- (v) information about canceling the specified continuous service contract under

- the provisions of Article 48, paragraph (1) (including information under the provisions of paragraphs (2) through (7) of that Article);
- (vi) information about canceling the specified continuous service contract under the provisions of Article 49, paragraph (1) (including information under the provisions of paragraphs (2), (5), and (6) of that Article); and
- (vii) information specified by order of the competent ministry, beyond what is stated in the preceding items.
- (3) Having entered into a sales contract for specified rights, a seller must immediately deliver to the purchaser a document containing the details of the sales contract for specified rights pursuant to the provisions of order of the competent ministry, with respect to the following information:
- (i) information specified by order of the competent ministry concerning the details of the rights, and if there are goods that the purchaser of the rights to be provided with services will need to purchase at the time the services are provided, the names of those goods;
- (ii) the sales price of the rights and any other amount of money that the purchaser of the rights to be provided with the services must pay;
- (iii) the timing and method of payment of the money referred to in the preceding item;
- (iv) the service period for the services that the purchaser can receive by exercising the rights;
- (v) information about canceling the sales contract for specified rights under the provisions of Article 48, paragraph (1) (including information under the provisions of paragraphs (2) through (7) of that Article);
- (vi) information about canceling the sales contract for specified rights under the provisions of Article 49, paragraph (3) (including information under the provisions of paragraphs (4) through (6) of that Article); and
- (vii) information specified by order of the competent ministry, beyond what is stated in the preceding items.
- (4) In place of the delivery in writing under the preceding three paragraphs, a service provider or seller may provide information that should be described in documents by an electronic or magnetic means, after gaining approval from a person who seeks to be provided with specified continuous services or a person who seeks to purchase the rights to be provided with specified continuous services, a recipient of the specified continuous services or sales contract for specified rights, or the purchaser of the rights to be provided with specified continuous services, pursuant to Cabinet Order. In this case, the service provider or seller is deemed to have delivered the documents.
- (5) The provision of information that should be described in writing as specified in the first sentence of the previous paragraph under paragraph (2) or paragraph (3) through electronic or magnetic means (excluding means specified

by ordinance of the competent ministry) means that the information is deemed to have reached a person who is provided with specified continuous services or a person who purchases the rights to be provided with specified continuous services.

(Prohibition Against Hyperbolizing Advertising)

Article 43 In the provision of specified continuous services, when a service provider or a seller advertises the terms and conditions under which it provides specified continuous services or under which it sells the rights to be provided with specified continuous services, it must not make a representation about the content, results, or any other information specified by order of the competent ministry concerning the specified continuous services that differs significantly from the truth or misleads people into believing that it is significantly better or more advantageous than it is in reality.

(Submission of Materials Showing Reasonable Grounds)

Article 43-2 On finding that it is necessary to do so in order to determine whether a service provider's or seller's representation falls under the category of representations provided in the preceding Article, the competent minister may ask the service provider or the seller that made that representation to submit materials showing reasonable grounds to support it within a specified period. In this case, when the service provider or the seller fails to submit those materials, the representation is deemed to fall under the category of representations provided in the preceding Article with regard to the application of the provisions of Article 46, paragraph (1) and Article 47, paragraph (1).

(Prohibited Conduct)

Article 44 (1) A service provider or seller must not misrepresent the following information in soliciting a person to enter into a contract for specified continuous service or sale of specified rights or in order to prevent the cancellation of the contract:

- (i) the type of services or rights to be provided with services, and the details or results of them (in the case of rights, the results of the services connected to the rights), and other similar information specified by order of the competent ministry;
- (ii) if there are goods that the service recipient or the purchaser of the rights needs to purchase at the time the services are provided or at the time the purchaser of the rights exercises the right to be provided with the services, the type of goods and their performance or quality, and other similar information specified by order of the competent ministry;

- (iii) the consideration for the services or the sales price of the rights, and any other amount of money that the service recipient or the purchaser of the rights to be provided with services must pay;
 - (iv) the timing and method of payment of the money referred to in the preceding item;
 - (v) the service period or the service period for the services that the purchaser can receive by exercising the rights;
 - (vi) information about canceling the contract for specified continuous service or sale of specified rights (including information under the provisions of Article 48, paragraphs (1) through (7) and Article 49, paragraphs (1) through (6));
 - (vii) information about any circumstances that make it necessary for the customer to enter into the contract for specified continuous service or sale of specified rights; and
 - (viii) beyond what is stated in the preceding items, any material information about the contract for specified continuous service or sale of specified rights that would affect the decision of the customer, the recipient of the specified continuous services, or the purchaser of the rights to be provided with specified continuous services.
- (2) A service provider or a seller must not intentionally fail to disclose facts with respect to the matters listed in items (i) through (vi) of the preceding paragraph in soliciting a person to enter into a contract for specified continuous service or sale of specified rights.
- (3) A service provider or a seller must not use intimidation to overwhelm a person in order to have the person enter into a contract for specified continuous service or sale of specified rights or to prevent the person from canceling the contract.

(Submission of Materials Showing Reasonable Grounds)

Article 44-2 On finding that it is necessary to do so in order to determine whether a service provider or a seller has misrepresented the information prescribed in paragraph (1), item (i) or (ii) of the preceding Article, the competent minister may ask the service provider or the seller to submit materials showing reasonable grounds to support the information conveyed to the other party, within a specified period. In this case, with regard to the application of the provisions of Article 46, paragraph (1) and Article 47, paragraph (1) the, if the service provider or the seller fails to submit those materials, the service provider or the seller is deemed to have misrepresented the information prescribed in paragraph (1), item (i) or (ii) of the preceding Article.

(Keeping Documents for Inspection)

Article 45 (1) When a service provider or a seller conducts prepaid transactions during the provision of specified continuous services (meaning a transaction connected with the provision of specified continuous services where the service provider or the seller receives an amount of money exceeding an amount specified by Cabinet Order from the counterparty prior to the provision of specified continuous services; the same applies in the following paragraph), it must keep documents describing its business and financial status at the office where it carries out business activities that are connected to a contract for specified continuous service or sale of specified rights, pursuant to the provisions of order of the competent ministry.

(2) The counterparty to a prepaid transaction connected with the provision of specified continuous services may ask to inspect the documents prescribed in the preceding paragraph or may pay the fee specified by the service provider or the seller under the paragraph and may request to be issued a certified copy or extract of the documents.

(Instructions)

Article 46 (1) If a service provider or a seller has violated any of the provisions of Article 42, paragraphs (1) through (3), Article 43, 44, or 45 or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with the provision of specified continuous services and the interests of a person entering into a specified continuous service contract and receiving specified continuous services or a person purchasing the rights to be provided with specified continuous services after entering into a sales contract for specified rights (hereinafter referred to as the "service recipient or purchaser" in this Chapter), the minister may instruct the service provider or the seller to take measures for correcting the violation or conduct, measures for protecting the interests of the service recipient or purchaser, and any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of the obligations under the contract for specified continuous service or sale of specified rights or the obligations that due to the cancellation of the contract in whole or in part;
- (ii) intentionally failing to disclose any material information about a contract for specified continuous service or sale of specified rights that would affect the decision of the customer (excluding the information stated in Article 44, paragraph (1), items (i) through (vi)) in soliciting a person to enter into the contract;
- (iii) intentionally failing to disclose any material information about a contract for specified continuous service or sale of specified rights that would affect the decision of the service recipient or purchaser in order to prevent the

- cancellation of the contract; or
- (iv) beyond what is stated in the preceding three items, conduct in connection with the provision of a specified continuous service that is specified by order of the competent ministry as being likely to prejudice the fairness of a transaction connected with the provision of a specified continuous service and the interests of the service recipient or purchaser
- (2) Having given an instruction under the provisions of the preceding paragraph, the competent minister must issue a public announcement to that effect.

(Suspension of Business Activities of the Service Provider)

- Article 47 (1) If a service provider or a seller has violated any of the provisions of Article 42, paragraphs (1) through (3), Article 43, 44, or 45 or has engaged in any of the conduct listed in the items of paragraph (1) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of a transaction connected with the provision of a specified continuous service and the interests of the service recipient or purchaser or the service provider or the seller fails to follow the instructions under the provisions of that paragraph, the minister may order the service provider or the seller to suspend its business activities that are connected with the provision of specified continuous services in whole or in part, during a specified period of no longer than two years. In this case, if the service provider or the seller is an individual, the minister may also prohibit the individual from becoming an officer in charge of business activities that are subject to the suspension at a corporation that engages in those business activities for a period equal to the period of the suspension.
- (2) When the competent minister orders suspension of a business pursuant to the provisions of the first sentence of the preceding paragraph, and when the service provider or seller is an individual and a specified associated corporation of them (meaning a corporation whose business management is substantially controlled by a service provider or seller, or an officer or employee of them (including a person who was officer or employee within a one-year period before the date of the order; the same applies in paragraph (2) of the next Article) and other corporations specified by Cabinet Order; the same applies in this paragraph and paragraph (2), item (i) of the Article) and is found to conduct business activities equal to the business activities on the scope subject to the suspension, the minister may order the service provider or seller to suspend the business activities conducted by the specified associated corporation for the period equal to the period of the suspension.
- (3) Having issued an order under the provisions of the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Prohibition of Business of Officers)

Article 47-2 (1) If the competent minister orders a service provider or a seller to suspend its business activities pursuant to the first sentence of paragraph (1) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose provision of specified continuous services should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the extent of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in that business activities) for a period equal to the period of that suspension:

- (i) if the service provider or seller is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
 - (ii) if the service provider or seller is an individual: an employee or a person who was an employee within one year before the date of the order.
- (2) When the competent minister prohibits business activities of an officer or employee pursuant to the provisions of the preceding paragraph and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by it and provided for in the items for a period equal to the period of the prohibition.
- (i) a person who is found to be engaged in the same business as the business on a scope for which prohibition is ordered by the order at a specified associated corporation of a service provider or seller who is found to have committed the act constituting the grounds for the order; or
 - (ii) a person who, as a service provider or seller, is found to conduct the same business as the business on a scope for which prohibition is ordered pursuant to the order
- (3) Having issued an order under the provisions of the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Cancellation of a Contract for Specified Continuous Service or Sale of Specified Rights)

Article 48 (1) If a service provider or a seller has entered into a contract for specified continuous service or sale of specified rights, the service recipient or purchaser may cancel the contract in writing or through electronic or magnetic records, except when eight days have passed after the date on which the

service recipient or purchaser received the document referred to in Article 42, paragraph (2) or (3) (if the service recipient or purchaser did not cancel the contract under this paragraph by that time limit because the service recipient or purchaser was under the misconception that information about the cancellation of the contract under the provisions of this paragraph that the service provider or the seller had misrepresented to the service recipient or purchaser, in violation of the provisions of Article 44, paragraph (1), was true, or because the service recipient or purchaser was overwhelmed due to the service provider's or the seller's use of intimidation, in violation of the provisions of Article 44, paragraph (3), once eight days have passed after the date on which the service recipient or purchaser received a document delivered to them by the service provider or the seller pursuant to the provisions of order of the competent ministry that contains a notice to the effect that the service recipient or purchaser may cancel the contract under the provisions of this paragraph).

- (2) If a contract for specified continuous service or sale of specified rights has been canceled under the provisions of the preceding paragraph, and the service provider or the seller has sold, acted as an agent for the sale of, or arranged the sale of goods specified by Cabinet Order as goods that a service recipient or purchaser needs to purchase at the time the service recipient or purchaser is provided with specified continuous services (hereinafter referred to as "related goods" in this Chapter and Article 58-22, paragraph (2), Article 58-26, paragraph (1), and Article 66, paragraph (2)), the provisions of the preceding paragraph also apply to any contract connected with the sale of the goods (hereinafter referred to as a "sales contract for related goods" in this Article, the following Article and Article 58-22, paragraph (2)); provided, however, that this does not apply if, in spite of having received the document referred to in Article 42, paragraph (2) or (3), the service recipient or purchaser has used or consumed in whole or in part related goods specified by Cabinet Order as having a value that is likely to decline significantly through their use or partial consumption (excluding the case where the service provider or the seller induced the service recipient or purchaser to use or consume the related goods in whole or in part).
- (3) The cancellation of a contract for specified continuous service or sale of specified rights and the cancellation of a sales contract for related goods under the provisions of the preceding two paragraphs take effect at the time the service recipient or purchaser states in writing or through a notification with electronic or magnetic records that the service recipient or purchaser is canceling each of them.
- (4) If a contract for specified continuous service or sale of specified rights is canceled under the provisions of paragraph (1) or if a sales contract for related

goods is canceled under the provisions of paragraph (2), the service provider or the seller may not claim damages or demand the payment of any penalty in connection with the cancellation.

- (5) If a sales contract for specified rights is canceled under the provisions of paragraph (1) or if a sales contract for related goods is canceled under the provisions of paragraph (2), the seller or the person selling the related goods bears the costs required for taking back or returning any rights already transferred under the sales contract for specified rights or any related goods already delivered under the sales contract for related goods.
- (6) If a contract for specified continuous service or sale of specified rights is canceled under the provisions of paragraph (1), the service provider or the seller may not demand that the service recipient or purchaser pay consideration or any other money for specified continuous services under the contract, even if specified continuous services have already been provided based on that contract.
- (7) If a specified continuous service contract is canceled under the provisions of paragraph (1), the service provider must promptly return any money the service provider has received in association with the specified continuous service contract to the recipient of the specified continuous services.
- (8) Any special provisions of a contract that run counter to the provisions of the preceding paragraphs and that are disadvantageous to the service recipient or purchaser are hereby invalidated.

Article 49 (1) If a service provider has entered into a specified continuous service contract, the recipient of the specified continuous services may effect a prospective cancellation of the contract in question when eight days have passed after the date on which the recipient of the specified continuous services has received the document referred to in Article 42, paragraph (2) (if the recipient of the specified continuous services did not cancel the specified continuous service contract under the provisions of paragraph (1) of the preceding Article by the relevant time limit because the recipient of the specified continuous services was under the misconception that information about canceling the specified continuous service contract under the provisions of the paragraph that the service provider had misrepresented to the recipient of the specified continuous services, in violation of the provisions of Article 44, paragraph (1), was true, or because the recipient of the specified continuous services was overwhelmed due to the service provider's use of intimidation, in violation of the provisions of Article 44, paragraph (3), when eight days have passed after the date on which the recipient of the specified continuous services received a document delivered to them by the service provider, pursuant to the provisions of order of the competent ministry, that contains a

notice to the effect that the recipient of the specified continuous services may cancel the specified continuous service contract under the provisions of paragraph (1) of the preceding Article).

- (2) If a specified continuous service contract is canceled pursuant to the provisions of the preceding paragraph, the service provider may not demand that the recipient of the specified continuous services pay an amount of money that exceeds the aggregate of the amount specified in the following items for the cases listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:
- (i) if the specified continuous service contract is canceled after the specified continuous services began to be provided: the total of the following amounts:
 - (a) the amount equal to the consideration for the specified continuous services that were provided; or
 - (b) the amount specified by Cabinet Order referred to in Article 41, paragraph (2) in accordance with the services specified in it as the amount of damages that are normally caused by the cancellation of the relevant specified continuous service contract.
 - (ii) if the specified continuous service contract is canceled before the specified continuous services started to be provided: the amount specified by Cabinet Order referred to in Article 41, paragraph (2) in accordance with each of the services specified in it as the amount of costs normally required for entering into and performing a contract.
- (3) If a seller enters into a sales contract for specified rights, the purchaser of the right to be provided with specified continuous services may cancel the sales contract for specified rights when eight days have passed after the date on which the purchaser of the right to be provided with specified continuous services has received the document referred to in Article 42, paragraph (3) (if the purchaser of the right to be provided with the specified continuous services does not cancel the sales contract for specified rights under the provisions of paragraph (1) of the preceding Article by the time when the period has passed because the purchaser of the right to be provided with specified continuous services was under the misconception that information about canceling the sales contract for specified rights under the provisions of that paragraph that the seller had misrepresented to the purchaser of the rights to be provided with specified continuous services, in violation of the provisions of Article 44, paragraph (1), was true, or because the purchaser of the right to be provided with the specified continuous services was overwhelmed due to the seller's use of intimidation, in violation of the provisions of Article 44, paragraph (3), once eight days have passed after the date on which the purchaser of the right to be provided with specified continuous services has received a document delivered

- to them by the seller, pursuant to the provisions of order of the competent ministry, that contains a notice to the effect that the purchaser of the right to be provided with specified continuous services may cancel the sales contract for specified rights under the provisions of paragraph (1) of the preceding Article).
- (4) If a sales contract for specified rights has been canceled pursuant to the provisions of the preceding paragraph, the seller may not demand that the purchaser of the right to be provided with specified continuous services pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the cases listed therein and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:
- (i) if the rights are returned: the amount equal to the profit that can normally be earned through the exercise of the rights (or the amount equal to the sales price of the rights less the value of those rights at the time of their return, if this exceeds the amount equal to the profit that can normally be gained through the exercise of the rights);
 - (ii) if the rights are not returned: the amount equal to the sales price of the rights; or
 - (iii) if the contract is canceled prior to the transfer of the rights: the amount of costs normally required for entering into and performing a contract.
- (5) If a contract for specified continuous service or sale of specified rights has been canceled pursuant to the provisions of paragraph (1) or (3), and the service provider or the seller has sold, acted as an agent for the sale of, or arranged for the sale of the related goods to the service recipient or purchaser, the service recipient or purchaser may cancel the sales contract for related goods.
- (6) If a sales contract for related goods is canceled pursuant to the provisions of the preceding paragraph, the seller of the related goods may not demand that the service recipient or purchaser pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the cases listed therein and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:
- (i) if the related goods are returned: the amount constituting the normal charges for use of the related goods (or the amount equal to the sales price of the related goods less the value of those related goods at the time of their return, if this exceeds the amount constituting the normal charges for use of the goods);
 - (ii) if the related goods are not returned: the amount equal to the sales price of the related goods; or
 - (iii) if the contract is canceled prior to the transfer of the related goods: the

amount of costs normally required for entering into and performing a contract.

- (7) Any special provisions that run counter to the provisions of the preceding paragraphs and that are disadvantageous to the service recipient or purchaser, are hereby invalidated.

(Retraction of the Manifestation of an Intention to Offer to Enter or Accept a Contract for Specified Continuous Service or Sale of Specified Rights)

Article 49-2 (1) If a service recipient or purchaser was under a misconception specified in one the following items as a result of the service provider's or the seller's having engaged in the conduct listed in the following items in soliciting the service recipient or purchaser to enter into a contract for specified continuous service or sale of specified rights, because of which the service recipient or purchaser manifested the intention to offer to enter into or accept the contract, the service recipient or purchaser may retract the manifestation of that intention to offer to enter into or accept the contract:

- (i) a misrepresentation in violation of the provisions of Article 44, paragraph (1): the misconception that the information being represented was true; or
 - (ii) the intentional failure to disclose a fact, in violation of the provisions of Article 44, paragraph (2): the misconception that the relevant fact did not exist.
- (2) The provisions of Article 9-3, paragraphs (2) through (5) apply mutatis mutandis to the retraction under the provisions of the preceding paragraph of the manifestation of an intention to offer to enter into or accept a contract for specified continuous service or sale of specified rights.
- (3) The provisions of Article 49, paragraphs (5) through (7) apply mutatis mutandis if the manifestation of an intention to offer to enter into or accept a contract for specified continuous service or sale of specified rights has been retracted pursuant to the provisions of paragraph (1).

(Exclusion from Application)

Article 50 (1) The provisions of this Chapter do not apply to any provision of the specified continuous services stated below:

- (i) the provision of specified continuous services under a contract for specified continuous service or sale of specified rights entered into by a service recipient or purchaser for business purposes or as a part of their business;
- (ii) the provision of specified continuous services to a person located outside of Japan;
- (iii) the provision of specified continuous services by the national or local governments;
- (iv) the provision of specified continuous services by one of the following

organizations to a direct or indirect member (if an organization is able to make its business or facilities available to a non-member, this includes the provision of specified continuous services to the non-member):

- (a) a partnership established based on a special law or a federation or central association of the partnerships;
 - (b) an organization under 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 provision of specified continuous services by a business to its employee.
- (2) The provisions of Article 49, paragraphs (2), (4), and (6) (including as applied mutatis mutandis pursuant to Article 49-2, paragraph (3)) do not apply to specified continuous services provided or related goods sold through installment sales.

Chapter V Business Opportunity Sales Transactions

(Definitions)

- Article 51 (1) The term "business opportunity sales" as used in this Chapter and Article 58-23, Article 58-26, paragraph (1), Article 66, paragraph (1), and Article 67, paragraph (1) means the business of selling (including arranging for another person to sell) articles or providing (including arranging for another person to provide) services in exchange for payment, where the possible receipt of a profit (hereinafter referred to as "business opportunity profit" in this Chapter and Article 58-23, paragraph (1), item (iii)) through engagement in business activities that use the articles being sold (hereinafter referred to as "goods" in this Chapter and Article 58-23, paragraph (1), item (i)(a)) or the services being provided (the business activities are limited to those that are directly provided or arranged by the person who sells or arranges the sale of the goods or who provides or arranges for the provision of the services) is used to induce the other party to enter into transactions, and where transactions that involve a specified burden (meaning the purchase of goods, payment of consideration for services, or provision of a transaction fee; hereinafter the same applies in this Chapter and Article 58-23, paragraph (1), item (iii)) are carried out with the other party to sell or arrange the sale of goods or to provide or arrange providing services (the transactions include any change in the terms of a transaction; hereinafter referred to as "business opportunity sales transactions").
- (2) The term "transaction fee" as used in this Chapter means a transaction fee, a membership fee, a security deposit, or other money or goods provided at the time a transaction is conducted or upon changing the terms of a transaction, irrespective of the name given to it.

