



Summary of Recent Revision to the Specified Commercial Transactions Act

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I INTRODUCTION

On June 1, 2022, the revised *Act on Specified Commercial Transactions*¹(the “**Revised Act**”) came into effect. The Revised Act incorporates several significant changes, including the strengthening of regulations on mail-order advertising and the introduction of the “**Specified Application**” system.

The following presents a brief summary of the revision from the viewpoint of the impact the revision will have on corporate legal affairs.

II OUTLINE OF THE REVISION

1 Computerization of Notification of Cancellation within the Cooling-Off Period

Previously, to cancel an application for contract within a cooling-off period, a consumer had to notify the business operator in writing. From June 1, 2022 onward, however, such notification can also be achieved by electromagnetic methods (Article 9, Paragraph 1, etc. of the Revised Act). Please see the FAQ section of the Consumer Affairs Agency (CAA)’s “*Guide for Specified Commercial Transactions Act*” for further notes concerning this amendment.²

2 Countermeasures Against “Fraudulent Subscription-Based Business Practices” in Mail Orders

(1) Expansion of Restrictions on Advertising

Some mail-order advertisements specify the application period pertaining to sales contracts for goods or specified rights or service agreements. With the revision, however, all such advertisements must clearly explain that the application periods are specified and clearly indicate the relevant application period (Article 11, Item (iv) of the Revised Act).

¹ https://www.japaneselawtranslation.go.jp/ja/laws/view/3340#je_ch2sc3at1

² <https://www.no-trouble.caa.go.jp/qa/coolingoff.html> (Japanese)
<https://www.no-trouble.caa.go.jp/foreignlanguage/english/index.html> (English)

Specifically, this new mandate applies to limited-time purchases.

Previously, advertisements of service agreements did not have to provide any information regarding cancellation or revocation of applications for service agreements. Under the Revised Act, however, advertisements of service agreements must provide such information. (*Id.*, Item (v)).

It should be noted that the foregoing restrictions apply not only to subscription-based businesses, but also to mail-order sales in general.

On the other hand, prior to the revision, advertisements pertaining to “sales contracts for goods” on a subscription-basis had to indicate their nature as such and the conditions of sales, including the price and the term of the contract. (*See* Article 8, Paragraph (1), Item (vii) of the *Regulations for Enforcement of the Act on Specified Commercial Transactions*)

In the Revised Act, this obligation is no longer limited to “sales contract for goods” and now covers so-called subscription-based services in general (*See* Article 11, Item (vi) of the Revised Act and Article 8, Paragraph (1), Item (vii) of the *Regulations for Enforcement of the Revised Act*).

The restrictions on advertisements for Specified Applications are described below.

(2) Introduction of the “Specified Applications” System

The Revised Act has introduced a new system of restrictions called “Specified Applications.”

“**Specified Applications**” are defined as applications for a sales contract, etc. by using forms specified by business operators, such as application postcards or final confirmation screens on the website (Article 12, Paragraph 6-1 of the Revised Act).

With regard to “Specified Applications,” it is an obligation to indicate