(Clear Indication of Name in Business Opportunity Sales Transactions)

Article 51-2 When a person engaged in business opportunity sales seeks to conduct a business opportunity sales transaction connected with business opportunity sales, the person engaged in business opportunity sales must clearly indicate to the other party, prior to solicitation, the name of the person engaged in the business opportunity sales, the fact that the purpose is to solicit the person to enter into a contract involving transactions that give rise to a specified burden, and the type of goods or services connected with the solicitation.

(Prohibited Conduct)

- Article 52 (1) A person engaged in business opportunity sales must not intentionally fail to disclose facts about or misrepresent the following information in soliciting a person to enter into a contract for business opportunity sales transactions connected with business opportunity sales (limited to a contract with an individual who engages in business activities that is provided or arranged in connection with those opportunity sales, without using a place of business or other similar facility (hereinafter referred to as a "place of business or similar facility"); hereinafter the same applies in this Article) or in order to prevent the cancellation of a contract for business opportunity sales transactions connected with business opportunity sales:
- (i) the type of goods (excluding rights to use a facility and to be provided with services) and their performance or quality, the type of services, rights to use a facility, or rights to be provided with services, their details, and other similar information specified by order of the competent ministry;
 - (ii) information about the specified burden involved in the business opportunity sales transactions;
 - (iii) information about canceling the relevant contract (including information under the provisions of Article 58, paragraphs (1) through (3));
 - (iv) information about the business opportunity profit connected with business opportunity sales; or
 - (v) beyond what is stated in the preceding items, any material information about business opportunity sales that would affect the decision of the counterparty to the business opportunity sales transactions.
- (2) A person engaged in business opportunity sales must not use intimidation to overwhelm a person in order to have the person enter into a contract for a business opportunity sales transaction connected with business opportunity sales or in order to prevent the person from canceling a contract for a business opportunity sales transaction connected with business opportunity sales.
- (3) A person engaged in business opportunity sales must not solicit a person

whom the person engaged in business opportunity sales has stopped and taken along with them or whom the person engaged in business opportunity sales has induced away from a place that is not a business office, agency office, or any other place specified by order of the competent ministry by any other means specified by Cabinet Order, to enter into a contract involving a business opportunity sales transaction connected with business opportunity sales other than in a place into and out of which the general public comes and goes, without first having informed the person that the purpose for doing so is to solicit the person to enter into a contract for transactions involving a specified burden.

(Submission of Materials Showing Reasonable Grounds)

Article 52-2 On finding that it is necessary to do so in order to determine whether a person engaged in business opportunity sales has misrepresented the information prescribed in Article 52, paragraph (1), item (i) or (iv), the competent minister may ask the person engaged in business opportunity sales to submit materials showing reasonable grounds to support the information conveyed to the other party within a specified period. With regard to the application of the provisions of Article 56, paragraph (1) and Article 57, paragraph (1) in this case, if the person engaged in business opportunity sales fails to submit those materials, the person engaged in business opportunity sales is deemed to have misrepresented the information prescribed in Article 52, paragraph (1), item (i) or (iv).

(Advertisement of Business Opportunity Sales Transactions)

Article 53 When a person conducting business opportunity sales advertises the business opportunity sales transactions connected with business opportunity sales, the person conducting the business opportunity sales must indicate the following information concerning business opportunity sales in the advertisement, pursuant to the provisions of order of the competent ministry:

- (i) the type of goods or services;
- (ii) information about the specified burden involved in the business opportunity sales transactions;
- (iii) if the person is advertising the business activities that the person provides or arranges to be provided in connection with the business opportunity sales, the conditions under which these business activities are provided; and
- (iv) beyond what is stated in the preceding three items, any other information specified by order of the competent ministry.

(Prohibition Against Hyperbolizing Advertising)

Article 54 When a person conducting business opportunity sales advertises the

business opportunity sales transactions connected with business opportunity sales, the person conducting business opportunity sales must not make a representation about the specified burden involved in the business opportunity sales transactions, the business opportunity profit connected with business opportunity sales, or any other information specified by order of the competent ministry, that differs significantly from the truth or misleads people into believing that it is significantly better or more advantageous than it is in reality.

(Submission of Materials Showing Reasonable Grounds)

Article 54-2 On finding that it is necessary to do so in order to determine whether a representation made by a person engaged in business opportunity sales falls under the category of representations provided in the preceding Article, the competent minister may ask the person engaged in business opportunity sales that made that representation to submit materials showing reasonable grounds to support it within a specified period. In this a case, if the person engaged in business opportunity sales fails to submit those materials, with regard to the application of the provisions of Article 56, paragraph (1) and Article 57, paragraph (1), the representation is deemed to fall under the category of representations provided in the preceding Article.

(Prohibition on Sending Email Advertising to a Person Who Has Not Given Consent)

Article 54-3 (1) Except in the following cases, a person engaged in business opportunity sales must not advertise a business opportunity sales transaction connected with business opportunity sales via email without the consent of the advertising target:

- (i) when sending email advertising the business opportunity sales transactions that are connected with business opportunity sales (hereinafter referred to as "email advertising business opportunity sales transactions" in this Chapter) at the request of the counterparty; or
 - (ii) beyond what is stated in the preceding item, when sending email advertising business opportunity sales transactions in cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the interests of the target of an email advertising business opportunity sales transactions.
- (2) A person engaged in business opportunity sales that has obtained the consent prescribed in the preceding paragraph or that has received the request prescribed in item (i) of that paragraph must not send an email advertising business opportunity sales transactions to the advertising target if the target of the email advertising business opportunity sales transactions indicates an

unwillingness to receive email advertising business opportunity sales transactions; provided, however, that this does not apply if the person conducting business opportunity sales later receives a request from the advertising target or regains the consent of the advertising target with regard to email advertising business opportunity sales transactions.

- (3) Except in the case stated in paragraph (1), item (ii), when sending email advertising business opportunity sales transactions, a person engaged in business opportunity sales must prepare what is specified by order of the competent ministry as a record of having obtained the consent of the advertising target or having received a request from the advertising target to send email advertising business opportunity sales transactions, and must preserve those records pursuant to the provisions of order of the competent ministry.
- (4) Except in the case stated in paragraph (1), item (ii), when sending email advertising business opportunity sales transactions, pursuant to the provisions of order of the competent ministry, a person engaged in business opportunity sales must indicate in the email advertising business opportunity sales transactions the information that is specified by order of the competent ministry as the information that an advertising target needs to have in order to indicate an unwillingness to receive email advertising business opportunity sales transactions, beyond the matters listed in the items of Article 53.
- (5) If a person engaged in business opportunity sales has comprehensively entrusted another person with all of the following business activities, the provisions of the preceding two paragraphs do not apply to any email advertising business opportunity sales transactions subject to that entrustment:
 - (i) business activities for obtaining the consent of the advertising targets or receiving requests from advertising targets to send email advertising business opportunity sales transactions;
 - (ii) business activities for preparing and preserving the records prescribed in paragraph (3); or
 - (iii) business activities for indicating the information that an advertising target needs to have in order to indicate an unwillingness to receive email advertising business opportunity sales transactions, as prescribed in the preceding paragraph.

Article 54-4 (1) Except in the following cases, a person comprehensively entrusted with all of the business activities listed in the items of paragraph (5) of the preceding Article by a person engaged in business opportunity sales (a person so entrusted is hereinafter referred to as a "contractor entrusted with email advertising business opportunity sales transactions" in this Chapter,

Article 66, paragraph (6) and Article 67, paragraph (1), item (iv)) must not send email advertising business opportunity sales transactions for the business opportunity sales transactions that are connected with the business opportunity sales that are carried out by the person engaged in business opportunity sales that has entrusted the contractor with those business activities (hereinafter referred to as the "party entrusting a contractor with email advertising business opportunity sales transactions" in this Article) without the consent of the advertising target:

- (i) when sending email advertising the business opportunity sales transactions of a party entrusting a contractor with email advertising business opportunity sales transactions based on the request of the advertising target; and
 - (ii) beyond what is stated in the preceding item, when sending email advertising the business opportunity sales transactions of a party entrusting a contractor with email advertising business opportunity sales transactions in cases specified by order of the competent ministry as cases that are found to be unlikely to prejudice the interests of the target of the email advertising the business opportunity sales transactions of the party entrusting a contractor with email advertising business opportunity sales transactions.
- (2) The provisions of paragraphs (2) through (4) of the preceding Article apply mutatis mutandis to email advertising the business opportunity sales transactions of a party entrusting a contractor with email advertising business opportunity sales transactions, by a contractor sending email advertising business opportunity sales transactions. In this case, the phrase "paragraph (1), item (ii)" in paragraph (3) and paragraph (4) of the preceding Article is deemed to be replaced with "paragraph (1), item (ii) of the following Article".

(Delivery of Documents in Business Opportunity Sales Transactions)

- Article 55 (1) When a person engaged in business opportunity sales seeks to enter into a contract concerning a specified burden involved in its business opportunity sales transactions with a person seeking to bear that specified burden (limited to an individual who engages in business activities that are provided or arranged in connection with those business opportunity sales, without using a place of business or similar facility), pursuant to the provisions of order of the competent ministry, the person engaged in business opportunity sales must deliver a document containing an outline of the business opportunity sales to that person seeking to bear that specified burden, before entering into the contract.
- (2) If a person engaged in business opportunity sales has entered into a contract for a business opportunity sales transaction connected with business opportunity sales (hereinafter referred to as a "business opportunity sales

contract" in this Chapter), and the counterparty to the business opportunity sales contract is an individual who engages in business activities that are provided or arranged in connection with those business opportunity sales, without using a place of business or similar facility, pursuant to the provisions of order of the competent ministry, the person engaged in business opportunity sales must deliver a document containing the details of the business opportunity sales contract with respect to the following information to that person seeking to bear that specified burden, without delay:

- (i) the type of goods (excluding rights to use a facility or to be provided with services) and their performance or quality, or the type of services, rights to use a facility, or rights to be provided with services, and the details thereof;
 - (ii) information about the conditions under which the business activities that use the goods or the services being provided are provided;
 - (iii) information about the specified burden involved in the business opportunity sales transactions;
 - (iv) information about canceling the business opportunity sales contract (including information under the provisions of Article 58, paragraphs (1) through (3)); and
 - (v) information specified by order of the competent ministry, beyond what is stated in the preceding items.
- (3) In place of the delivery in writing under the provisions of the preceding two paragraphs, a person engaged in business opportunity sales may provide the information that should be described in the documents by an electronic or magnetic means, after gaining the consent of a person who seeks to bear the specified burden or of a counterparty to the business opportunity sales contract, pursuant to Cabinet Order. In this case, the person engaged in business opportunity sales is deemed to have delivered the documents.
- (4) The provision of information that should be described in documents under paragraph (2) as specified in the first sentence of the previous paragraph through electronic or magnetic means (excluding means specified by order of the competent ministry) is deemed to have been made to the counterparty to the business opportunity sales contract when the information is recorded in a file stored on the computer used by the counterparty to the business opportunity sales contract.

(Instructions)

Article 56 (1) If a person engaging in business opportunity sales has violated any of the provisions of Articles 51-2, 52, 53, 54, and 54-3 (excluding paragraph (5)), or Article 55, paragraph (1) or paragraph (2), or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with business opportunity

sales and the interests of the counterparty to them, the minister may instruct the person engaging in business opportunity sales to take measures for correcting the violation or conduct, measures for protecting the interests of the counterparty to business opportunity sales transactions, and any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of the obligations under the business opportunity sales contract connected with business opportunity sales or the obligations that occur through the cancellation of that contract in whole or in part;
 - (ii) soliciting a person to enter into a business opportunity sales contract connected with business opportunity sales (limited to a contract with an individual who engages in business activities that are provided or arranged in connection with those business opportunity sales, without using a place of business or similar facility; hereinafter the same applies in the following item) by providing conclusive evaluations that would likely cause a person to mistakenly believe that the business opportunity sales transactions connected with the business opportunity sales are sure to generate a profit;
 - (iii) soliciting a person who has indicated an unwillingness to enter into a business opportunity sales contract connected with business opportunity sales to enter into the contract, in a way that that the person feels is a nuisance; and
 - (iv) beyond what is stated in the preceding three items, conduct in connection with a business opportunity sales contract connected with business opportunity sales, which is specified by order of the competent ministry as being likely to prejudice the fairness of business opportunity sales transactions and the interests of the counterparty to them.
- (2) If a contractor sending email advertising business opportunity sales transactions has violated any of the provisions of Article 54-4, paragraph (1) or Article 54-3, paragraphs (2) through (4) as applied mutatis mutandis pursuant to Article 54-4, paragraph (2), and the competent minister finds that the conduct is likely to prejudice the fairness of business opportunity sales transactions or the interests of the counterparty to them, the minister may instruct the contractor sending email advertising business opportunity sales transactions to take any necessary measures.
- (3) Having given an instruction under the provisions of paragraph (1), the competent minister must issue a public announcement to that effect.
- (4) Having given an instruction under the provisions of paragraph (2), the competent minister must issue a public announcement to that effect.

(Suspension of Business Opportunity Sales Transactions by Persons Engaged in Business Opportunity Sales)

- Article 57 (1) If a person engaged in business opportunity sales has violated any of the provisions of Articles 51-2, 52, 53, 54, and 54-3 (excluding paragraph (5)), or Article 55, paragraph (1) or (2), or has engaged in any of the conduct listed in the items of paragraph (1) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of business opportunity sales transactions or the interests of the counterparty to them, or the person engaged in business opportunity sales fails to follow the instructions under the provisions of that paragraph, the minister may order the person engaged in business opportunity sales to suspend the business opportunity sales transactions that are connected with business opportunity sales in whole or in part, during a specified period of no longer than two years. In the case, if the person engaged in business opportunity sales is an individual, the minister may also prohibit the individual from becoming an officer in charge of business activities related to business opportunity sales transactions that are subject to the suspension at a corporation that engages in those business activities for a period equal to the period of that suspension.
- (2) If the competent minister orders suspension of a business opportunity sales transaction related to the business opportunity sales pursuant to the provisions of the first sentence of the preceding paragraph, and when the person engaged in business opportunity sales is an individual and a specified associated corporation of them (meaning a corporation whose business management is substantially controlled by a person engaged in business opportunity sales, or its officer or employee (including a person who was an officer or employee within one year before the date of the order; the same applies in paragraph (2) of the next Article) and other corporations specified by Cabinet Order; the same applies in this paragraph and paragraph (2), item (i) of the Article) is found to conduct business activities equal to the business activities related to business opportunity sales transactions on the scope subject to the suspension, the minister may order the person engaged in business opportunity sales to suspend the business activities conducted by the specified associated corporation for the period equal to the period of the suspension.
- (3) If a contractor sending email advertising business opportunity sales transactions has violated any of the provisions of Article 54-4, paragraph (1) or Article 54-3, paragraphs (2) through (4) as applied mutatis mutandis pursuant to Article 54-4, paragraph (2), and the competent minister finds that the conduct is likely to significantly prejudice the fairness of business opportunity sales transactions or the interests of the counterparty to them, or the contractor sending the email advertising the business opportunity sales transactions fails to follow the instructions under the provisions of paragraph (2) of the preceding Article, the minister may order the contractor sending

email advertising business opportunity sales transactions to suspend its business activities that are connected with email advertising business opportunity sales transactions in whole or in part, during a specified period of no longer than one year.

- (4) Having issued an order under the provisions of paragraph (1) or paragraph (2), the competent minister must issue a public announcement to that effect.
- (5) Having issued an order under the provisions of paragraph (3), the competent minister must issue a public announcement to that effect.

(Prohibition of Business of Officers)

Article 57-2 (1) If the competent minister orders a person engaged in business opportunity sales to suspend the business opportunity sales transactions connected with business opportunity sales pursuant to the first sentence of paragraph (1) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose business opportunity sales transactions should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the extent of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities related to business opportunity sales transactions that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the person engaged in business opportunity sales is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
 - (ii) if the person engaged in business opportunity sales is an individual: an employee or a person who was an employee within one year before the date of the order.
- (2) When the competent minister prohibits business activities of an officer or employee pursuant to the provisions of the preceding paragraph and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by it and provided for in the items for a period equal to the period of the prohibition.
- (i) a person who is found to be engaged in the same business as the business related to business opportunity sales transactions on a scope for which prohibition is ordered by the order at a specified associated corporation of a person engaged in business opportunity sales who is found to have committed the act constituting the grounds for the order; or

- (ii) a person who is found to be engaged in the same business as the business related to a business opportunity sales transaction on a scope for which prohibition is ordered by the order as a person engaged in business opportunity sales.
- (3) Having issued an order under the provisions of the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Cancellation of a Business Opportunity Sales Contract)

Article 58 (1) When a person engaged in business opportunity sales has entered into a business opportunity sales contract connected with business opportunity sales, the counterparty to the contract (limited to an individual who engages in business activities that are provided or arranged in connection with those business opportunity sales, without using a place of business or similar facility; hereinafter referred to as the "counterparty" in this Article through Article 58-3) may cancel the opportunity sales contract in writing or through electronic or magnetic records, except when 20 days have passed after the date on which the counterparty received the document referred to in Article 55, paragraph (2) (if the counterparty does not cancel the business opportunity sales contract under the provisions of this paragraph by that time limit because the counterparty was under the misconception that the information about canceling a business opportunity sales contract under the provisions of this paragraph that the person engaged in business opportunity sales had misrepresented to the counterparty, in violation of the provisions of Article 52, paragraph (1), was true, or because the counterparty was overwhelmed due to intimidation by the person engaged in business opportunity sales, in violation of the provisions of Article 52, paragraph (2), except when 20 days have passed after the date on which the counterparty received a document delivered to them by the person engaged in business opportunity sales that contains a notice to the effect that the counterparty may cancel the business opportunity sales contract under the provisions of this paragraph, pursuant to order of the competent ministry). In this case, the person engaged in business opportunity sales may not claim damages or demand the payment of any penalty in connection with the cancellation of the business opportunity sales contract.

- (2) The cancellation of a business opportunity sales contract as referred to in the preceding paragraph takes effect at the time the counterparty states in writing or through a notification by electronic or magnetic records that it is canceling the business opportunity sales contract.
- (3) If a business opportunity sales contract is canceled as referred to in paragraph (1), the person conducting business opportunity sales bears the costs required for taking back any goods already delivered under the business opportunity sales contract.

- (4) Any special provisions of a contract that run counter to the provisions of the preceding three paragraphs and that are disadvantageous to the counterparty are hereby invalidated.

(Retraction of the Manifestation of an Intention to Offer to Enter into or Accept a Business Opportunity Sales Contract)

Article 58-2 (1) If a counterparty was under a misconception specified in one of the following items as a result of the person engaged in business opportunity sales having engaged in the conduct listed in that item in soliciting the counterparty to enter into a business opportunity sales contract connected with business opportunity sales, because of which the counterparty manifested the intention to offer to enter into or accept a business opportunity sales contract, the counterparty may retract the manifestation of that intention to offer to enter into or accept the contract:

- (i) a misrepresentation in violation of the provisions of Article 52, paragraph (1): the misapprehension that the information being represented was true; or
 - (ii) the intentional failure to disclose a fact, in violation of the provisions of Article 52, paragraph (1): the misconception that the relevant fact did not exist.
- (2) The provisions of Article 9-3, paragraphs (2) through (5) apply mutatis mutandis to the retraction, under the provisions of the preceding paragraph, of the manifestation of the intention to offer to enter into or accept a business opportunity sales contract.

(Limitation on the Amount of Damages for Canceling or Defaulting on a Business Opportunity Sales Contract)

Article 58-3 (1) If a person engaged in business opportunity sales has entered into a business opportunity sales connected with business opportunity sales, and the business opportunity sales contract is canceled, the person engaged in business opportunity sales may not demand that the counterparty pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the event listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:

- (i) if the goods (this excludes rights to use a facility or to be provided with services; hereinafter the same applies in this paragraph) or the rights are returned: the amount constituting the normal charges for use of the goods or the amount equal to the profit that can normally be earned through the exercise of the rights (or the amount equal to the sales price of the goods or rights less the value of those goods or rights at the time of their return, if this exceeds the amount constituting the normal charges for use of the goods

- or the amount equal to the profit that can normally be earned through the exercise of the rights);
- (ii) if the goods or the rights are not returned: the amount equal to the sales price of the goods or the rights;
 - (iii) if the business opportunity sales contract is canceled after the services started to be provided: the amount equal to the consideration for the provided services; or
 - (iv) if the business opportunity sales contract is canceled prior to the start of the delivery of the goods or the transfer of the rights or the provision of the services: the amount of costs normally required for entering into and performing a contract.
- (2) If a person engaged in business opportunity sales has entered into a business opportunity sales contract connected with business opportunity sales, and the obligation to pay the charges for the goods or the consideration for the services under the business opportunity sales contract is not performed in whole or in part (excluding if the business opportunity sales contract has been canceled), the person engaged in business opportunity sales may not demand that the counterparty pay an amount of money that exceeds the aggregate of the amount equal to the sales price of the goods or rights or the consideration for the services less the already-paid amount of charges for the goods or consideration for the services plus the amount of any damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty.
- (3) The provisions of the preceding two paragraphs do not apply to goods or services connected with business opportunity sales transactions that are sold or provided through installment sales.

Chapter V-2 Door-to-Door Purchases

(Definitions)

Article 58-4 The term "door-to-door purchase" as used in this Chapter and Article 58-24, paragraph (1) means the purchasing of an article (excluding an article specified by Cabinet Order that is found to be unlikely to prejudice the interests of the counterparty to the sales contract or an article specified by Cabinet Order for which it is considered that there is a risk that its distribution would be significantly hindered if the provisions of this Chapter apply; the same applies hereinafter in this Chapter and Article 67, paragraph (1)) that a person that purchases articles in the course of trade (hereinafter referred to as a "buyer") undertakes after receiving an offer to enter into or entering into a sales contract for that article at a place other than an office or other location.

(Clear Indication of Name in Door-to-Door Purchase)

Article 58-5 When a buyer seeks to conduct a door-to-door purchase, the buyer must clearly indicate to the other party, prior to solicitation, the name of the buyer, the fact that the purpose is to solicit the person to enter into a sales contract, and the type of articles connected with the solicitation.

(Prohibition on Soliciting the Business of a Person Who Has Not Made a Request to be Solicited)

Article 58-6 (1) A buyer must not solicit a person to enter into a sales contract connected with a door-to-door purchase or check whether a person is willing to be solicited at a place other than an office or other location, if the person has not made a request to be solicited in connection with the contract.

(2) When seeking to conduct a door-to-door purchase, a buyer must not engage in solicitation without checking whether the other party is willing to be solicited prior to the solicitation.

(3) A buyer must not solicit a person to enter into a sales contract connected with a door-to-door purchase if that person has indicated an unwillingness to enter into the sales contract.

(Delivery of Documents in Door-to-Door Purchases)

Article 58-7 (1) When a buyer has received an offer to enter into a sales contract for articles at a place other than an office or other location, pursuant to the provisions of order of the competent ministry, the buyer must immediately deliver a document to the person who made the offer that gives the details of the offer with respect to the following information; provided, however, that this does not apply if the buyer has entered into the sales contract upon receiving the offer:

(i) the type of articles;

(ii) the purchase price of the articles;

(iii) the timing and method of payment of the charges for the articles;

(iv) the timing and method of handing over the articles;

(v) information about withdrawing the offer to enter into the sales contract or about canceling the sales contract under the provisions of Article 58-14, paragraph (1) (including information under the provisions of paragraphs (2) through (5) of that Article);

(vi) information about the refusal to hand over articles under the provisions of Article 58-15; and

(vii) information specified by order of the competent ministry, beyond what is stated in the preceding items.

(2) In place of the delivery in writing under the provisions of the preceding

paragraph, a buyer may provide the information that is to be described in the documents by an electronic or magnetic means, after gaining the consent of the person who made the offer, pursuant to Cabinet Order. In this case, the buyer is deemed to have delivered the documents.

- (3) The provision of information that is to be described in documents as specified in the first sentence of the previous paragraph through electronic or magnetic means (excluding means specified by order of the competent ministry) means that the information is deemed to have reached the person who made the offer when it is recorded in a file stored on the computer used by the person who made the offer.

Article 58-8 (1) Except as prescribed in the following paragraph, if a buyer falls under one of the following items, the buyer must deliver a document to the counterparty to the sales contract that clarifies the details of the sales contract with respect to the information referred to in the items of paragraph (1) of the preceding Article (limited to information about the cancellation of the sales contract with respect to the information referred to in item (v) of the paragraph) without delay (or immediately, in the case prescribed in the proviso to paragraph (1) of that Article), pursuant to the provisions of order of the competent ministry:

- (i) the buyer has entered into a sales contract for articles at a place other than an office or other location (excluding the case where the buyer received the offer at an office or other location, and entered into the sales contract at a place other than an office or other location); or
 - (ii) the buyer has received an offer to enter into a sales contract for articles at a place other than an office or other location and entered into the sales contract at an office or other location.
- (2) If a buyer falls under one of the items of the preceding paragraph, and upon entering into a sales contract, the buyer pays the price for the articles and receives those articles, pursuant to the provisions of order of the competent ministry, the buyer must immediately deliver a document to the counterparty to the sales contract giving the information referred to in items (i) and (ii) of the preceding Article, the portion of the information referred to in paragraph (1), item (v) of the paragraph that is about canceling the sales contract, and any information specified by order of the competent ministry.
- (3) The provisions of paragraph (2) and paragraph (3) of the preceding Article apply mutatis mutandis to the delivery in writing under the provisions of the preceding two paragraphs. In this case, the phrase "the person who made the offer" in paragraph (2) and paragraph (3) of the Article is deemed to be replaced with "the counterparty of a sales contract".

(Notification Regarding the Refusal to Hand over Articles)

Article 58-9 When receiving articles directly from the counterparty to a sales contract connected with a door-to-door purchase, a buyer must inform the counterparty to the sales contract that it is possible to refuse to hand over the articles, except in the case specified in the proviso to Article 58-14, paragraph (1).

(Prohibited Conduct)

Article 58-10 (1) A buyer must not misrepresent the following information, either in soliciting a person to enter into a sales contract in connection with a door-to-door purchase, or in order to prevent the withdrawal of an offer to enter into a sales contract connected with a door-to-door purchase or the cancellation of the contract:

- (i) the type of articles and their performance or quality, and other similar information specified by order of the competent ministry;
 - (ii) the purchase prices of the articles;
 - (iii) the timing and method of payment of the charges for the articles;
 - (iv) the timing and method of handing over the articles;
 - (v) information about withdrawing the offer to enter into the sales contract or about canceling the sales contract (including information under the provisions of Article 58-14 paragraphs (1) through (5));
 - (vi) information about the refusal to hand over articles under the provisions of Article 58-15;
 - (vii) information about any circumstances that make it necessary for the customer to enter into the sales contract; and
 - (viii) beyond what is stated in the preceding items, any material information about the sales contract that would affect the decision of the customer or counterparty to the sales contract.
- (2) A buyer must not intentionally fail to disclose facts with respect to the matters listed in items (i) through (vi) of the preceding paragraph in soliciting a person to enter into a sales contract connected with a door-to-door purchase.
- (3) A buyer must not use intimidation to overwhelm a person, either in order to have the person enter into a sales contract connected with a door-to-door purchase, or to prevent the person from withdrawing the offer of a sales contract connected with a door-to-door purchase or from canceling the contract.
- (4) A buyer must not intentionally fail to disclose facts about or misrepresent the timing at which articles will be handed over or other material information relating to the handing over of articles that would affect the decision of the counterparty to the sales contract, in order to receive articles connected with a door-to-door purchase.
- (5) A buyer must not use intimidation to overwhelm a person in order to receive

articles connected with a door-to-door purchase.

(Notification of the Counterparty Regarding the Handing over of Articles to a Third Party)

Article 58-11 If a buyer receives articles from the counterparty to a sales contract falling under one of the items of Article 58-8, paragraph (1) and then hands over those articles to a third party, the buyer must notify the counterparty to the sales contract of the handover and the information about the handover specified by order of the competent ministry without delay, except in the case prescribed in the proviso to Article 58-14, paragraph (1).

(Notification of a Third Party Receiving Articles)

Article 58-11-2 If a buyer receives articles from the counterparty to a sales contract falling under one of the items in Article 58-8, paragraph (1) and then hands over those articles to a third party in a case other than as prescribed in the proviso to Article 58-14, paragraph (1), the buyer must inform the third party that the sales contract for the articles has been canceled or may be canceled pursuant to the provisions of that paragraph, as specified by order of the competent ministry.

(Instructions)

Article 58-12 (1) If a buyer has violated any of the provisions of Article 58-5, Article 58-6, Article 58-7, paragraph (1), Article 58-8, paragraph (1) or (2), or Article 58-9 through the preceding Article, or has engaged in any of the following conduct, and the competent minister finds that the conduct is likely to prejudice the fairness of a transaction connected with a door-to-door purchase and the interests of the counterparty to the sales contract, the minister may instruct the buyer to take measures for correcting the violation or conduct, measures for protecting the interests of the counterparty to the sales contract, or any other necessary measures:

- (i) refusing to perform or unjustifiably delaying the performance of the obligations under a sales contract connected with a door-to-door purchase or the obligations that occur through the cancellation of a sales contract connected with a door-to-door purchase in whole or in part;
- (ii) intentionally failing to disclose any material information about a sales contract that would affect the decision of the customer (excluding the matters listed in Article 58-10, paragraph (1), items (i) through (vi)) in soliciting a person to enter into a sales contract in connection with a door-to-door purchase;
- (iii) intentionally failing to disclose any material information about a sales contract connected with a door-to-door purchase that would affect the

decision of the customer or the counterparty to the sales contract in order to prevent the withdrawal of an offer to enter into a sales contract or the cancellation of the contract; or

(iv) beyond what is stated in the preceding three items, conduct in connection with a door-to-door purchase that is specified by order of the competent ministry as being likely to prejudice the fairness of a transaction connected with a door-to-door purchase and the interests of the counterparty to a sales contract.

(2) Having given an instruction under the provisions of the preceding paragraph, the competent minister must issue a public announcement to that effect.

(Suspension of Business Activities of the Buyer)

Article 58-13 (1) If a buyer has violated any of the provisions of Article 58-5, Article 58-6, Article 58-7, paragraph (1), Article 58-8, paragraph (1) or paragraph (2), or Article 58-9 through Article 58-11-2 or has engaged in any of the conduct listed in the items of paragraph (1) of the preceding Article, and the competent minister finds that the conduct is likely to significantly prejudice the fairness of a transaction connected with a door-to-door purchase and the interests of the counterparty to a sales contract or the buyer fails to follow the instructions under the provisions of that paragraph, the minister may order the buyer to suspend those business activities that are connected with door-to-door purchases in whole or in part, during a specified period of no longer than two years. In this case, if the buyer is an individual, the minister may also prohibit the individual from becoming an officer in charge of business activities that are subject to the suspension at a corporation that engages in those business activities for a period equal to the period of the suspension.

(2) If the competent minister orders suspension of a business pursuant to the provisions of the first sentence of the preceding paragraph, and if the buyer is an individual and a specified associated corporation of them (meaning a corporation whose business management is substantially controlled by a buyer, or their officer or employee (including a person who was an officer or employee within one year before the date of the order; the same applies in paragraph (2) of the next Article) and other corporations specified by Cabinet Order; the same applies in this paragraph and paragraph (2), item (i) of the Article) is found to conduct business activities equal to the business activities on the scope subject to the suspension, the minister may order the buyer to suspend the business activities conducted by the specified associated corporation for the period equal to the period of the suspension.

(3) Having issued an order under the provisions of the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Prohibition of Business)

Article 58-13-2 (1) If the competent minister orders a buyer to suspend its business activities pursuant to the first sentence of paragraph (1) of the preceding Article, and a person that the relevant items among the following items prescribe for the category of the case stated in that item is a person specified by order of the competent ministry as one whose door-to-door purchases should be restricted so as to ensure the effectiveness of the order in consideration of the facts constituting the grounds for the order and the extent of the responsibility that the person had for those facts, the minister may prohibit the person from commencing new business activities that fall within the scope of the suspension (including becoming an officer in charge of the relevant business activities of a corporation that engages in the business activities) for a period equal to the period of that suspension:

- (i) if the buyer is a corporation: its officer or a person who was its officer within one year before the date of the order, or its employee or a person who was its employee within one year before the date of the order; or
 - (ii) if the buyer is an individual: an employee or a person who was an employee within one year before the date of the order.
- (2) When the competent minister prohibits business activities of an officer or employee pursuant to the provisions of the preceding paragraph and the officer or employee falls under any of the following items, the minister may order the officer or employee to suspend the same business activities conducted by it and provided for in the items for a period equal to the period of the prohibition.
- (i) a person who is found to be engaged in the same business as the business on a scope for which prohibition is ordered by the order at a specified associated corporation of a buyer who is found to have committed the act constituting the grounds for the order; or
 - (ii) a person who, as a buyer, is found to conduct the same business as the business on a scope for which prohibition is ordered pursuant to the order
- (3) Having issued an order under the preceding two paragraphs, the competent minister must issue a public announcement to that effect.

(Withdrawal of an Offer or Cancellation of a Door-to-Door Purchase Contract)

Article 58-14 (1) If a buyer has received an offer to enter into a sales contract for articles at a place other than an office or other location, or if a buyer has entered into a sales contract for articles at a place other than an office or other location (excluding the case where the buyer has received the offer at an office or other location and entered into the sales contract at a place other than an office or other location), the person making the offer or the counterparty to the sales contract (hereinafter referred to as the "offerer or purchaser" in this Article through the following Article) may withdraw the offer to enter into a

sales contract or cancel the sales contract (hereinafter referred to as "withdrawal of an offer or cancellation" of a contract in this Article) in writing or through electronic or magnetic records; provided, however, that this does not apply when eight days have passed after the date on which the offerer or purchaser received the document referred to in Article 58-8, paragraph (1) or paragraph (2) (or when eight days have passed after the date on which the offerer or purchaser received the document referred to in Article 58-7, paragraph (1), if the offerer or purchaser received the document under Article 58-7 at an earlier date than that on which the offerer or purchaser received the document referred to in Article 58-8) (if the offerer or purchaser did not withdraw an offer or cancel the contract by that time limit because the offerer or purchaser was under the misconception that information about the withdrawal of an offer or cancellation of a contract that the buyer had misrepresented to the offerer or purchaser, in violation of the provisions of Article 58-10, paragraph (1), was true, or because the offerer or purchaser was overwhelmed due to the buyer's use of intimidation, in violation of the provisions of paragraph (3) of that Article, when eight days have passed after the date on which the offerer or purchaser has received a document delivered to them by the buyer pursuant to the provisions of order of the competent ministry that contains a notice to the effect that the offerer or purchaser may withdraw the offer to enter or cancel the sales contract).

- (2) The withdrawal of an offer or cancellation of a contract takes effect at the time the withdrawal of the offer or cancellation of the contract is stated in writing or through notification of electronic or magnetic records.
- (3) The party to a sales contract who constitutes the offerer or purchaser may duly assert the cancellation of the sales contract under the provisions of paragraph (1) against a third party; provided, however, that this does not apply if that third party constitutes a non-negligent third party in good faith.
- (4) If a person withdraws an offer or cancels a contract, a buyer may not claim damages or demand the payment of any penalty in connection with the withdrawal of the offer or cancellation of the contract.
- (5) If a person withdraws an offer or cancels a contract, and the price for the sales contract has already been paid, the buyer bears the costs required for returning its price and the interest.
- (6) Any special provisions of a contract that run counter to the provisions of the preceding paragraphs and that are disadvantageous to the offerer or purchaser are invalid.

(Refusal to Hand over Articles)

Article 58-15 The party to a sales contract who constitutes the offerer or purchaser may refuse to hand over articles connected with a door-to-door

purchase to the buyer or their successor even if there is a deadline for handing over the articles, except in the case prescribed in the proviso to paragraph (1) of the preceding Article.

(Limitation on the Amount of Damages for Canceling or Defaulting on a Door-to-Door Purchase Contract)

Article 58-16 (1) If a buyer has entered into a sales contract falling under one of the items of Article 58-8, paragraph (1), and that sales contract is canceled, the buyer may not demand that the counterparty to the sales contract pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the event listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:

- (i) if the sales contract is canceled after the payment of the price for the contract: the amount equal to the price and the interest; or
- (ii) if the sales contract is canceled prior to the payment of the price for the sales contract: the amount of costs normally required for entering into and performing a contract.

(2) If a buyer has entered into a sales contract falling under one of the items of Article 58-8, paragraph (1), and the obligation to hand over articles under that sales contract is not performed (excluding the case where the sales contract is canceled), the buyer may not demand that the counterparty to the sales contract pay an amount of money that exceeds the aggregate of the amount specified in the relevant items among the following items for the event listed in them and the amount of the relevant damages for delay based on the statutory interest rate, even if there is a provision for liquidated damages or a provision for a penalty:

- (i) if the articles are handed over after the deadline for fulfilling the obligation: the amount constituting the normal charges for use of the articles (or the amount equal to the purchase price of the articles less the value of those articles at the time they are handed over, if this exceeds the amount constituting the normal charges for use of the articles); or
- (ii) if the articles are not handed over: the amount equal to the purchase price of those articles.

(Exclusion from Application)

Article 58-17 (1) The provisions of this Chapter do not apply to the following door-to-door purchases:

- (i) a door-to-door purchase under a sales contract as prescribed in Article 58-4 that the person making the offer to enter the sales contract or the counterparty to the sales contract enters into for business purposes or as a

- part of business;
- (ii) a door-to-door purchase from a person located outside of Japan;
- (iii) a door-to-door purchase by the national or local governments;
- (iv) a door-to-door purchase by one of the following organizations from its direct or indirect member (if an organization is able to make its business or facilities available to a non-member, this includes a door-to-door purchase from the non-member):
 - (a) a partnership established based on a special law or a federation or central association of the partnerships;
 - (b) an organization under Article 108-2 of the National Public Service Act or Article 52 of the Local Public Service Act; or
 - (c) a labor union;
- (v) a door-to-door purchase by a business from its employee.
- (2) The provisions of Article 58-6, paragraph (1), and Article 58-7 through the preceding Article do not apply to the following door-to-door purchases:
 - (i) a door-to-door purchase from a person offering to enter into a sales contract or requesting the contract to be entered into at the person's residence; or
 - (ii) a door-to-door purchase that falls under a form of transaction specified by Cabinet Order as one in which it is normal for the buyer to receive offers for or enter into a sales contract for articles at a place other than an office or other location and that is found unlikely to prejudice the interests of the counterparty to the sales contract.

Chapter V-3 Right to Demand an Injunction

(Right to Demand an Injunction in Connection with Door-to-Door Sales)

- Article 58-18 (1) If a seller or a service provider has engaged in or is likely to engage in any of the following conduct toward a large number of unspecified persons in connection with door-to-door sales, a qualified consumer organization as prescribed in Article 2, paragraph (4) of the Consumer Contract Act (Act No. 61 of 2000) (hereinafter simply referred to as a "qualified consumer organization" in this Chapter) may demand that the seller or the service provider discontinue or prevent the conduct, dispose of or remove any object used for the conduct, or take any other necessary measures for discontinuing or preventing the conduct:
- (i) misrepresenting the following matters in soliciting a person to enter into a sales contract or a service contract, or in order to prevent the withdrawal of offers for a sales contract or a service contract or the cancellation of the contracts:
 - (a) the type of goods and their performance or quality or the type of rights or services and the details of them;

- (b) the information stated in Article 6, paragraph (1), items (ii) through (v);
or
 - (c) the information stated in Article 6, paragraph (1), item (vi) or (vii);
 - (ii) intentionally failing to disclose facts with respect to the information stated in (a) or (b) of the preceding item in soliciting persons to enter into a sales contract or a service contract; or
 - (iii) using intimidation to overwhelm persons in order to have them enter into a sales contract or a service contract or in order to prevent them from withdrawing their offer for a sales contract or a service contract or from canceling the contract.
- (2) On the occasion of entering into a sales contract or a service contract, if a seller or a service provider has manifested or is likely to manifest the intention to offer to enter into or accept the contracts between itself and a large number of unspecified persons, for a sales contract or a service contract that contains any of the following special provisions, a qualified consumer organization may demand that the seller or the service provider discontinue or prevent that conduct, dispose of or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:
- (i) the special provisions prescribed in Article 9, paragraph (8) (including as applied mutatis mutandis by replacing the terms pursuant to Article 9-2, paragraph (3)); or
 - (ii) special provisions that run counter to the provisions of Article 10.

(Right to Demand an Injunction in Connection with Mail Order Sales)

Article 58-19 When a seller or a service provider has engaged in or is likely to engage in any of the following conduct with many and unspecified persons with regard to mail order sales, a qualified consumer organization may demand that the seller or the service provider discontinue or prevent the conduct, dispose of or remove any object used for the conduct, or take any other necessary measures for discontinuing or preventing the conduct.

- (i) When advertising the terms and conditions and selling goods or specified rights or services, the act of making representation about the performance of the goods or the contents of the rights or services, information on the withdrawal or cancellation of an offer to enter into a sales contract for the goods or the rights or a service contract for the service (when the special provisions prescribed in the proviso to Article 15-3, paragraph (1) exist, this information includes the contents of the special provisions) with respect to mail order sales, that differs significantly from the truth or misleads people into believing that the performance or contents are significantly better or more advantageous than they are in reality;
- (ii) Act of not indicating or of misrepresenting matters listed in the items of

Article 12-6, paragraph (1) on a screen which displays documents or procedures related to a specified offer:

- (iii) Act of making misleading representations with regard to the following matters on a screen which displays documents or procedures related to a specified offer:
 - (a) the fact that the sending of the documents or the transmission of information in accordance with the procedures constitutes an offer to enter into a sales contract or a service contract relating to mail order sales; or
 - (b) matters listed in each item of Article 12-6, paragraph (1);
- (iv) Act of making false notification on matters related to withdrawal of an offer to enter into a sales contract or a service contract or cancellation of the sales contract or the service contract (including matters concerning the provisions of Article 15-3) or matters concerning circumstances that require customers to enter into the sales contract or the service contract in order to prevent withdrawal or cancellation of the offer to enter the sales contract or the service contract.

(Right to Demand an Injunction in Connection with Telemarketing Sales)

Article 58-20 (1) If a seller or a service provider has engaged in or is likely to engage in any of the following conduct toward a large number of unspecified persons in connection with telemarketing sales, a qualified consumer organization may demand that the seller or the service provider discontinue or prevent the conduct, dispose of or remove any object used for the conduct, or take any other necessary measures for discontinuing or preventing the conduct:

- (i) misrepresenting the following matters in soliciting a person to enter into a sales contract or a service contract, or in order to prevent the withdrawal of an offer for a sales contract or a service contract or the cancellation of the contract:
 - (a) the type of goods and their performance or quality or the type of rights or services and the details of them;
 - (b) the matters listed in Article 21, paragraph (1), items (ii) through (v); or
 - (c) the matters listed in Article 21, paragraph (1), item (vi) or (vii);
 - (ii) intentionally failing to disclose facts with respect to the information stated in (a) or (b) of the preceding item in a soliciting person to enter into a sales contract or a service contract; or
 - (iii) using intimidation to overwhelm a person in order to have them enter into a sales contract or a service contract or in order to prevent them from withdrawing their offer for the contract or from canceling the contract.
- (2) On the occasion of entering into a sales contract or a service contract, if a seller or a service provider has manifested or is likely to manifest the intention to offer to enter into or accept a sales or a service contract between itself and a

large number of unspecified persons, for a sale contract or a service contract that contains any of the following special provisions, a qualified consumer organization may demand that the seller or the service provider discontinue or prevent that conduct, dispose of or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:

- (i) the special provisions prescribed in Article 24, paragraph (8) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 24-2, paragraph (3)); or
- (ii) special provisions that run counter to the provisions of Article 25.

(Right to Demand an Injunction in Connection with Multilevel Marketing Transactions)

Article 58-21 (1) If an orchestrator, a solicitor, or a general multilevel marketing distributor has engaged in or is likely to engage in any of the following conduct toward a large number of unspecified persons, a qualified consumer organization may demand that the orchestrator, solicitor, or general multilevel marketing distributor discontinue or prevent that conduct, dispose of, or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:

- (i) the orchestrator or solicitor intentionally fails to disclose facts with regard to the following matters or misrepresents that information in soliciting a person to enter into a contract involving multilevel marketing transactions that are connected to the set of related multilevel marketing undertakings orchestrated by that orchestrator (limited to a contract with an individual who sells or arranges the sale of goods associated with that multilevel marketing undertaking or provides or arranges providing services associated with that multilevel marketing undertaking, without using a store or similar facility; the same applies in this paragraph and paragraph (3)) or for preventing the cancellation of a contract involving multilevel marketing transactions that are connected to the multilevel marketing undertaking:
 - (a) the type of goods (excluding rights to use a facility and to be provided with services; the same applies in item (iv)) and their performance or quality or the type of services, rights to use a facility, or rights to be provided with services, and the details of them; or
 - (b) the matters listed in Article 34, paragraph (1), items (ii) through (v);
- (ii) the general multilevel marketing distributor misrepresents the matters listed in (a) or (b) of the preceding item in soliciting a person to enter into a contract involving multilevel marketing transactions that are connected to the set of related multilevel marketing undertakings orchestrated by that orchestrator or in order to prevent the cancellation of a contract involving

- multilevel marketing transactions that are connected with the multilevel marketing undertaking;
- (iii) the orchestrator, solicitor, or general multilevel marketing distributor uses intimidation to overwhelm a person in order to have the person enter into a contract involving multilevel marketing transactions that are connected to the set of related multilevel marketing undertakings orchestrated by the orchestrator or to prevent the person from canceling a contract involving multilevel marketing transactions that are connected with the multilevel marketing undertaking;
 - (iv) the orchestrator, solicitor, or general multilevel marketing distributor, in advertising the multilevel marketing transactions connected with the set of related multilevel marketing undertakings orchestrated by that orchestrator, makes an indication of the performance or quality of the goods or of the rights to use a facility or to be provided with services or of the content of the services connected with the multilevel marketing undertaking, the specified burden involved in the multilevel marketing transactions or the specified profit involved in that multilevel marketing undertaking that differs significantly from the truth or misleads people into believing that the performance, quality, details or contents are significantly better or more advantageous than they are in reality; or
 - (v) the orchestrator, solicitor, or general multilevel marketing distributor solicits a person to enter into a contract involving multilevel marketing transactions that are connected to the set of related multilevel marketing undertakings orchestrated by that orchestrator, by providing conclusive evaluations that would likely cause a person to mistakenly believe that the multilevel marketing transactions connected with its multilevel marketing undertaking are sure to generate a profit.
- (2) If a solicitor has engaged in or is likely to engage in any of the conduct listed in item (i) or items (iii) through (v) of the preceding paragraph toward a large number of unspecified persons, a qualified consumer organization may demand that the solicitor discontinue or prevent the conduct, dispose of, or remove any object used for the conduct, or take any other necessary measures for discontinuing or preventing the conduct.
- (3) On the occasion of entering into a contracts involving multilevel marketing transactions that are connected with the multilevel marketing undertaking, if an orchestrator, solicitor, or general multilevel marketing distributor has manifested or is likely to manifest the intention to offer to enter into or accept contracts between itself and a large number of unspecified persons, for contracts involving the multilevel marketing transactions that are connected with the multilevel marketing undertaking that contain any of the following special provisions, a qualified consumer organization may demand that the

orchestrator, solicitor, or general multilevel marketing distributor discontinue or prevent that conduct, dispose of, or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:

- (i) the special provisions prescribed in Article 40, paragraph (4); or
- (ii) the special provisions prescribed in Article 40-2, paragraph (6).

(Right to Demand an Injunction in Connection with the Provision of Specified Continuous Services)

Article 58-22 (1) If a service provider or a seller has engaged in or is likely to engage in any of the following conduct toward a large number of unspecified persons, a qualified consumer organization may demand that the service provider or seller discontinue or prevent that conduct, dispose of, or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:

- (i) in advertising the terms and conditions for providing specified continuous services or selling rights to be provided with specified continuous services in conducting the provision of specified continuous services, indicating details or effects of that specified continuous service that differ significantly from the truth or mislead people into believing that they are significantly better or more advantageous than they are in reality;
 - (ii) misrepresenting the following matters in soliciting a person to enter into a contract for specified continuous service or sale of specified rights or for preventing the cancellation of the contract:
 - (a) the type of services or rights to be provided with services and the details or results of them (in the case of rights, the results of the services connected to the rights);
 - (b) if there are goods that need to be purchased by a service recipient or a purchaser of the rights upon provision of the services or provision of the services through the exercise of the rights, the type and performance or quality of the goods;
 - (c) the matters listed in Article 44, paragraph (1), items (iii) through (vi); or
 - (d) the matters listed in Article 44, paragraph (1), item (vii) or (viii);
 - (iii) intentionally failing to disclose facts with respect to the matters listed in (a) through (c) of the preceding item in soliciting a person to enter into a contract for specified continuous service or sale of specified rights; or
 - (iv) using intimidation to overwhelm a person in order to have them enter into a contract for specified continuous service or sale of specified rights or to prevent them from canceling the contract.
- (2) On the occasion of entering into a contract for specified continuous service or sale of specified rights for related goods, if a service provider, seller, or person

selling the related goods has manifested or is likely to manifest the intention to offer to enter into or accept a contract for specified continuous service or sale of specified rights between itself and a large number of unspecified persons, for the contract that contains any of the following special provisions, a qualified consumer organization may demand that the service provider, seller, or person selling the related goods discontinue or prevent that conduct, dispose of, or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:

- (i) the special provisions prescribed in Article 48, paragraph (8); or
- (ii) the special provisions prescribed in Article 49, paragraph (7) (including as applied *mutatis mutandis* pursuant to Article 49-2, paragraph (3)).

(Right to Demand an Injunction in Connection with Business Opportunity Sales Transactions)

Article 58-23 (1) If a person conducting business opportunity sales has engaged in or is likely to engage in any of the following conduct toward a large number of unspecified persons, a qualified consumer organization may demand that the person conducting business opportunity sales discontinue or prevent that conduct, dispose of or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:

- (i) intentionally failing to disclose facts with regard to the following matters or misrepresenting that information in soliciting a person to enter into a contract for business opportunity sales transactions connected with business opportunity sales (limited to a contract with an individual who engages in business activities that are provided or arranged in connection with those business opportunity sales, without using a place of business or similar facility; hereinafter the same applies in this Article) or in order to prevent the cancellation of the contract for business opportunity sales transactions connected with business opportunity sales:

- (a) the type, performance, or quality of goods (excluding rights to use a facility or receive services), or the type of rights to use a facility or receive services, or the type of services and the details of them; or
 - (b) the matters listed in Article 52, paragraph (1), items (ii) through (v);

- (ii) using intimidation to overwhelm a person in order to make them conclude contracts for business opportunity sales transactions connected with business opportunity sales or to prevent them from canceling contracts for business opportunity sales transactions connected with business opportunity sales;

- (iii) in advertising business opportunity sales transactions connected with business opportunity sales, indicating a specified burden involved in the business opportunity sales transactions or the business opportunity profit

- connected with business opportunity sales that differs significantly from the truth or misleads a person into believing that it is significantly better or more advantageous than it is in reality; or
- (iv) soliciting persons to enter into contracts for business opportunity sales transactions connected with business opportunity sales, by providing conclusive evaluations that would likely cause a person to mistakenly believe that the business opportunity sales transactions connected with business opportunity sales are sure to generate a profit.
- (2) On the occasion of entering into a contract for business opportunity sales transactions connected with business opportunity sales, if a person engaged in business opportunity sales has manifested or is likely to manifest the intention to offer to enter into or accept a business opportunity sales contract between itself and a large number of unspecified persons, for the contract involving business opportunity sales transactions connected with business opportunity sales, that contains any of the following special provisions, a qualified consumer organization may demand that the person conducting business opportunity sales discontinue or prevent that conduct, dispose of, or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:
 - (i) the special provisions prescribed in Article 58, paragraph (4); or
 - (ii) the special provisions that run counter to the provisions of Article 58-3, paragraph (1) or (2).

(Right to Demand an Injunction in Connection with Door-to-Door Purchases)
 Article 58-24 (1) If a buyer has engaged in or is likely to engage in any of the following conduct toward a large number of unspecified persons in connection with door-to-door purchases, a qualified consumer organization may demand that the buyer discontinue or prevent the conduct, dispose of, or remove any object used for the conduct, or take any other necessary measures for discontinuing or preventing the conduct:

- (i) misrepresenting the following matters in soliciting a person to enter into a sales contract, or in order to prevent the withdrawal of the offer for a sales contract or the cancellation of the contract:
 - (a) the type of articles and their performance or quality;
 - (b) the matters listed in Article 58-10, paragraph (1), items (ii) through (vi);
 - or
 - (c) the matters listed in Article 58-10, paragraph (1), item (vii) or (viii).
- (ii) intentionally failing to disclose facts with respect to the matters listed in (a) or (b) of the preceding item in soliciting persons to enter into a sales contract;
- (iii) using intimidation to overwhelm a person in order to have them enter into

- a sales contract or in order to prevent them from withdrawing their offer for a sales contract or from canceling the contract;
 - (iv) intentionally failing to disclose facts about or misrepresenting the timing at which articles will be delivered or other material information related to the handover of articles that would affect the decision of the counterparties to the sales contract in order to receive articles; or
 - (v) using intimidation to overwhelm persons in order to receive articles.
- (2) On the occasion of entering into a sales contract, if a buyer has manifested or is likely to manifest the intention to offer to enter into or accept business opportunity sales contracts between itself and a large number of unspecified persons, for sales contracts that contain any of the following special provisions, a qualified consumer organization may demand that the buyer discontinue or prevent that conduct, dispose of, or remove any object used for that conduct, or take any other necessary measures for discontinuing or preventing that conduct:
- (i) the special provisions prescribed in Article 58-14, paragraph (6); or
 - (ii) special provisions that run counter to the provisions of Article 58-16.

(Exclusion from Application)

Article 58-25 The provisions stated in the following items apply *mutatis mutandis* to the application of the provisions as specified in the relevant items:

- (i) Article 26, paragraph (1): Articles 58-18 through 58-20;
- (ii) Article 26, paragraph (6): Article 58-18;
- (iii) Article 26, paragraph (7): Article 58-20;
- (iv) Article 26, paragraph (8): Article 58-18, paragraph (2) (limited to the part involving item (ii)) and Article 58-20, paragraph (2) (limited to the part involving item (ii));
- (v) Article 40-2, paragraph (7): Article 58-21, paragraph (3) (limited to the part involving the special provisions stated in item (ii) that run counter to the provisions of Article 40-2, paragraphs (3) and (4));
- (vi) Article 50, paragraph (1): Article 58-22;
- (vii) Article 50, paragraph (2): Article 58-22, paragraph (2) (limited to the part involving the special provisions stated in item (ii) that run counter to the provisions of Article 49, paragraphs (2), (4), and (6) (including as applied *mutatis mutandis* pursuant to Article 49-2, paragraph (3)));
- (viii) Article 58-3, paragraph (3): Article 58-23, paragraph (2) (limited to the part involving item (ii)); and
- (ix) Article 58-17: the preceding Article.

(Provision of information to Qualified Consumer Organizations)

Article 58-26 (1) When consumer affairs support groups and consumer affairs

supporters prescribed in Article 11-7, paragraph (1) of the Consumer Safety Act (Act No. 50 of 2009) are notified of information that a seller, service provider, orchestrator, solicitor, general multilevel marketing distributor, person who sells related products, person who conduct business opportunity sales, or buyer conducts or could conduct any of the acts specified in Article 58-18 through 58-24 to many and unspecified persons, the consumer affairs support groups and consumer affairs supporters may provide the qualified consumer organization with the information to the extent that it is necessary for the qualified consumer organization to appropriately exercise the right to make claims pursuant to Articles 58-18 through 58-24.

- (2) A qualified consumer organization that has received information pursuant to the provisions of the preceding paragraph must not use or provide the information for any purpose other than the purpose of properly exercising the right to make claims pursuant to the provisions of Articles 58-18 through 58-24.

Chapter VI Miscellaneous Provisions

(Goods Sent in Absence of Sales Contract)

Article 59 (1) If a seller has offered a sales contract and sent the goods under that offer to a person other than one that has offered the seller a sales contract or to a person other than the purchaser under a sales contract that the seller has concluded (hereinafter referred to as the "offerer or purchaser" in this paragraph), or if a seller has offered an offerer or purchaser a sales contract for goods other than those under a sales contract with the offerer or purchaser and has sent the goods under that offer, the seller may not demand the return of the goods that were sent.

- (2) The provisions of the preceding paragraph do not apply to an offer to enter into a sales contract that the person to which the goods were sent will conclude for a business activity or as a business activity.

Article 59-2 When a seller has sent goods under the pretence of the valid sales contract, it may not claim the return of the goods sent.

(Notifying the Competent Minister)

Article 60 (1) If any person finds it to be likely that the fairness of specified commercial transactions or the interests of a purchaser or other person will be prejudiced, the person may notify the competent minister to that effect and ask that appropriate measures be taken.

- (2) Upon being notified as under the provisions of the preceding paragraph, the competent minister must conduct the necessary investigations and take measures under this Act or any other appropriate measures if the minister

finds the details the minister has been notified of to be true.

(Designated Corporations)

Article 61 (1) Pursuant to the provisions of order of the competent ministry, the competent minister may designate a corporation that is a general incorporated association or a general incorporated foundation and that is found to be capable of carrying out the business activities prescribed in the following paragraph (hereinafter referred to as "business activities for ensuring appropriate specified commercial transactions" in this paragraph and Article 66, paragraph (5)) appropriately without fail as a person that will carry out business activities for ensuring appropriate specified commercial transactions (hereinafter referred to as a "designated corporation") at the offer of the corporation.

(2) A designated corporation is to carry out the following business activities:

- (i) providing guidance or advice to a person seeking to notify the competent minister under the provisions of paragraph (1) of the preceding Article;
- (ii) conducting investigations with regard to the facts of a notification under paragraph (2) of the preceding Article when so requested by the competent minister;
- (iii) collecting and providing information or materials about specified commercial transactions; and
- (iv) training persons to take charge of business activities related to handling complaints or providing advice on specified commercial transactions.

(Order for Improvement)

Article 62 When the competent minister finds it necessary to improve a designated corporation's management of the business activities prescribed in paragraph (2) of the preceding Article, the minister may order the designated corporation to take any necessary measures for improvement.

(Revocation of Designation)

Article 63 The competent minister may revoke the designation of a designated corporation if the corporation has violated the order under the provisions of the preceding Article.

(Consultation with the Consumer Commission or Consumer Affairs Council)

Article 64 (1) When planning the enactment, revision, or abolishment of Cabinet Order under Article 2, paragraph (4), item (i), Article 26, paragraph (1), item (viii)(d), Article 26, paragraph (3), the items of Article 26, paragraph (4), Article 26, paragraph (5), item (i) or (ii), Article 26, paragraph (6), item (ii), Article 26, paragraph (7), item (ii), Article 41, paragraph (1), item (i) (limited

to the provisions involving the period), Article 41, paragraph (2), Article 48, paragraph (2), Article 58-4, or Article 58-17, paragraph (2), item (ii), the competent minister must consult with the Consumer Commission or the Consumer Affairs Council pursuant to the provisions of Cabinet Order.

- (2) When planning the enactment, revision, or abolishment of a Cabinet Order under Article 2, paragraph (1), item (ii) or paragraph (3); Article 4, paragraph (2) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 5, paragraph (3)); Article 6, paragraph (4); Article 13, paragraph (2); Article 18, paragraph (2) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 19, paragraph (3)); Article 20, paragraph (2); Article 26, paragraph (5), item (iii) or paragraph (7), item (i), Article 34, paragraph (4), Article 40-2, paragraph (2), item (iv), Article 41, paragraph (1), item (i) (limited to the part involving the amount of money); Article 42, paragraph (4); Article 49, paragraph (2), item (i)(b) or item (ii), Article 52, paragraph (3); Article 55, paragraph (3); Article 58-7, paragraph (2) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 58-8, paragraph (3)); or Article 66, paragraph (2) (limited to the part involving a closely related person), the competent minister must consult with the Consumer Commission or the Consumer Affairs Council pursuant to the provisions of Cabinet Order.

(Transitional Measures)

Article 65 When an order is enacted, amended, or abolished based on the provisions of this Act, the necessary transitional measures (including transitional measures concerning penal provisions) may be prescribed by the order to the extent that is judged reasonably necessary for the enactment, revision, or abolishment.

(Reports and On-Site Inspections)

Article 66 (1) On finding that it is necessary to do so in order to enforce this Act, the competent minister may order a seller, service provider, orchestrator, solicitor, general multilevel marketing distributor, person engaged in business opportunity sales, or buyer (hereinafter referred to as the "seller or equivalent person") to submit reports, its books, documents, or any other articles, and may have government employees enter the offices, premises or other places to conduct business activities of the seller or equivalent person and inspect its books, documents, or any other articles, or question the employees or other related people.

- (2) When the competent minister finds it particularly necessary to enforce this Act, pursuant to the provisions of Cabinet Order, the minister may order a person selling related goods or any other person specified by Cabinet Order as

being closely related to a seller or an equivalent person (hereinafter referred to as a "closely related person" in this paragraph) to submit reports or materials, or may have ministry employees enter the offices, premises or other places to conduct business activities of the seller or equivalent person and inspect its books, documents, or any other articles, or question the employees or other related people.

- (3) When the competent minister finds it particularly necessary to enforce this Act, to the extent necessary, the minister may have ministry employees to enter the offices, premises or other places where business activities are conducted of a person to which business is entrusted by a seller or equivalent person and inspect the person's books, documents, or any other articles related to the entrusted business.
- (4) When the competent minister finds it particularly necessary to enforce this Act, the minister may order a person that has dealings with a seller or equivalent person to submit reports or materials to which reference should be made with regard to the business or property of the seller or equivalent person.
- (5) To the extent that is necessary for ensuring the appropriate management of business activities for ensuring appropriate specified commercial transactions, the competent minister may have a designated corporation make the necessary reports on the state of its business activities for ensuring appropriate specified commercial transactions or concerning its assets, or have ministry employees enter the place of business of the designated corporation and inspect the state of its business activities for ensuring appropriate specified commercial transactions or inspect its books, documents, or any other articles.
- (6) The provisions of paragraphs (1) through (4) apply mutatis mutandis to a contractor sending email advertising mail order sales, a contractor sending email advertising multilevel marketing transactions, and a contractor sending email advertising business opportunity sales transactions. In this case, the term "seller or equivalent person" in the provisions of paragraphs (2) through (4) is deemed to be replaced with "contractor sending email advertising mail order sales, contractor sending email advertising multilevel marketing transactions, or contractor sending email advertising business opportunity sales transactions".
- (7) A ministry employee who enters and inspects a store or any other place of business pursuant to the provisions of paragraph (1) through (3) (including as applied mutatis mutandis pursuant to the preceding paragraph) or paragraph (5) must carry identification and present it to the relevant persons.
- (8) The authority for entry and inspection under the provisions of paragraph (1) through (3) (including as applied mutatis mutandis pursuant to paragraph (6)) and paragraph (5) must not be construed as having been conferred for the purpose of a criminal investigation.

(Request for Cooperation)

Article 66-2 On finding that it is necessary to do so in order to enforce this Act, the competent minister may consult with government agencies, public entities, and others, or ask for their cooperation .

(Means of Instruction)

Article 66-3 Each instruction or order under the provisions of this Act are given by serving a document specified by order of the competent ministry.

(Offer Mutatis Mutandis of the Code of Civil Procedure Concerning Service)

Article 66-4 The provisions of Articles 99, 101, 103, 105, 106, Article 107, paragraph (1) (limited to portion related to item (i); the same applies in paragraph (1), item (ii) of the next Article) and paragraph (3), Articles 108 and 109 of the Code of Civil Procedure (Act No. 109 of 1996) apply mutatis mutandis to the service of documents. In this case, the term "court execution officer" in Article 99, paragraph (1) of the Act and "court clerk" in Article 107, paragraph (1) of the Act is deemed to be replaced by "competent minister's employee", the "Rules of the Supreme Court" is to be replaced by " order of the competent ministry", and the terms "presiding judge" in Article 108 of the Act and "court" in Article 109 of the Act are deemed to be replaced by "competent minister".

(Service by Publication)

Article 66-5 (1) The competent minister may effect service by publication in the following cases:

- (i) if the domicile or residence of the person to be served or the place where service is to be effected is unknown;
- (ii) when the service cannot be made pursuant to the provisions of Article 107, paragraph (1) of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article;
- (iii) with regard to service that would be effected in a foreign country, if it is impossible to effect service by the means prescribed in Article 108 of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article, or it is found to be impossible to effect service by those means; or
- (iv) if no document that certifies that the agency has effected service has been sent, even after six months have passed since a commission was issued to the competent government agency of a foreign country pursuant to the provisions of Article 108 of the Code of Civil Procedure as applied mutatis mutandis pursuant to the preceding Article.

- (2) Service by publication is effected by posting the notice at the posting area of the office of the competent minister to the effect that the documents to be served will be delivered at any time to the person to be served.
- (3) Service by publication becomes effective once two weeks have passed from the date on which the posting under the provisions of the preceding paragraph was commenced.
- (4) The period stated in the preceding paragraph is six weeks for service by publication that is done for service that would be effected in a foreign country.

(Use of Electronic Data Processing Systems)

Article 66-6 (1) Notwithstanding the provisions of Article 4, paragraph (1) of the Act on the Use of Information and Communications Technology in Administrative Procedures (Act No. 151 of 2002), a disposition notice, etc. as prescribed in Article 2, item (vii) of that Act, which is to be given by serving a document pursuant to the provisions of this Chapter, may not be given using an electronic data processing system (meaning an electronic data processing system prescribed in Article 4, paragraph (1) of that Act; hereinafter the same applies in the following paragraph) unless the recipient of the disposition notice, etc. indicates, in the form specified by order of the competent ministry, that the recipient will be so served.

- (2) When an employee of the competent minister uses an electronic data processing system to do administrative work involving a disposition notice, etc. prescribed in the preceding paragraph, the employee must use that electronic data processing system to record the particulars of the service under the provisions of Article 109 of the Code of Civil Procedure as applied *mutatis mutandis* pursuant to Article 66-4 in a file that is stored on a computer (including input or output device) used by the minister, instead of preparing and submitting a document that states those particulars.

(Competent Minister)

Article 67 (1) In this Act, the competent minister is as follows:

- (i) in a matter concerning a seller of goods and specified rights (limited to those stated in Article 2, paragraph (4), items (ii) and (iii); hereinafter the same applies in this item); a matter concerning the orchestrator, solicitor, or general multilevel marketing distributor involved in a set of related multilevel marketing undertakings involving goods; a matter concerning a person engaged in business opportunity sales involving goods; or a matter concerning a buyer of articles, the Prime Minister, the Minister of Economy, Trade and Industry, and the minister with jurisdiction over the distribution of the goods, specified rights, or articles;
- (ii) in a matter concerning a seller of specified rights (limited to those stated in

- Article 2, paragraph (4), item (i)); a matter concerning an orchestrator, solicitor, or general multilevel marketing distributor involved in a set of related multilevel marketing undertakings involving rights to use a facility or to be provided with services; a matter concerning a seller of rights to be provided with specified continuous services; and a matter concerning a person engaged in business opportunity sales involving rights to use a facility or to be provided with services, the Prime Minister, the Minister of Economy, Trade and Industry, and the minister with jurisdiction over the businesses that provide the facilities or services relevant to the rights;
- (iii) in a matter concerning a service provider; a matter concerning an orchestrator, solicitor, or general multilevel marketing distributor involved in a set of related multilevel marketing undertakings involving services; or a matter concerning a person engaged in business opportunity sales involving services, the Prime Minister, the Minister of Economy, Trade and Industry, and the minister with jurisdiction over the businesses that provide the services;
- (iv) in a matter concerning a party entrusting a contractor with email advertising mail order sales, a contractor sending email advertising multilevel marketing transactions, or a contractor sending email advertising business opportunity sales transactions; a matter concerning a door-to-door sales association or mail order sales association; or a matter concerning a consultation with the Consumer Commission or the Consumer Affairs Council under the provisions of Article 64, paragraph (2), the Prime Minister and the Minister of Economy, Trade and Industry;
- (v) in a matter concerning a designated corporation, the Prime Minister, the Minister of Economy, Trade and Industry, the minister with jurisdiction over the distribution of goods and specified rights (limited to those listed in Article 2, paragraph (4), items (ii) and (iii)) for sales and articles for purchase, the minister with jurisdiction over the businesses that provide the facilities or services relevant to specified rights (limited to those listed in item (i) of that paragraph), the minister with jurisdiction over the businesses that provide services, and the minister with jurisdiction over the businesses that offer specified continuous services; and
- (vi) in a matter concerning consultations with the Consumer Commission and the Consumer Affairs Council under the provisions of Article 64, paragraph (1), the Prime Minister, the Minister of Economy, Trade and Industry, the minister with jurisdiction over the distribution of the relevant goods, specified rights (limited to those listed in Article 2, paragraph (4), items (ii) and (iii)) or articles, the minister with jurisdiction over the businesses that provide the facilities or services relevant to the rights, or the minister with jurisdiction over the businesses that provide the services.

- (2) The Prime Minister delegates the authority under this Act (limited to authority under the jurisdiction of the Financial Services Agency, excluding the authority specified by Cabinet Order) to the Commissioner of the Financial Services Agency.
- (3) The Prime Minister delegates the authority under this Act (limited to that under jurisdiction of the Consumer Affairs Agency, excluding the authority specified by Cabinet Order) to the Commissioner of the Consumer Affairs Agency.
- (4) In this Act, order of the competent ministry means an order issued jointly by the Prime Minister and the Minister of Economy, Trade and Industry; provided, however, that the order of the competent ministry prescribed in Article 61, paragraph (1) means an order issued by the competent minister as specified in paragraph (1), item (v).

(Administrative Functions Handled by Prefectural Governments)

Article 68 Part of the administrative functions prescribed in this Act that are under the authority of the competent minister may be undertaken by a prefectural governor pursuant to the provisions of Cabinet Order.

(Delegation of Authority)

Article 69 (1) The competent minister may have the head of a local branch office undertake a matter that is placed under that minister's authority by this Act, pursuant to the provisions of Cabinet Order.

(2) The Commissioner of the Financial Services Agency, pursuant to the provisions of Cabinet Order, may delegate part of the authority that has been delegated to them pursuant to the provisions of Article 67, paragraph (2) to the Director-General of a Local Finance Bureau or the Director-General of a Local Finance Branch Bureau.

(3) The Commissioner of the Consumer Affairs Agency, pursuant to the provisions of Cabinet Order, may delegate part of the authority that has been delegated to them pursuant to the provisions of Article 67, paragraph (3) to the Director-General of a Bureau of Economy, Trade and Industry.

(Mutual Coordination Among Related People)

Article 69-2 The competent minister, the heads of relevant administrative organs (if the administrative organ is an organ based on a council system, the administrative organ), the heads of relevant local governments, the head of the National Consumer Affairs Center of Japan, and other related persons must make efforts to exchange necessary information and secure other close mutual coordination, in order to ensure fairness in specified commercial transactions and prevent damage that may be caused to purchasers and others.

(Provision of Information to Foreign Enforcement Authorities)

Article 69-3 (1) The competent minister may provide foreign authorities that enforce acts of foreign countries equivalent to this Act (referred to as "foreign enforcement authorities" in paragraphs (2) and (3)) with information that the minister thinks benefits the performance of the authorities' work (limited to work equivalent to work prescribed in this Act; the same applies in the next paragraph).

(2) For the provision of information prescribed in the preceding paragraph, appropriate measures must be taken to prevent the information from being used for purposes other than the performance of the foreign enforcement authorities' duties and for investigation (limited to those after target facts constituting crimes have been identified) or judgment of foreign criminal cases (referred to as "investigation or judgment") without the consent prescribed in the next paragraph.

(3) When a foreign enforcement authority makes a request, the competent minister may give consent to the use of the information provided pursuant to the provisions of paragraph (1) for investigation or judgment of foreign criminal cases related to the request, except for cases falling under any of the following items:

(i) when a crime subject to the investigation or judgment of the criminal case related to the request is a political crime, or when the request is deemed to have been made for the purpose of conducting the investigation or judgment of a political crime;

(ii) when an act related to the crime subject to the investigation or judgment of the criminal case related to the request is deemed to have been conducted in Japan, and the act is not considered as a crime under Japanese law; or

(iii) when there is no guarantee by the requesting country to respond to the same type of request made by Japan.

(4) When the competent minister gives consent as prescribed in the preceding paragraph, the competent minister must receive confirmation from the Minister of Justice that the request does not fall under items (i) or (ii) of the paragraph and from the Minister of Foreign Affairs that the request does not fall under item (iii) of the paragraph.

Chapter VII Penal Provisions

Article 70 If any of the following items apply, the person who committed the violation is subject to imprisonment for not more than three years, a fine of not more than three million yen, or both:

(i) violation of the provisions of Article 6, 13-2, Article 21, Article 34, Article 44,

- Article 52, or Article 58-10; or
- (ii) failure to display a fact or misrepresentation in violation of Article 12-6, paragraph (1); or
 - (iii) Violation of the order under the provisions of Article 8, paragraph (1) or (2); Article 8-2, paragraph (1) or (2); Article 15, paragraphs (1) through (3); Article 15-2, paragraph (1) or (2); Article 23, paragraph (1) or (2); Article 23-2, paragraph (1) or (2); Article 39, paragraphs (1) through (5); Article 39-2, paragraphs (1) through (4); Article 47, paragraph (1) or (2); Article 47-2, paragraph (i) or (2); Article 57, paragraphs (1) through (3); Article 57-2, paragraph (1) or (2); Article 58-13, paragraph (1) or (2); or Article 58-13-2, paragraph (1) or (2).

Article 71 If any of the following items apply, the person who committed the violation is subject to imprisonment for not more than six months, a fine of not more than one million yen, or both:

- (i) failed to deliver a document in violation of the provisions of Article 4, paragraph (1); Article 5, paragraph (1) or (2); Article 18, paragraph (1); Article 19, paragraph (1) or (2), Article 37, paragraph (1) or (2); Article 42, paragraphs (1) through (3); Article 55, paragraph (1) or (2); Article 58-7, paragraph (1); or 58-8, paragraph (1) or (2), or delivered a document that does not contain the information prescribed in the provisions or that contains false information;
- (ii) violated the instruction under the provisions of Article 7, paragraph (1), Article 14, paragraph (1) or (2), Article 22, paragraph (1), Article 38, paragraphs (1) through (4), Article 46, paragraph (1), Article 56, paragraph (1) or (2), or Article 58-12, paragraph (1);
- (iii) failed to provide the report under the provisions of Article 66, paragraph (1) (including as applied mutatis mutandis pursuant to paragraph (6) of that Article; hereinafter the same applies in this item) or provided a false report, or failed to submit the articles under the provisions of paragraph (1) of that Article or submitted false articles, or rejected, hindered, or avoided the inspection under the provisions of that paragraph, or failed to answer questions under the provisions of that paragraph or made false statements; or
- (iv) failed to provide the report under the provisions of Article 66, paragraph (2) (including as applied mutatis mutandis by replacing the terms pursuant to paragraph (6) of that Article; hereinafter the same applies in this item) or provided a false report; failed to submit the materials under the provisions of paragraph (2) of that Article or submitted false materials; or rejected, hindered, or avoided the inspection under the provisions of that paragraph; or failed to answer questions under the provisions of that paragraph or made

false statements.

Article 72 (1) If any of the following items apply, the person who committed the violation is subject to a fine of not more than one million yen:

- (i) failed to display a fact or made a misrepresentation in violation of Article 12, 36, 43, or 54, or made a representation that differed significantly from the truth or that misled people into believing that a thing was significantly better or more advantageous than it was in reality;
 - (ii) violated the provisions of Article 12-3, paragraph (1) or (2) (including as applied *mutatis mutandis* pursuant to Article 12-4, paragraph (2)), Article 12-4, paragraph (1), Article 36-3, paragraph (1) or (2) (including as applied *mutatis mutandis* pursuant to Article 36-4, paragraph (2)), Article 36-4, paragraph (1), Article 54-3, paragraph (1) or (2) (including as applied *mutatis mutandis* pursuant to Article 54-4, paragraph (2)) or Article 54-4, paragraph (1);
 - (iii) failed to prepare a record in violation of the provisions of Article 12-3, paragraph (3) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant to Article 12-4, paragraph (2)), Article 36-3, paragraph (3) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant to Article 36-4, paragraph (2)) or Article 54-3, paragraph (3) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant to Article 54-4, paragraph (2)), or prepared a false record or failed to preserve a record;
 - (iv) made the indication prescribed in each item of Article 12-6, paragraph (2) in violation of the provision of Article 12-6, paragraph (2);
 - (v) failed to notify the relevant person in violation of the provisions of Article 13, paragraph (1) or Article 20, paragraph (1);
 - (vi) failed to make the relevant indication in violation of the provisions of Article 35 or 53,;
 - (vii) failed to keep the documents specified in that paragraph in violation of the provisions of Article 45, paragraph (1), or made unlawful statements in those documents;
 - (viii) refused to allow a person to inspect documents or refused to deliver a certified copy or extract of the documents, without reasonable grounds, in violation of the provisions of Article 45, paragraph (2),.
- (2) When a person that has committed the offense stated in item (ii) of the preceding paragraph has failed to make an indication, in violation of the provisions of Article 11, Article 12-3, paragraph (4) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant to Article 12-4, paragraph (2)), Article 35, Article 36-3, paragraph (4) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant

to Article 36-4, paragraph (2)), Article 53 or Article 54-3, paragraph (4) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant to Article 54-4, paragraph (2)), or has made a representation that differed significantly from the truth or misled people into believing that a thing was significantly better or more advantageous than it was in reality, in violation of the provisions of Article 12, 36, or 54, in email advertising sent thereby, the person is subject to imprisonment for not more than one year, a fine of not more than two million yen, or both.

Article 73 If any of the following items apply, the person who committed the violation is subject to a fine of not more than 300,000 yen:

- (i) uses a character in its name or trade name that could cause it to be mistaken for a door-to-door sales association member or a mail order sales association member, in violation of the provisions of Article 28, paragraph (2) or Article 31, paragraph (2);
- (ii) rejected, hindered, or avoided the inspection under the provisions of Article 66, paragraph (3) (including as applied *mutatis mutandis* by replacing the terms pursuant to paragraph (6) of the Article);
- (iii) failed to provide the report under the provisions of Article 66, paragraph (4) (including as applied *mutatis mutandis* following a deemed replacement of terms pursuant to paragraph (6) of that Article; hereinafter the same applies in this item) or provided a false report; or failed to submit the materials under the provisions of paragraph (3) of that Article or submitted false materials; or
- (iv) failed to provide the report under the provisions of Article 66, paragraph (5) or provided a false report; or refused, obstructed, or evaded the inspection under the provisions of that paragraph.

Article 74 (1) If the representative or manager of a corporation, or the agent, employee, or any other worker of a corporation or individual commits a violation prescribed in any of the provisions of the following items with regard to the business of that corporation or individual, in addition to the punishment to which the offender is subject, the relevant corporation is subject to the fine specified in the relevant item, and the individual is subject to the fine prescribed in the relevant Article:

- (i) Article 70, item (iii): a fine of not more than 300 million yen;
- (ii) Article 70, item (i) and item (ii): a fine of not more than 100 million yen;
- and
- (iii) the preceding three Articles: the fine prescribed in the relevant Article.

(2) If the preceding paragraph applies to an association or a foundation without legal personality, its representative or manager represents it with respect to

procedural acts, and the provisions of the laws concerning criminal procedure when a corporation is the accused or a suspect apply *mutatis mutandis*.

Article 75 A person falling under one of the following items is subject to a civil fine of not more than 500,000 yen:

- (i) a person failing to submit the notification under the provisions of Article 27-3, paragraph (1), Article 27-4, paragraph (1), Article 30-2, paragraph (1) or Article 30-3, paragraph (1) or submitting a false notification; or
- (ii) a person refusing, obstructing, or evading an inspection under the provisions of Article 29-5, paragraph (2) or Article 32-2, paragraph (2), or violating the order under the provisions of Article 29-5, paragraph (2) or Article 32-2, paragraph (2).

Article 76 A person that uses a character in its name or trade name that could cause it to be mistaken for a door-to-door sales association or a mail order sales association is subject to a fine of not more than 100,000 yen, in violation of the provisions of Article 28, paragraph (1) or Article 31, paragraph (1).

Supplementary Provisions [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation; provided, however, that the provisions of Article 19 and Article 21, item (ii) of the Act and Articles 3 and 4 of the Supplementary Provisions come into effect as of the date of its promulgation.

(Transitional Measures)

Article 2 (1) The provisions of Articles 4 and 9 do not apply to an offer to enter into a sales contract that is received by a seller before this Act comes into effect.
(2) The provisions of Article 5, paragraphs (1) through (3) and Article 7 do not apply to a sales contract that is entered into before this Act comes into effect.
(3) The provisions of Article 6 do not apply to an offer to enter into a sales contract that is received by a seller before this Act comes into effect, to a sales contract connected with the offer that is entered into after this Act comes into effect, or to a sales contract that is entered into before this Act comes into effect.
(4) The provisions of Article 15, paragraph (2) and Article 16 do not apply to a contract for transactions equivalent to the multilevel marketing transactions prescribed in Article 11, paragraph (1) that is entered into by a person engaged in business equivalent to a multilevel marketing undertaking prescribed in

that paragraph before this Act comes into effect.

- (5) With regard to the application of the provisions of Article 18 to the sending of goods by a seller before this Act comes into effect, the phrase "the day the goods were sent" in Article 18, paragraph (1) is deemed to be replaced with "the effective date of this Act".

Supplementary Provisions [Act No. 49 of June 2, 1984] [Extract]

(Effective Date)

- (1) This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation.

(Transitional Measures in Connection with the Partial Amendment of the Act on Door-to-Door Sales)

- (12) Notwithstanding the provisions of Article 6 of the Act on Door-to-Door Sales as amended by the provisions of the preceding paragraph, prior laws continue to govern a sales contract entered into before this Act comes into effect, an offer to enter into a sales contract that a seller has received before this Act comes into effect, or a sales contract connected with the offer that has been entered into after this Act comes into effect.

Supplementary Provisions [Act No. 43 of May 17, 1988] [Extract]

(Effective Date)

- Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation; provided, however, that the provisions of the following Article come into effect as of the date of its promulgation.

Article 2 If it is planned to enact the Cabinet Order referred to in Article 2, paragraph (1), item (ii) and paragraph (3), Article 6, paragraph (1), Article 10, paragraph (2), item (ii), or Article 11, paragraph (1) of the amended Act on Door-to-Door Sales (hereinafter referred to as the "new Act") prior to the effective date of this Act, the provisions of Article 19 of the pre-amendment Act on Door-to-Door Sales (hereinafter referred to as the "former Act") apply.

(Transitional Measures)

- Article 3 (1) The provisions of Article 4 of the new Act apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives after this Act comes into effect, but prior laws continue to govern an offer to enter into a sales contract for any designated goods prescribed in

Article 2, paragraph (3) of the new Act that fall under the category of designated goods prescribed in Article 2, paragraph (3) of the former Act (hereinafter referred to as "specified designated goods"), that a seller has received before this Act comes into effect.

- (2) The provisions of Article 5 of the new Act apply to a sales contract or a service contract that is entered into after this Act comes into effect, but prior laws continue to govern a sales contract for specified designated goods that has been entered into before this Act comes into effect.
- (3) The provisions of Article 6 of the new Act apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives after this Act comes into effect or a sales contract or a service contract that is entered into after this Act comes into effect (excluding a contract for which the offer has been received before this Act comes into effect), but prior laws continue to govern an offer to enter into a sales contract for specified designated goods that a seller has received before this Act comes into effect, a sales contract connected with the offer that has been entered into after this Act comes into effect, or a sales contract for specified designated goods that has been entered into before this Act comes into effect.
- (4) The provisions of Article 7, paragraph (1) of the new Act apply to a sales contract or a service contract that is entered into after this Act comes into effect, but prior laws continue to govern a sales contract for specified designated goods that has been entered into before this Act comes into effect.
- (5) The provisions of Article 7, paragraph (2) of the new Act do not apply to a sales contract or a service contract that has been entered into before this Act comes into effect.
- (6) The provisions of Article 9 of the new Act do not apply to an offer to enter into a sales contract or a service contract for specified rights prescribed in Article 2, paragraph (3) of the new Act that a seller or a service provider has received before this Act comes into effect.
- (7) The provisions of Article 14, paragraph (2) and Article 17 of the new Act apply to a contract for multilevel marketing transactions prescribed in Article 11, paragraph (1) of the new Act that is entered into after this Act comes into effect by a person carrying on a multilevel marketing undertaking under that paragraph, but prior laws continue to govern a contract for multilevel marketing transactions prescribed in Article 11, paragraph (1) of the former Act that has been entered into before this Act comes into effect by a person carrying on a multilevel marketing undertaking under that paragraph.
- (8) With regard to the application of the provisions of Article 18, paragraph (1) of the new Act to the sending of goods by a seller before this Act comes into effect, the phrase "by the day on which 14 days have passed since the day the goods were sent (or by the day on which seven days have passed since the day on

which the person that was sent the goods requested that the seller take them back, if the day on which 14 days have passed since the day the goods were sent falls after the day on which seven days have passed since the request)" is deemed to be replaced with "by the day on which 14 days have passed since the date of enforcement of the Act Partially Amending the Act on Door-to-Door Sales (Act No. 43 of 1988), the date on which three months have passed since the day on which the goods were sent, or, if the person that was sent the goods has requested that the seller take them back, the date on which one month has passed since the date of the request, whichever comes earliest".

- (9) Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect and to conduct in which a person engages after this Act comes into effect if the situation continues to be governed by prior laws pursuant to the provisions of paragraphs (1), (2), and (7).

Article 4 (1) If the Japan Direct Selling Association established on April 1, 1980 satisfies the requirements prescribed in Article 10-2 of the new Act on the effective date of this Act, with regard to the application of the provisions of Articles 10-3 and 10-4 of the new Act, the Japan Direct Selling Association is deemed to be the corporation prescribed in Article 10-2 of the new Act that has been established on the effective date of this Act.

- (2) If the Japan Direct Marketing Association established on October 11, 1983 satisfies the requirements prescribed in Article 10-5 of the new Act on the effective date of this Act, with regard to the application of the provisions of Articles 10-6 and 10-7 of the new Act, the Japan Direct Marketing Association is deemed to be the corporation prescribed in Article 10-5 of the new Act that has been established on the effective date of this Act.

Supplementary Provisions [Act No. 44 of May 22, 1996] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation; provided, however, that the provisions of Article 1 that amend Article 19 and Article 21, item (iv) of the Act on Door-to-Door Sales, the provisions of Article 2, the provisions of Article 3 of the Supplementary Provisions that amend Article 37, paragraph (1) of the Installment Sales Act, and the provisions of Articles 4 and 5 of the Supplementary Provisions come into effect as of the date of its promulgation.

(Transitional Measures)

Article 2 (1) The provisions of Articles 9-6 and 9-8 of the Act on Door-to-Door Sales as amended by the provisions of Article 1 (hereinafter referred to as the "new Act") do not apply to an offer to enter into a sales contract or a service contract that a seller or a service provider has received before this Act comes into effect.

(2) The provisions of Articles 9-7 and 9-13 of the new Act do not apply to a sales contract or a service contract that has been entered into before this Act comes into effect or to a sales contract or a service contract connected with an offer that a seller or a service provider has received before this Act comes into effect but that is entered into after this Act comes into effect.

(3) The provisions of Article 9-12 of the new Act do not apply to an offer to enter into a sales contract or a service contract that has been received by a seller or a service provider before this Act comes into effect, to a sales contract or a service contract connected with the offer that is entered into after this Act comes into effect, or to a sales contract or a service contract that has been entered into before this Act comes into effect.

(4) Notwithstanding the provisions of Article 17 of the new Act, prior laws continue to govern a contract that a person carrying on a multilevel marketing undertaking has entered into prior to this Act coming into effect concerning multilevel marketing transactions that are connected with its multilevel marketing undertaking.

(5) Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

Supplementary Provisions [Act No. 34 of April 23, 1999] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation.

(Transitional Measures Concerning Penal Provisions)

Article 3 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect.

(Delegation to Cabinet Order)

Article 4 Beyond what is provided in the preceding two Articles, any transitional measures necessary for the enforcement of this Act are provided by Cabinet Order.

Supplementary Provisions [Act No. 120 of November 17, 2000] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of June 1, 2001.

(Transitional Measures in Connection with the Partial Amendment of the Act on Door-to-Door Sales)

Article 2 (1) The provisions of Article 37, paragraph (2) and Article 40 of the Act on Specified Commercial Transactions as amended by the provisions of Article 1 (hereinafter referred to as the "Specified Commercial Transactions Act") apply to a contract involving multilevel marketing transactions prescribed in Article 33, paragraph (1) of the Specified Commercial Transactions Act that is entered into after this Act comes into effect by a person engaged in multilevel marketing prescribed in that paragraph, but prior laws continue to govern a contract involving multilevel marketing transactions prescribed in Article 11, paragraph (1) of the Act on Door-to-Door Sales before its amendment by the provisions of Article 1 that has been entered into before this Act comes into effect by a person carrying on a multilevel marketing undertaking prescribed in that paragraph.

(2) The provisions of Article 55, paragraph (2) and Article 58 of the Specified Commercial Transactions Act do not apply to a contract involving transactions equivalent to business opportunity sales transactions under Article 51, paragraph (1) of the Specified Commercial Transactions Act, that has been entered into before this Act comes into effect by a person engaged in business equivalent to business opportunity sales under that paragraph.

(Transitional Measures Concerning Penal Provisions)

Article 4 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect and to conduct in which a person engages after this Act comes into effect if the situation continues to be governed by prior laws pursuant to the provisions of Article 2, paragraph (1) of the Supplementary Provisions.

(Delegation to Cabinet Order)

Article 5 Beyond what is provided in the preceding three Articles, the transitional measures necessary for the enforcement of this Act are provided by Cabinet Order.

(Review)

Article 6 The government is to review the provisions of the Specified Commercial Transactions Act in response to any changes in the circumstances of the commercial transactions that arise in the daily lives of people and any other economic and social conditions, and is to take any necessary measures based on

the results of its review.

Supplementary Provisions [Act No. 28 of April 19, 2002]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding three months from the date of its promulgation.

(Review)

Article 2 Approximately three years after the enforcement of this Act, the government is to review any measures established with regard to advertising provided through electronic or magnetic means that are based on the provisions of the Act on Specified Commercial Transactions as amended by this Act, in accordance with the circumstances of commercial transactions using information technology, the status of advertising provided through electronic or magnetic means in specified commercial transactions, and other conditions after this Act comes into effect, and is to take any necessary measures based on the results of its review.

Supplementary Provisions [Act No. 44 of May 12, 2004] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation.

(Transitional Measures in Connection with the Partial Amendment of the Act on Specified Commercial Transactions)

Article 2 (1) The provisions of Articles 6-2, 21-2, 34-2, 44-2, and 52-2 of the Act on Specified Commercial Transactions as amended by the provisions of Article 1 of this Act (hereinafter referred to as the "New Specified Commercial Transactions Act") do not apply to conduct in which a person has engaged before this Act comes into effect.

(2) The provisions of Articles 9 and 24 of the New Specified Commercial Transactions Act apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives after this Act comes into effect and a sales contract or a service contract that is entered into after this Act comes into effect (excluding the contract for which an offer was received before this Act comes into effect), but prior laws continue to govern an offer to enter into a sales contract or a service contract that a seller or a service provider has received before this Act comes into effect, a sales contract or a service contract connected with the offer that is entered into after this Act

comes into effect, or a sales contract or a service contract that has been entered into before this Act comes into effect.

- (3) The provisions of Articles 9-3 and 24-2 of the Act on Specified Commercial Transactions do not apply to the manifestation of an intention to offer to enter into or accept a sales contract or a service contract that has been made before this Act comes into effect.
- (4) The provisions of Articles 40-3, 49-2, and 58-2 of the New Specified Commercial Transactions Act do not apply to the manifestation of an intention to offer to enter or accept a contract involving multilevel marketing transactions connected with a multilevel marketing undertaking prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions (hereinafter referred to as a "multilevel marketing contract"), a specified continuous service contract prescribed in Article 41, paragraph (1), item (i) of that Act (hereinafter simply referred to as a "specified continuous service contract"), a sales contract for specified rights prescribed in Article 41, paragraph (1), item (ii) of that Act (hereinafter simply referred to as a "sales contract for specified rights"), or a contract for business opportunity sales transactions connected with business opportunity sales prescribed in Article 51, paragraph (1) of that Act (hereinafter referred to as a "business opportunity sales contract") that has been made before this Act comes into effect.
- (5) The provisions of Articles 12-2, 36-2, 43-2, and 54-2 of the New Specified Commercial Transactions Act do not apply to an indication that has been made before this Act comes into effect.
- (6) The provisions of Article 37, paragraph (2) of the New Specified Commercial Transactions Act apply to a multilevel marketing contract that is entered into after this Act comes into effect, but prior laws continue to govern a multilevel marketing contract that has been entered into before this Act comes into effect.
- (7) The provisions of Articles 40, 48, and 58 of the New Specified Commercial Transactions Act apply to a multilevel marketing contract, a specified continuous service contract or sales contract for specified rights, or a business opportunity sales contract that is entered into after this Act comes into effect, but prior laws continue to govern a multilevel marketing contract, a specified continuous service contract or sales contract for specified rights, or a business opportunity sales contract that has been entered into before this Act comes into effect.
- (8) The provisions of Article 40-2 of the New Specified Commercial Transactions Act do not apply to a multilevel marketing contract that was entered into before this Act comes into effect.
- (9) The provisions of Article 50, paragraph (2) of the New Specified Commercial Transactions Act apply to a specified continuous service contract, a sales contract for specified rights, or a sales contract for related goods prescribed in

Article 48, paragraph (2) of the Act on Specified Commercial Transactions (hereinafter simply referred to as a "sales contract for related goods") that is canceled after this Act comes into effect, but prior laws continue to govern a specified continuous service contract, a sales contract for specified rights, or a sales contract for related goods that has been canceled before this Act comes into effect.

- (10) The provisions of Article 58-3 of the New Specified Commercial Transactions Act do not apply to a business opportunity sales contract that has been entered into before this Act comes into effect.

(Delegation to Cabinet Order)

Article 4 Beyond what is provided in the preceding two Articles, the transitional measures necessary for the enforcement of this Act are provided by Cabinet Order.

(Review)

Article 5 Approximately five years after the enforcement of this Act, the government is to review the provisions of the New Specified Commercial Transactions Act according to the changes in the situation of commercial transactions that arise during the daily lives of citizens and any other economic and social conditions, and take necessary measures based on the results of its review.

Supplementary Provisions [Act No. 50 of June 2, 2006] [Extract]

(Effective Date)

- (1) This Act comes into effect as of the effective date of the Act on General Incorporated Associations and General Incorporated Foundations.

Supplementary Provisions [Act No. 29 of May 2, 2008] [Extract]

(Effective Date)

- (1) This Act comes into effect as of April 1, 2009; provided, however, that the provisions of Articles 2 and 4 come into effect as of the effective date of the Act to Partially Amend the Act on Specified Commercial Transactions and the Installment Sales Act (Act No. 74 of 2008).

Supplementary Provisions [Act No. 74 of June 18, 2008] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order

within a period not exceeding one year and six months from the date of its promulgation; provided, however, that the provisions listed in the following items come into effect as of the dates specified in those items:

- (i) the provisions of Article 4, paragraphs (11) and (12) of the Supplementary Provisions and Article 5, paragraph (29) of the Supplementary Provisions: the day of promulgation;
- (ii) the provisions of Article 1 of this Act and Article 3 of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding six months from the date of promulgation;

(Transitional Measures in Connection with the Partial Amendment of the Act on Specified Commercial Transactions)

Article 3 (1) A request that has already been received from an advertising target or consent that has already been obtained from an advertising target as of the time of enforcement of the provisions stated in Article 1, item (ii) of the Supplementary Provisions with regard to sending the advertising target the equivalent of email advertising mail order sales prescribed in Article 12-3, paragraph (1), item (i) of the Act on Specified Commercial Transactions as amended by the provisions of Article 1 (hereinafter referred to as the "New Specified Commercial Transactions Act No. 2" in this Article), email advertising multilevel marketing transactions prescribed in Article 36-3, paragraph (1), item (i) of the New Specified Commercial Transactions Act No. 2, or email advertising business opportunity sales transactions prescribed in Article 54-3, paragraph (1), item (i) of the New Specified Commercial Transactions Act No. 2 (hereinafter collectively referred to as "email advertising mail order sales, etc." in this Article), is deemed to be a request that was received from an advertising target or consent that was obtained from an advertising target with regard to sending the advertising target email advertising mail order sales, etc.

(2) A manifestation of an intention through which a person has already indicated the unwillingness to receive the equivalent of email advertising mail order sales, etc. as of the time of enforcement of the provisions stated in Article 1, item (ii) of the Supplementary Provisions is deemed to be the manifestation of an intention as prescribed in Article 12-3, paragraph (2) of the New Specified Commercial Transactions Act No. 2 (including as applied mutatis mutandis pursuant to Article 12-4, paragraph (2) of the New Specified Commercial Transactions Act No. 2), Article 36-3, paragraph (2) of the New Specified Commercial Transactions Act No. 2 (including as applied mutatis mutandis pursuant to Article 36-4, paragraph (2) of the New Specified Commercial Transactions Act No. 2), or Article 54-3, paragraph (2) of the New Specified Commercial Transactions Act No. 2 (including as applied mutatis mutandis

pursuant to Article 54-4, paragraph (2) of the New Specified Commercial Transactions Act No. 2).

- (3) The provisions of Article 12-3, paragraph (3) of the New Specified Commercial Transactions Act No. 2 (including as applied mutatis mutandis following a deemed replacement of terms pursuant to Article 12-4, paragraph (2) of the New Specified Commercial Transactions Act No. 2), Article 36-3, paragraph (3) of the New Specified Commercial Transactions Act No. 2 (including as applied mutatis mutandis following a deemed replacement of terms pursuant to Article 36-4, paragraph (2) of the New Specified Commercial Transactions Act No. 2), or Article 54-3, paragraph (3) of the New Specified Commercial Transactions Act No. 2 (including as applied mutatis mutandis following a deemed replacement of terms pursuant to Article 54-4, paragraph (2) of the New Specified Commercial Transactions Act No. 2) do not apply to email advertising mail order sales, etc. that is sent based on a request that was received from an advertising target or consent that was obtained from an advertising target before the effective date of the provisions stated in Article 1, item (ii) of the Supplementary Provisions with regard to sending the advertising target the equivalent of email advertising mail order sales, etc.

Article 4 (1) The provisions of Articles 4 and 18 of the Act on Specified Commercial Transactions as amended by the provisions of Article 2 (hereinafter referred to as the "New Specified Commercial Transactions Act" in this Article) apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives after this Act comes into effect, but prior laws continue to govern an offer to enter into a sales contract or a service contract for any designated goods, designated rights, or designated services (hereinafter referred to as "specified designated goods, rights, or services") prescribed in Article 2, paragraph (4) of the Act on Specified Commercial Transactions before its amendment by the provisions of Article 2, that a seller or a service provider has received before this Act comes into effect.

- (2) The provisions of Articles 5 and 19 of the New Specified Commercial Transactions Act apply to a sales contract or a service contract that is entered into after this Act comes into effect, but prior laws continue to govern a sales contract or a service contract for specified designated goods, rights, or services that has been entered into before this Act comes into effect.

- (3) The provisions of Articles 9 and 24 of the New Specified Commercial Transactions Act apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives after this Act comes into effect and to a sales contract or a service contract that is entered into after this Act comes into effect (excluding any contract for which the seller or the service provider received an offer before this Act comes into effect), but prior laws

continue to govern an offer to enter into a sales contract or a service contract for specified designated goods, rights, or services that a seller or a service provider has received before this Act comes into effect, a sales contract or a service contract connected with the offer that has been entered into after this Act comes into effect, or a sales contract or a service contract for specified designated goods, rights, or services that has been entered into before this Act comes into effect.

- (4) The provisions of Article 9-2 of the New Specified Commercial Transactions Act do not apply to an offer to enter into a sales contract or a service contract that a seller or a service provider has received before this Act comes into effect, any sales contract or service contract connected with the offer that has been entered into after this Act comes into effect, or a sales contract or a service contract that has been entered into before this Act comes into effect.
- (5) The provisions of Articles 10 and 25 of the New Specified Commercial Transactions Act do not apply to a sales contract or a service contract (excluding one for specified designated goods, rights, or services) that has been entered into before this Act comes into effect.
- (6) A request that has already been received from an advertising target or consent that has already been obtained from an advertising target as of the time of enforcement of this Act with regard to sending the advertising target email advertising mail order sales prescribed in Article 12-3, paragraph (1), item (i) of the New Specified Commercial Transactions Act (excluding email advertising specified designated goods, rights, or services) is deemed to be a request that was received from an advertising target or consent that was obtained from an advertising target with regard to sending the advertising target email advertising mail order sales.
- (7) A person's intention not to receive email advertising mail order sales prescribed in Article 12-3, paragraph (1), item (i) of the New Specified Commercial Transactions Act (excluding that related to specified designated goods, rights, or services) that the person has already manifested at the time of enforcement of this Act is deemed to be an intention that the person has manifested pursuant to paragraph (2) of that Article (including as applied mutatis mutandis pursuant to Article 12-4, paragraph (2) of the New Specified Commercial Transactions Act).
- (8) The provisions of Article 12-3, paragraph (3) of the New Specified Commercial Transactions Act (including as applied mutatis mutandis following a deemed replacement of terms pursuant to Article 12-4, paragraph (2) of the New Specified Commercial Transactions Act) do not apply to email advertising mail order sales that is sent based on a request that was received from an advertising target or consent that was obtained from an advertising target with regard to sending the advertising target email advertising mail order

sales (excluding email advertising related to specified designated goods, rights, or services) prescribed in Article 12-3, paragraph (1), item (i) of the New Specified Commercial Transactions Act before the effective date of this Act.

- (9) The provisions of Articles 13 and 20 of the New Specified Commercial Transactions Act do not apply to an offer to enter into a sales contract or a service contract (excluding one for specified designated goods, rights, or services) that a seller or a service provider has received before this Act comes into effect.
- (10) The provisions of Article 15-2 of the New Specified Commercial Transactions Act do not apply to an offer to enter into a sales contract that a seller has received before this Act comes into effect, to a sales contract connected with the offer that is entered into after this Act comes into effect, or to a sales contract that has been entered into before this Act comes into effect.
- (11) Even before the effective date of this Act, the competent minister specified in Article 67, paragraph (1), item (v) of the New Specified Commercial Transactions Act may consult with the Consumer Affairs Council for the purpose of planning the enactment of Cabinet Order stated in Article 26, paragraph (1), item (viii)(d) of the New Specified Commercial Transactions Act, paragraph (2) of that Article, the items of paragraph (3) of that Article, paragraph (4), item (i) or (ii) of that Article, paragraph (5), item (ii) of that Article, or paragraph (6), item (ii) of that Article.
- (12) Even before the effective date of this Act, the Minister of Economy, Trade and Industry may consult with the Consumer Affairs Council for the purpose of planning the enactment of Cabinet Order stated in Article 26, paragraph (4), item (iii) of the New Specified Commercial Transactions Act or paragraph (6), item (i) of that Article.
- (13) With regard to a person that already uses a character in its name or trade name that could cause it to be mistaken for a door-to-door sales association or door-to-door sales association member or for a mail order sales association or mail order sales association member, the provisions of Articles 28 and 31 of the New Specified Commercial Transactions Act do not apply for a six-month period after this Act comes into effect.

(Transitional Measures Concerning Penal Provisions)

Article 6 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect and to conduct in which a person engages after this Act comes into effect if the situation continues to be governed by prior laws pursuant to the provisions of the preceding two Articles.

(Delegation to Cabinet Order)

Article 7 Beyond what is provided from Article 3 of the Supplementary Provisions to the preceding Article, any transitional measures (including those concerning penal provisions) necessary for the enforcement of this Act are provided by Cabinet Order.

(Review)

Article 8 Once five years have passed after the enforcement of this Act, the government is to review the status of enforcement of the provisions of the Act on Specified Commercial Transactions and the Installment Sales Act as amended by this Act, and is to take any necessary measures based on the results of its review if it finds it to be necessary.

Supplementary Provisions [Act No. 49 of June 5, 2009] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the effective date of the Act for Establishment of the Consumer Affairs Agency and the Consumer Commission (Act No. 48 of 2009); provided, however, that the provisions listed in the following items come into effect as of the dates specified in those items:
(i) the provisions of Article 9 of the Supplementary Provisions: the day of the promulgation of this Act;

(Transitional Measures Concerning the Applicability of Penal Provision)

Article 8 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages before this Act comes into effect and to conduct in which a person engages after this Act comes into effect if the situation continues to be governed by prior laws pursuant to the provisions of the Supplementary Provisions of this Act.

(Delegation to Cabinet Order)

Article 9 Beyond what is provided from Article 2 of the Supplementary Provisions through the preceding Article, any transitional measures (including those concerning penal provisions) necessary for the enforcement of this Act are specified by Cabinet Order.

Supplementary Provisions [Act No. 59 of August 22, 2012] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding six months from the date of its promulgation; provided, however, that the provisions listed in the following items come into

effect as of the dates specified in those items:

- (i) the provisions of paragraph (5) of the following Article, and Articles 3 and 7 of the Supplementary Provisions: the day of promulgation;
- (ii) the provisions of Article 6 of the Supplementary Provisions: the day of promulgation of the Act on the Coordination of Related Acts in Connection with the Coming Into Effect of the Act Partially Amending the National Public Service Act and Other Related Laws (Act No. of 2012) or the day of promulgation of this Act, whichever is later.

(Transitional Measures)

- Article 2 (1) The provisions of Article 58-7 of the Act on Specified Commercial Transactions as amended by this Act (hereinafter referred to as the "New Specified Commercial Transactions Act" in this Article and Article 4 of the Supplementary Provisions) do not apply to an offer to enter into a sales contract that a person equivalent to the buyer prescribed in Article 58-4 of the New Specified Commercial Transactions Act (referred to as a "former buyer" in paragraphs (3) and (4)) has received before this Act comes into effect.
- (2) The provisions of Articles 58-8 and 58-16 of the New Specified Commercial Transactions Act do not apply to a sales contract that has been entered into before this Act comes into effect.
- (3) The provisions of Articles 58-9, 58-11, 58-11-2, and 58-15 of the New Specified Commercial Transactions Act do not apply to a sales contract connected with an offer that a former buyer has received before this Act comes into effect and which is entered into after this Act comes into effect, or a sales contract that has been entered into before this Act comes into effect.
- (4) The provisions of Article 58-14 of the New Specified Commercial Transactions Act do not apply to an offer to enter into a sales contract that a former buyer has received before this Act comes into effect, a sales contract connected with the offer that is entered into after this Act comes into effect, or a sales contract that has been entered into before this Act comes into effect.
- (5) Even before the effective date of this Act, the competent minister specified in Article 67, paragraph (1), item (vi) of the New Specified Commercial Transactions Act may consult with the Consumer Commission and the Consumer Affairs Council for the purpose of planning the enactment of Cabinet Order stated in Article 58-4 or Article 58-17, paragraph (2), item (ii) of the New Specified Commercial Transactions Act pursuant to the provisions of Cabinet Order.

(Delegation to Cabinet Order)

- Article 3 Beyond as provided in the preceding Article, any transitional measures necessary for enforcement of this Act are specified by Cabinet Order.

(Review)

Article 4 (1) The government is to review the system that enables an offerer or purchaser prescribed in the provisions of Article 58-14, paragraph (1) of the New Specified Commercial Transactions Act to reliably regain or keep possession of articles connected with a door-to-door purchase transaction prescribed in the provisions of Article 58-4 of that Act in the event that the offerer or purchaser has canceled the sales contract under the provisions of Article 58-14, paragraph (1) of that Act, and is to take the necessary measures based on the results of its review.

(2) Beyond what is stated in the preceding paragraph, once three years have passed after the enforcement of this Act, the government is to review the status of enforcement of the provisions of the New Act on Specified Commercial Transactions, and if it finds it to be necessary, take any necessary measures based on the results of its review.

Supplementary Provisions [Act No. 29 of April 25, 2014] [Extract]

(Effective Date)

(1) This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding two years from the date of its promulgation;

Supplementary Provisions

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year and six months from the date of its promulgation; provided, however, that the provisions listed in the following items come into effect as of the dates specified in those items:

- (i) the provisions of Article 5 of the Supplementary Provisions: the day of promulgation;
- (ii) the provisions of Article 2 of this Act and Article 3 of the Supplementary Provisions: the effective date of the Act for Partially Amending the Civil Code (Act No. of 2016); or
- (iii) the provisions of Article 8 of the Supplementary Provisions: the day of promulgation of the Act on the Coordination of Related Acts in Connection with the Coming Into Effect of the Act Partially Amending the Civil Code (Act No. of 2016) or the day of promulgation of this Act, whichever is later.

(Transitional Measures)

Article 2 (1) The provisions of Articles 4, 13, 18, and 20 of the Act on Specified

Commercial Transactions as amended by the provisions of Article 1 (hereinafter referred to as "the new Act" in this Article) apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives on or after the effective date of this Act (hereinafter referred to as the "effective date"), but prior laws continue to govern an offer to enter into a sales contract or a service contract regarding the goods, designated rights, or services prescribed in Article 2, paragraph (4) of the Act on Specified Commercial Transactions before its revision by the provisions of Article 1 (hereinafter referred to as "the former Act" in this Article) (hereinafter referred to as "goods, rights, or services" in this Article) that a seller or a service provider has received before the effective date.

- (2) The provisions of Articles 5, 10, 19, and 25 of the new Act apply to a sales contract or a service contract that is entered into on or after the effective date, but prior laws continue to govern a sales contract or a service contract for goods, rights, or services that has been entered into before the effective date.
- (3) The provisions of Article 7, paragraph (2), Article 14, paragraphs (3) and (4), Article 22, paragraph (2), Article 38, paragraphs (5) and (6), Article 46, paragraph (2), Article 56, paragraphs (3) and (4), and Article 58-12, paragraph (2) of the new Act do not apply to instructions that have been given before the effective date pursuant to Article 7, 14, 22, 38, 46, 56, or 58-12 of the former Act.
- (4) Notwithstanding the provisions of Article 8, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Article 3, Article 3-2, paragraph (2), or Articles 4 through 6 of the former Act or conduct listed in the items of Article 7 of the former Act, or conduct involving a failure to follow instructions under the provisions of that Article in which a seller or a service provider has engaged before the effective date.
- (5) The provisions of Article 8-2, paragraph (1) of the new Act do not apply if a suspension of business is ordered in connection with the conduct prescribed in the preceding paragraph.
- (6) The provisions of Article 9, Article 9-2, Article 15-3, and Article 24 of the new Act apply to an offer to enter into a sales contract or a service contract received by a seller or a service provider on or after the effective date and a sales contract or a service contract entered into after the effective date (excluding those for which offer was made before the effective date), but prior laws continue to govern an offer to enter into a sales contract or a service contract for goods, rights, or services that a seller or a service provider has received before the effective date, a sales contract or a service contract connected with the offer that is entered into on or after the effective date, or a sales contract or a service contract for goods, rights, or services that has been entered into before the effective date.

- (7) The provisions of Article 9-3, paragraph (4) of the new Act (including as applied mutatis mutandis pursuant to Article 24-3, paragraph (2), Article 40-3, paragraph (2), Article 49-2, paragraph (2), and Article 58-2, paragraph (2) of the new Act) apply to the right to retract a manifestation that is made on or before the effective date indicating the intention to offer to enter or accept a sales contract, a service contract, a multilevel marketing contract, a specified continuous service contract, a sales contract for specified rights, or a business opportunity sales contract, but prior laws continue to govern the right to retract a manifestation that has been made after the effective date indicating the intention to offer to enter or accept a sales contract for goods, rights, or services, a service contract, a multilevel marketing contract, a specified continuous service contract, a sales contract for specified rights, or a business opportunity sales contract.
- (8) The request or consent of a target customer regarding email advertising mail order sales (excluding those related to goods, rights, or services) specified in Article 12-3, paragraph (1), item (i) of the new Act received before the effective date is deemed to be a request or consent received regarding email advertising mail order sales.
- (9) An indication made before the effective date of an unwillingness to be provided with email advertising mail order sales (excluding those related to goods, rights, or services) specified in Article 12-3, paragraph (1), item (i) of the new Act is deemed to be the manifestation of an intention stated in paragraph (2) of that Article (including as applied mutatis mutandis pursuant to Article 12-4, paragraph (2) of the new Act).
- (10) The provisions of Article 12-3, paragraph (3) of the new Act (including as applied mutatis mutandis following a deemed replacement of terms pursuant to Article 12-4, paragraph (2) of the new Act) do not apply to email advertising mail order sales that is based on a request or consent that has been received before the effective date from a target customer regarding the sending of an email advertising mail order sales (excluding those related to goods, rights, or services) specified in Article 12-3, paragraph (1), item (i) of the new Act.
- (11) A request or consent that has been received as of the effective date from a target customer regarding the sending of facsimile advertisements for mail order sales specified in Article 12-5, paragraph (1), item (i) of the new Act is deemed to be a request or consent received from the target customer regarding the facsimile advertisements for mail order sales.
- (12) The indication of an unwillingness to be provided with facsimile advertisements for mail order sales as specified in Article 12-5, paragraph (1), item (i) of the new Act before the effective date is deemed to be the manifestation of an intention as stated in paragraph (2) of that Article.
- (13) The provisions of Article 12-5, paragraph (3) of the new Act do not apply to

facsimile advertisements for mail order sales based on a request or consent that has been received before the effective date from a target customer regarding the sending of facsimile advertisements for mail order sales specified in paragraph (1), item (i) of that Article.

- (14) Notwithstanding the provisions of Article 15, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Article 11, 12, 12-3 (excluding paragraph (5)), or Article 13, paragraph (1) of the former Act or conduct listed in the items of Article 14, paragraph (1) of the former Act, or conduct involving a failure to follow instructions under the provisions of that paragraph in which a seller or a service provider has engaged before the effective date.
- (15) The provisions of Article 15-2, paragraph (1) of the new Act do not apply if a suspension of business is ordered in connection with the conduct prescribed in the preceding paragraph.
- (16) Notwithstanding the provisions of Article 23, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Articles 16 through 21 of the former Act or conduct listed in the items in Article 22 of the former Act, or conduct involving a failure to follow instructions under the provisions of that Article in which a seller or a service provider has engaged before the effective date.
- (17) The provisions of Article 23-2, paragraph (1) of the new Act do not apply if a suspension of business is ordered in connection with the conduct prescribed in the preceding paragraph.
- (18) The provisions of Article 24-2 of the new Act do not apply to an offer to enter into a sales contract or a service contract that a seller or a service provider has received before the effective date, to a sales contract or a service contract connected with the offer which is entered into after the effective date, or to a sales contract or a service contract that has been entered into before the effective date.
- (19) Notwithstanding the provisions of Article 39, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, 36, 36-3 (excluding paragraph (5)) or 37 of the former Act or conduct listed in the items of Article 38, paragraph (1) of the former Act or conduct involving a failure to follow instructions under the provisions of that paragraph, in which an orchestrator has engaged before the effective date, or with regard to conduct violating any provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, 36, or 36-3 (excluding paragraph (5)) or conduct listed in Article 38, paragraph (1), items (ii) through (iv) of the former Act, in which an orchestrator has engaged before the effective date.
- (20) Notwithstanding the provisions of Article 39, paragraph (2) of the new Act,

prior laws continue to govern conduct violating any provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, 36, 36-3 (excluding paragraph (5)), or 37 of the former Act or conduct listed in the items of Article 38, paragraph (1) of the former Act, or conduct involving a failure to follow instructions under the provisions of paragraph (2) of that Article in which a solicitor has engaged before the effective date.

- (21) Notwithstanding the provisions of Article 39, paragraph (3) of the new Act, prior laws continue to govern conduct violating any provisions of Article 33-2, Article 34, paragraphs (2) through (4), Article 35, 36, 36-3 (excluding paragraph (5)), or 37 of the former Act or conduct listed in the items of Article 38, paragraph (1) of the former Act, or conduct involving a failure to follow instructions under the provisions of paragraph (3) of that Article in which a general multilevel marketing distributor has engaged before the effective date.
- (22) The provisions of Article 39-2, paragraph (1) of the new Act do not apply if a suspension of multilevel marketing transactions is ordered in connection with the conduct prescribed in paragraph (19).
- (23) The provisions of Article 39-2, paragraph (2) of the new Act do not apply if a suspension of multilevel marketing transactions is ordered in connection with the conduct prescribed in paragraph (20).
- (24) The provisions of Article 39-2, paragraph (3) of the new Act do not apply if a suspension of multilevel marketing transactions is ordered in connection with the conduct prescribed in paragraph (21).
- (25) Notwithstanding the provisions of Article 47, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Article 42, 43, 44, or 45 of the former Act or conduct listed in the items of Article 46 of the former Act, or conduct involving a failure to follow instructions under the provisions of that Article in which a service provider or a seller has engaged before the effective date.
- (26) The provisions of Article 47-2, paragraph (1) of the new Act do not apply if a suspension of business is ordered in connection with the conduct prescribed in the preceding paragraph.
- (27) Notwithstanding the provisions of Article 57, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Article 51-2, 52, 53, 54, 54-3 (excluding paragraph (5)), or 55 of the former Act or conduct listed in the items of Article 56, paragraph (1) of the former Act, or conduct involving a failure to follow instructions under the provisions of that paragraph in which a person engaged in business opportunity sales has engaged before the effective date.
- (28) The provisions of Article 57-2, paragraph (1) of the new Act do not apply if a suspension of business opportunity sales transactions involved in business opportunity sales is ordered in connection with the conduct prescribed in the

preceding paragraph.

(29) Notwithstanding the provisions of Article 58-13, paragraph (1) of the new Act, prior laws continue to govern conduct violating any provisions of Articles 58-5 through 58-11-2 of the former Act or conduct listed in the items of Article 58-12 of the former Act, or conduct involving a failure to follow instructions under the provisions of that Article in which a buyer has engaged before the effective date.

(30) The provisions of Article 58-13-2, paragraph (1) of the new Act do not apply if a suspension of business is ordered in connection with the conduct prescribed in the preceding paragraph.

Article 3 The provisions of Article 9-3, paragraph (5) of the Act on Specified Commercial Transactions as amended by the provisions of Article 2 (hereinafter referred to as the "new Act 2" in this Article) (including as applied mutatis mutandis pursuant to Article 24-3, paragraph (2), Article 40-3, paragraph (2), Article 49-2, paragraph (2), and Article 58-2, paragraph (2) of the new Act 2) do not apply regarding the obligation to return the benefits of any person that received benefits through the fulfillment of obligations pursuant to a sales contract or a service contract, a multilevel marketing contract, a specified continuous service contract or a sales contract for specified rights, or a business opportunity sales contract, prior to the enforcement of the provisions of Article 1, item (ii) of the Supplementary Provisions.

(Transitional Measures Concerning Penal Provisions)

Article 4 Prior laws continue to govern the applicability of penal provisions to conduct in which a person engages after the effective date if the situation continues to be governed by prior laws pursuant to the provisions of Article 2 of the Supplementary Provisions.

(Delegation to Cabinet Order)

Article 5 Beyond what is provided in the preceding three Articles, any transitional measures necessary for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 6 Once five years have passed after the enforcement of this Act, the government is to review the status of enforcement of the provisions of the Act on Specified Commercial Transactions as amended by this Act, and if it finds it to be necessary, is to take any necessary measures based on the results of its review.

(Partial Amendment of the Installment Sales Act)

Article 7 The Installment Sales Act (Act No. 159 of 1961) is partially amended as follows. In Article 35-3-60, paragraph (3), item (ii), the phrase "items of Article 26, paragraph (5)" is amended to read "items of Article 26, paragraph (6)", and the phrase "items of paragraph (6) of that Article" is amended to read "items of paragraph (7) of that Article". In paragraph (4), item (i) of that Article, the phrase "Article 26, paragraph (2)" is amended to read "Article 26, paragraph (3)". In item (ii) of that paragraph, the phrase "items of Article 26, paragraph (3)" is amended to read "items of Article 26, paragraph (4)". In item (iii) of that paragraph, the phrase "Article 26, paragraph (4), item (i)" is amended to read "Article 26, paragraph (5), item (i)".

(Partial Amendment of the Act on Coordination of Related Acts in Connection with the Coming Into Effect of the Act Partially Amending the Civil Code)

Article 8 The Act on Coordination of Related Acts in Connection with the Coming Into Effect of the Act Partially Amending the Civil Code is partially amended as follows. In the provisions amending the proviso to Article 15-2, paragraph (1) of the Act on Specified Commercial Transactions in Article 94, the phrase "the proviso to Article 15-2, paragraph (1)" is amended to read "the proviso to Article 15-3, paragraph (1)". In Article 95, the phrase "Article 24-2, paragraph (2)" is amended to read "Article 24-3, paragraph (2)".

Supplementary Provisions [Act No. 60 of June 3, 2016] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year and six months from the date of promulgation; provided, however, that the provisions listed in the following items come into effect as of the dates specified respectively in those items:

- (i) the provisions of Article 5 of the Supplementary Provisions: the day of promulgation;
- (ii) the provisions of Article 2 of this Act and Article 3 of the Supplementary Provisions: the day of enforcement of the Act for Partially Amending the Civil Code (Act No. 44 of 2017); or
- (iii) the provisions of Article 8 of the Supplementary Provisions: the day of promulgation of the Act on Coordination, etc. of Related Acts in Line with Enforcement of the Act for Partially Amending the Civil Code (Act No. 45 of 2017) or the day of promulgation of this Act, whichever is later.

(Transitional Measures)

Article 2 (1) The provisions of Articles 4, 13, 18, and 20 of the Act on Specified

Commercial Transactions as revised by the provisions of Article 1 (hereinafter referred to as the "new Act" in this Article) apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives on or after the date on which this Act comes into effect (hereinafter referred to as the "effective date"), but with regard to an offer to enter into a sales contract or a service contract regarding the goods, designated rights or services prescribed in Article 2, paragraph (4) of the Act on Specified Commercial Transactions before its revision by the provisions of Article 1 (hereinafter referred to as the "former Act" in this Article) (hereinafter referred to as "goods, rights, or services" in this Article) that a seller or a service provider has received prior to the effective date, the provisions then in force remain applicable.

- (2) The provisions of Articles 5, 10, 19, and 25 of the new Act apply to a sales contract or a service contract that is concluded on or after the effective date, but with regard to a sales contract or a service contract for goods, rights, or services concluded prior to the effective date, the provisions then in force remain applicable.
- (3) The provisions of Article 7, paragraph (2), Article 14, paragraphs (3) and (4), Article 22, paragraph (2), Article 38, paragraphs (5) and (6), Article 46, paragraph (2), Article 56, paragraphs (3) and (4), and Article 58-12, paragraph (2) of the new Act do not apply to the instructions made prior to the effective date pursuant to Article 7, 14, 22, 38, 46, 56, or 58-12 of the former Act.
- (4) With regard to an act violating any provisions of Article 3, Article 3-2, paragraph (2), or Article 4 through 6 of the Former Act or acts listed in the items of Article 7 of the former Act, or an act of failing to follow instructions under the provisions of the Article, which is conducted by a seller or a service provider prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 8, paragraph (1) of the new Act.
- (5) The provisions of Article 8-2, paragraph (1) of the new Act do not apply to the case in which the suspension of business related to the act prescribed in the preceding paragraph is ordered.
- (6) The provisions of Article 9, Article 9-2, Article 15-3, and Article 24 of the new Act apply to an offer to enter into a sales contract or a service contract received by a seller or a service provider on or after the effective date and a sales contract or a service contract concluded after the effective date (excluding those for which offers were made before the effective date), but with regard to an offer to enter into a sales contract or a service contract for goods, rights, or services that a seller or a service provider received prior to the effective date, a sales contract or a service contract arising from the offer that is concluded on or after the effective date, or a sales contract or a service contract for goods,

rights, or services that was concluded prior to the effective date, the provisions then in force remain applicable.

(7) The provisions of Article 9-3, paragraph (4) of the new Act (including as applied *mutatis mutandis* pursuant to Article 24-3, paragraph (2), Article 40-3, paragraph (2), Article 49-2, paragraph (2), and Article 58-2, paragraph (2) of the new Act) apply to an offer to enter into a sales contract, a service contract, a multilevel marketing contract, a specified continuous service contract, a sales contract for specified rights, or a business opportunity sales contract concluded on or after the effective date and the right to rescind the willingness to approve the contract, but with regard to an offer to enter into a sales contract for goods, rights, or services, a service contract, a multilevel marketing contract, a specified continuous service contract, a sales contract for specified rights, or a business opportunity sales contract concluded before the effective date and the right to rescind the willingness to approve the contract, the provisions then in force remain applicable.

(8) The request or consent of the target customer for the email that advertises mail order sales (excluding those related to goods, rights, or services) specified in Article 12-3, paragraph (1), item (i) of the new Act made before the effective date is deemed to be the request or consent of the target customer for the email that advertises mail order sales.

(9) The manifestation of intention to reject the email that advertises mail order sales (excluding those related to goods, rights, or services) specified in Article 12-3, paragraph (1), item (i) of the new Act before the effective date is deemed to be the manifestation of intention stated in paragraph (2) of the Article (including as applied *mutatis mutandis* pursuant to Article 12-4, paragraph (2) of the new Act).

(10) The provisions of Article 12-3, paragraph (3) of the new Act (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 12-4, paragraph (2) of the new Act) do not apply to the email advertising mail order sales based on the request or consent of the target customer for the email advertising mail order sales (excluding those related to goods, rights, or services) specified in Article 12-3, paragraph (1), item (i) of the new Act made before the effective date.

(11) The request or consent of the target customer for the facsimile advertisements for mail order sales specified in Article 12-5, paragraph (1), item (i) of the new Act made before the effective date is deemed to be the request or consent of the target customer for the facsimile advertisements for mail order sales.

(12) The manifestation of intention to reject the facsimile advertisements for mail order sales specified in Article 12-5, paragraph (1), item (i) of the new Act before the effective date is deemed to be the manifestation of intention stated

in paragraph (2) of the Article.

(13) The provisions of Article 12-5, paragraph (3) of the new Act do not apply to the facsimile advertisements for mail order sales based on the request or consent of the target customer for the facsimile advertisements for mail order sales specified in paragraph (1), item (i) of the Article made before the effective date.

(14) With regard to an act violating any provisions of Article 11, 12, 12-3 (excluding paragraph (5)), or Article 13, paragraph (1) of the former Act or acts listed in the items in Article 14, paragraph (1) of the former Act, or an act of failing to follow instructions under the provisions of the paragraph, which is conducted by a seller or a service provider prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 15, paragraph (1) of the new Act.

(15) The provisions of Article 15-2, paragraph (1) of the new Act do not apply to the case in which the suspension of business related to the act prescribed in the preceding paragraph is ordered.

(16) With regard to an act violating any provisions of Articles 16 through 21 of the former Act or an act listed in the items in Article 22 of the former Act, or an act of failing to follow instructions under the provisions of the Article, which is conducted by a seller or a service provider prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 23, paragraph (1) of the new Act.

(17) The provisions of Article 23-2, paragraph (1) of the new Act do not apply to the case in which the suspension of business related to the act prescribed in the preceding paragraph is ordered.

(18) The provisions of Article 24-2 of the new Act do not apply to an offer to enter into a sales contract or a service contract that a seller or a service provider received prior to the effective date, a sales contract or service contract arising from the offer that is concluded after the effective date, or a sales contract or a service contract that was concluded prior to the effective date.

(19) With regard to an act violating any provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, 36, 36-3 (excluding paragraph (5)) or 37 of the former Act or an act listed in the items of Article 38, paragraph (1) of the former Act or an act of failing to follow instructions under the provisions of the paragraph, which is conducted by an orchestrator prior to the effective date, or with regard to an act violating any provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, 36, or 36-3 (excluding paragraph (5)) or an act listed in Article 38, paragraph (1), items (ii) through (iv) of the former Act, which is conducted by a solicitor prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 39, paragraph (1) of the new Act.

(20) With regard to an act violating any provisions of Article 33-2, Article 34, paragraph (1), (3) or (4), Article 35, 36, 36-3 (excluding paragraph (5)), or Article 37 of the former Act or an act listed in the items of Article 38, paragraph (1) of the former Act, or an act of failing to follow instructions under the provisions of paragraph (2) of the Article, which are conducted by a solicitor prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 39, paragraph (2) of the new Act.

(21) With regard to an act violating any provisions of Article 33-2, Article 34, paragraphs (2) through (4), Article 35, 36, 36-3 (excluding paragraph (5)), or Article 37 of the former Act or an act listed in the items of Article 38, paragraph (1) of the former Act, or an act of failing to follow instructions under the provisions of paragraph (3) of the Article, which is conducted by a general multilevel marketing distributor prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 39, paragraph (3) of the new Act.

(22) The provisions of Article 39-2, paragraph (1) of the new Act do not apply to the case in which the suspension of multilevel marketing transactions related to the act prescribed in paragraph (19) is ordered.

(23) The provisions of Article 39-2, paragraph (2) of the new Act do not apply to the case in which the suspension of multilevel marketing transactions related to the act prescribed in paragraph (20) is ordered.

(24) The provisions of Article 39-2, paragraph (3) of the new Act do not apply to the case in which the suspension of multilevel marketing transactions related to the act prescribed in paragraph (21) is ordered.

(25) With regard to an act violating any provisions of Article 42, 43, 44, or 45 of the former Act or acts listed in the items of Article 46 of the former Act, or an act of failing to follow instructions under the provisions of the Article, which is conducted by a service provider or a seller prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 47, paragraph (1) of the new Act.

(26) The provisions of Article 47-2, paragraph (1) of the new Act do not apply to the case in which the suspension of business related to the act prescribed in the preceding paragraph is ordered.

(27) With regard to an act violating any provisions of Article 51-2, 52, 53, 54, 54-3 (excluding paragraph (5)), or 55 of the former Act or an act listed in the items of Article 56, paragraph (1) of the former Act, or an act of failing to follow instructions under the provisions of the paragraph, which is conducted by a person engaged in business opportunity sales prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 57, paragraph (1) of the new Act.

(28) The provisions of Article 57-2, paragraph (1) of the new Act do not apply to the case in which the suspension of business opportunity sales transactions related to business opportunity sales related to the act prescribed in the preceding paragraph is ordered.

(29) With regard to an act violating any provisions of Articles 58-5 through 58-11-2 of the former Act or an act listed in the items of Article 58-12 of the former Act, or an act of failing to follow instructions under the provisions of the Article, which is conducted by a buyer prior to the effective date, the provisions then in force remain applicable, notwithstanding the provisions of Article 58-13, paragraph (1) of the new Act.

(30) The provisions of Article 58-13-2, paragraph (1) of the new Act do not apply to the case in which the suspension of business related to the act prescribed in the preceding paragraph is ordered.

Article 3 The provisions of Article 9-3, paragraph (5) of the Act on Specified Commercial Transactions as revised by the provisions of Article 2 (hereinafter referred to as the "new Act 2" in this Article) (including as applied mutatis mutandis pursuant to Article 24-3, paragraph (2), Article 40-3, paragraph (2), Article 49-2, paragraph (2), and Article 58-2, paragraph (2) of the new Act 2) do not apply to the obligation to return the benefits of any person that received benefits through the fulfillment of obligations pursuant to a sales contract or a service contract, a multilevel marketing contract, a specified continuous service contract, or a sales contract for specified rights, or a business opportunity sales contract, before the provisions of Article 1, item (ii) of the Supplementary Provisions come into effect.

(Transitional Measures Concerning Penal Provisions)

Article 4 With regard to the application of the penal provisions regarding conduct engaged in after the effective date where the provisions then in force are to remain applicable pursuant to the provisions of Article 2 of the Supplementary Provisions, the provisions then in force remain applicable.

(Delegation to Cabinet Order)

Article 5 In addition to what is provided in the preceding three Articles, any transitional measures necessary for the enforcement of this Act is specified by Cabinet Order.

(Review)

Article 6 When five years have passed since the enforcement of this Act, the government is to review the status of enforcement of the provisions of the Act on Specified Commercial Transactions as revised by this Act, and if it finds it

to be necessary, it is to take any necessary measures based on the results of its review.

Supplementary Provisions [Act No. 37 of May 24, 2017]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation; provided, however, that the provisions of Article 8, Article 24, and Article 26 of the Supplementary Provisions come into effect as of the date of its promulgation.

(Transitional Measures Concerning Penal Provisions)

Article 25 With regard to the application of penal provisions regarding conduct engaged before this Act comes into effect, the provisions then in force remain applicable.

(Delegation to Cabinet Order of Other Transitional Measures)

Article 26 In addition to what is provided from Articles 2 through 4 and the preceding Article of the Supplementary Provisions, any transitional measures (including those concerning penal provisions) necessary for the enforcement of this Act are to be specified by Cabinet Order.

Supplementary Provisions [Act No. 45 of June 2, 2017]

This Act comes into effect as of the effective date of the Civil Code Amendment Act; provided, however, that the provisions of Article 103-2, Article 103-3, Article 267-2, Article 267-3 and Article 362 come into effect as of the date of promulgation.

Supplementary Provisions [Act No. 16 of May 31, 2019] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding nine months from the date of its promulgation.

Supplementary Provisions [Act No. 33 of May 29, 2020] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding two years and six months from the date of its

promulgation.

Supplementary Provisions [Act No. 72 of June 16, 2021] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding one year from the date of its promulgation; provided, however, that the provisions listed in the following items come into effect as of the dates specified respectively in those items:

- (i) the revised provisions of Article 64, paragraph (2) of the Act on Specified Commercial Transactions in Article 1 (limited to the portion where ", Article 13, paragraph (2)" is added under "Article 6, paragraph (4)"), and the provisions of paragraph (1) of the next Article, Article 3, paragraph (1), and Article 5 of the Supplementary Provisions: the day of promulgation;
- (ii) the revised provision where the heading of Article 59 of the Act on Specified Commercial Transactions and a heading is added before the Article in Article 1, the revised provisions of the Article and the revised provisions where one Article is added next to the Article, and the provisions of paragraph (2) of the next Article: the date when twenty days have elapsed from the day of promulgation; and
- (iii) the revised provisions listed in the following, and paragraphs (3), (4), (9), (11), (13), (15), and (16) of the next Article and Article 3, paragraph (3) of the Supplementary Provisions: the date specified by Cabinet Order within a period not exceeding two years from the date of its promulgation.
 - (a) revised provisions where two paragraphs are added to Article 4 of the Act on Specified Commercial Transactions in Article 1; revised provisions of Article 5 of the Act; revised provisions of Article 7, paragraph (1) of the Article; revised provisions of Article 8, paragraph (1) of the Act; revised provisions of the proviso to Article 9, paragraph (1) of the Act; revised provisions of Article 12-3, paragraph (1) of the Act; revised provisions where two paragraphs are added to Article 18 of the Act; revised provisions of Article 19 of the Act; revised provisions where one paragraph is added to Article 20 of the Act; revised provisions of Article 22, paragraph (1) of the Act; revised provisions of Article 23, paragraph (1) of the Act; revised provisions of the proviso to Article 24, paragraph (1) of the Act; revised provisions of Article 26, paragraph (5) of the Act; revised provisions of Article 37 of the Act; revised provisions of Article 38, paragraphs (1) through (3) of the Act; revised provisions of Article 39, paragraphs (1) through (3) of the Act; revised provisions where two paragraphs are added to Article 42 of the Act; revised provisions of Article 46, paragraph (1) of the Act; revised provisions of Article 47, paragraph (1) of the Act; revised

provisions where two paragraphs are added to Article 55 of the Act; revised provisions of Article 56, paragraph (1) of the Act; revised provisions of Article 57, paragraph (1) of the Act; revised provisions where two paragraphs are added to Article 58-7 of the Act; revised provisions of Article 58-8 of the Act; revised provisions of Article 58-12, paragraph (1) of the Act; revised provisions of Article 58-13, paragraph (1) of the Act; revised provisions of the proviso to Article 58-14, paragraph (1) of the Act; revised provisions of Article 64, paragraph (2) of the Act (except for the portion where ", Article 13, paragraph (2)" is added under "Article 6, paragraph (4)"); revised provisions of Article 71, item (i) of the Act (except for the portion where "a person" is revised to corresponding nouns); and revised provisions of Article 72, paragraph (1), item (iv) of the Act (limited to the portion where "Article 20" is revised to "Article 20, paragraph (1)")

(Transitional Measures in Connection with the Partial Revision of the Act on Specified Commercial Transactions)

- Article 2 (1) The competent minister prescribed in Article 67, paragraph (1), item (iv) of the Act on Specified Commercial Transactions may consult with the Consumer Commission and the Consumer Economics Council, for planning the enactment of Cabinet Order stated in Article 4, paragraph (2) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 5, paragraph (3) of the revised Act on Specified Commercial Transactions (referred to as the "Revised New Act on Specified Commercial Transactions" in this Article)), Article 18, paragraph (2) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 19, paragraph (3) of the Revised New Act on Specified Commercial Transactions), Article 20, paragraph (2), Article 37, paragraph (3), Article 42, paragraph (4), Article 55, paragraph (3), or Article 58-7, paragraph (2) (including as applied *mutatis mutandis* by replacing the terms pursuant to Article 58-8, paragraph (3) of the Revised New Act on Specified Commercial Transactions) of the Revised New Act on Specified Commercial Transactions pursuant to the provisions of Article 1 (limited to revised provisions listed in (a) of the item) even before the effective date of the provisions listed in item (iii) of the preceding Article (referred to as the "effective date in item (iii)" in this Article and the next Article), in accordance with the provisions of Article 64, paragraph (2) of the Revised New Act on Specified Commercial Transactions.
- (2) The provisions of Article 59, paragraph (1) of the Act on Specified Commercial Transactions after revision pursuant to the provisions of Article 1 (limited to revised provisions stated in item (ii) of the preceding Article) apply to claims for the return of goods sent by a seller after the effective date under the provisions stated in the item; with regard to claims for the return of goods sent

- by a seller before the date, the provisions then in force remain applicable.
- (3) The provisions of Article 4, paragraphs (2) and (3); Article 18, paragraphs (2) and (3); Article 20, paragraph (2) of the Revised New Act on Specified Commercial Transactions apply to an offer to enter into a sales contract or a service contract that a seller or a service provider receives after the effective date in item (iii).
- (4) The provisions of Article 4, paragraphs (2) and (3) of the Revised New Act on Specified Commercial Transactions as applied mutatis mutandis by replacing the terms pursuant to Article 5, paragraph (3) of the Revised New Act on Specified Commercial Transactions and provisions of Article 18, paragraphs (2) and (3) of the Revised New Act on Specified Commercial Transactions as applied mutatis mutandis by replacing the terms pursuant to Article 19, paragraph (3) of the Revised New Act on Specified Commercial Transactions apply to a sales contract and a service contract that is concluded after the effective date in item (iii).
- (5) The provisions of Article 8, paragraph (2) and Article 8-2, paragraphs (1) and (2) of the Act on Specific Commercial Transactions after revision (referred to as the "New Act on Specified Commercial Transactions" in this Article) pursuant to the provisions of Article 1 (except for revised provisions listed in each item of the preceding Article; the same applies in this paragraph) apply when the suspension of business activities is ordered in relation to actions violating Article 3, Article 3-2, paragraph (2), Article 4, paragraph (1), Article 5, paragraph (1) or (2), or Article 6 of the New Act on Specified Commercial Transactions or acts listed in each item of Article 7, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a seller or a service provider after the effective date of this Act (hereinafter referred to as the "effective date"); when the suspension of business activities is ordered in relation to actions violating Article 3, Article 3-2, paragraph (2), Articles 4 through 6 of the Act on Specified Commercial Transactions before revision (referred to as the "Former Act on Specified Commercial Transactions") or acts listed in each item of Article 7, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a seller or a service provider pursuant to Article 1 before the effective date, the provisions then in force remain applicable.
- (6) The provisions of Article 15, paragraph (2) and Article 15-2, paragraphs (1) and (2) of the New Act on Specified Commercial Transactions apply when the suspension of business activities is ordered in relation to actions violating the provisions of Article 11, Article 12, Article 12-3 (except for paragraph (5)), Article 12-5, Article 12-6, Article 13, paragraph (1), or Article 13-2 of the New

Act on Specified Commercial Transactions or acts listed in each item of Article 7, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a seller or a service provider after the effective date; when the suspension of business activities is ordered in relation to actions violating Article 11, Article 12, Article 12-3 (except for paragraph (5)), Article 12-5, or Article 13, paragraph (1) of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 14, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a seller or a service provider before the effective date, the provisions then in force remain applicable.

- (7) The provisions of Article 15-4 of the New Act on Specified Commercial Transactions apply to the manifested intention to offer to enter into a sales contract or a service contract that a seller or a service provider receives after the effective date.
- (8) The provisions of Article 23, paragraph (2) and Article 23-2, paragraphs (1) and (2) of the New Act on Specific Commercial Transactions apply when the suspension of business activities is ordered in relation to actions violating Article 16, Article 17, Article 18, paragraph (1), Article 19, paragraph (1) or (2), Article 20, paragraph (1) or Article 21 of the New Act on Specified Commercial Transactions or acts listed in each item of Article 22, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a seller or a service provider after the effective date; when the suspension of business activities is ordered in relation to actions violating Articles 16 through 21 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 22, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a seller or a service provider before the effective date, the provisions then in force remain applicable.
- (9) The provisions of Article 37, paragraphs (3) and (4) of the Revised New Act on Specified Commercial Transactions apply to contracts on multilevel marketing transactions prescribed in Article 33, paragraph (1) of the Act on Specified Commercial Transactions concluded on or after the effective date in item (iii) (simply referred to as "multilevel marketing transactions" in the following paragraph).
- (10) The provisions of Article 39, paragraph (4) and Article 39-2, paragraphs (1) through (4) of the New Act on Specified Commercial Transactions apply when an orchestrator prescribed in Article 33, paragraph (2) of the Act on Specified Commercial Transactions (simply referred to as "orchestrator" in this

paragraph) is ordered to suspend multilevel marketing transactions in relation to actions violating the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (except for paragraph (5)), or Article 37, paragraph (1) or (2) of the New Act on Specified Commercial Transactions or acts listed in each item of Article 38, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions after the effective date by the orchestrator or in relation to actions violating the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (except for paragraph (5)) of the New Act on Specified Commercial Transactions or acts listed in Article 38, paragraph (1), items (ii) through (iv) of the New Act on Specified Commercial Transactions after the effective date by a solicitor prescribed in Article 33-2 of the Act on Specified Commercial Transactions (simply referred to as "solicitor" in this paragraph), when a solicitor is ordered to suspend multilevel marketing transactions in relation to actions violating the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, or Article 36-3 (except for paragraph (5)) or Article 37, paragraph (1) or (2) of the New Act on Specified Commercial Transactions or acts listed in each item of Article 38, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph (2) of the Article related to these actions after the effective date by the solicitor, and when a general multilevel marketing distributor prescribed in Article 33-2 of the Act on Specified Commercial Transactions (simply referred to as "general multilevel marketing distributor" in this paragraph) is ordered to suspend business activities in relation to acts violating the provisions of Article 33-2, Article 34, paragraphs (2) through (4), Article 35, Article 36, or Article 36-3 (except for paragraph (5)) or Article 37, paragraph (1) or (2) of the New Act on Specified Commercial Transactions or acts listed in each item of Article 38, paragraph (3) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these acts after the effective date by the general multilevel marketing distributor; when an orchestrator is ordered to suspend multilevel marketing transactions in relation to acts violating the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (except for paragraph (5)) or Article 37 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 38, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions before the effective date by the orchestrator, or acts violating the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, or Article 36-3 (except for paragraph (5)) of the Former Act on Specified

Commercial Transactions or acts listed in Article 38, paragraph (1), items (ii) through (iv) of the Former Act on Specified Commercial Transactions before the effective date by the solicitor, when a solicitor is ordered to suspend multilevel marketing transactions in relation to acts violating the provisions of Article 33-2, Article 34, paragraph (1), (3), or (4), Article 35, Article 36, Article 36-3 (except for paragraph (5)) or Article 37 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 38, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of paragraph (2) of the Article related to these acts before the effective date by the solicitor, or when a general multilevel marketing distributor is ordered to suspend multilevel marketing transactions in relation to acts violating the provisions of Article 33-2, Article 34, paragraphs (2) through (4), Article 35, Article 36, Article 36-3 (except for paragraph (5)) or Article 37 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 38, paragraph (3) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions before the effective date by the general multilevel marketing distributor, the provisions then in force remain applicable.

- (11) The provisions of Article 42, paragraphs (4) and (5) of the Revised New Act on Specified Commercial Transactions apply to a specified continuous service contract prescribed in Article 41, paragraph (1), item (i) of the Act on Specified Commercial Transactions or a sales contract for specified rights prescribed in item (ii) of the paragraph concluded on or after the effective date in item (iii).
- (12) The provisions of Article 47, paragraph (2) and Article 47-2, paragraphs (1) and (2) of the New Act on Specific Commercial Transactions apply when the suspension of business activities is ordered in relation to acts violating Article 42, paragraphs (1) through (3), Article 43, Article 44, or Article 45 of the New Act on Specified Commercial Transactions or acts listed in each item of Article 46, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these acts by a service provider or a seller after the effective date; when the suspension of business activities is ordered in relation to acts violating Article 42, 43, 44, or 45 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 46, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a service provider or a seller before the effective date, the provisions then in force remain applicable.
- (13) The provisions of Article 55, paragraphs (3) and (4) of the Revised New Act on Specified Commercial Transactions apply to contracts on business opportunity sales transactions prescribed in Article 51, paragraph (1) of the

Act on Specified Commercial Transactions concluded on or after the effective date in item (iii) (simply referred to as "business opportunity sales transactions" in the following paragraph).

- (14) The provisions of Article 57, paragraph (2) and Article 57-2, paragraphs (1) and (2) of the New Act on Specified Commercial Transactions apply when the suspension of business activities is ordered in relation to acts violating the provisions of Article 51-2, Article 52, Article 53, Article 54, Article 54-3 (except for paragraph (5)) or Article 55, paragraph (1) or (2) of the New Act on Specified Commercial Transactions or acts listed in each item of Article 56, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a person who conducts business opportunity sales prescribed in Article 51, paragraph (1) of the Act on Specified Commercial Transactions (simply referred to as "business opportunity sales" in this paragraph) after the effective date; when the suspension of business activities is ordered in relation to actions violating Article 51-2, Article 52, Article 53, Article 54, Article 54-3 (except for paragraph (5)), or Article 55 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 56, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these acts by a person who conducts business opportunity sales before the effective date, the provisions then in force remain applicable.
- (15) The provisions of Article 58-7, paragraphs (2) and (3) of the Revised New Act on Specified Commercial Transactions apply to an offer to enter into a sales contract that a buyer prescribed in Article 58-4 of the Act on Specified Commercial Transactions (simply referred to as a "buyer" in paragraph (17)) receives after the effective date in item (iii).
- (16) The provisions of Article 58-7, paragraphs (2) and (3) of the Revised New Act on Specified Commercial Transactions as applied *mutatis mutandis* by replacing the terms pursuant to Article 58-8, paragraph (3) of the Revised New Act on Specified Commercial Transactions apply to a sales contract concluded after the effective date in item (iii).
- (17) The provisions of Article 58-13, paragraph (2) and Article 58-13-2, paragraphs (1) and (2) of the New Act on Specific Commercial Transactions apply when the suspension of business activities is ordered in relation to acts violating Article 58-5, Article 58-6, Article 58-7, paragraph (1), Article 58-8, paragraph (1) or (2), or Articles 58-9 through 58-11-2 of the New Act on Specified Commercial Transactions or acts listed in each item of Article 58-12, paragraph (1) of the New Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these acts by a buyer after the effective date; when the suspension of business

activities is ordered in relation to actions violating Articles 58-5 through 58-11-2 of the Former Act on Specified Commercial Transactions or acts listed in each item of Article 58-12, paragraph (1) of the Former Act on Specified Commercial Transactions or failure to follow orders pursuant to the provisions of the paragraph related to these actions by a buyer before the effective date, the provisions then in force remain applicable.

(Transitional Measures Concerning Penal Provisions)

Article 4 With regard to the application of the penal provisions regarding conduct engaged in after the effective date when the provisions then in force are to remain applicable pursuant to the provisions of the preceding two Articles, the provisions then in force remain applicable.

(Delegation to Cabinet Order)

Article 5 In addition to what is provided in the preceding three Articles, any transitional measures necessary for the enforcement of this Act are specified by Cabinet Order.

(Review)

Article 6 (1) When two years have passed since the provisions stated in Article 1, item (iii) of the Supplementary Provisions came into effect, the government is to review the status of enforcement of the provisions after revision pursuant to the revised provisions stated in (a) and (b) of the item, and if it finds it to be necessary, is to take any necessary measures based on the results of its review.
(2) In addition to what is stated in the preceding paragraph, when five years have passed since this Act came into effect, the government is to review the status of enforcement of the provisions after revision pursuant to this Act, and if it finds it to be necessary, is to take any necessary measures based on the results of its review.

Supplementary Provisions [Act No. 48 of May 25, 2022] [Extract]

(Effective Date)

Article 1 This Act comes into effect as of the date specified by Cabinet Order within a period not exceeding four years from the date of its promulgation; provided, however, that the provisions listed in the following items come into effect as of the dates specified respectively in those items:
(i) the provisions of Article 3, the revised provisions of Article 52, paragraph (2) of the Commercial Registration Act (Act No. 125 of 1963) in Article 60 of the Supplementary Provisions, and the provisions of Article 125 of the Supplementary Provisions: the day of promulgation.

(Delegation to Cabinet Order)

Article 125 In addition to what is provided in these Supplementary Provisions, the transitional measures necessary for the enforcement of this Act are provided by Cabinet Order.

Supplementary Provisions [Act No. 68 of June 17, 2022] [Extract]

(Effective Date)

(1) This Act comes into effect as of the effective date of the Act Partially Amending the Penal Code; provided, however, that the provisions listed in the following items come into effect as of the dates specified respectively in those items:

(i) the provisions of Article 509: the date of promulgation.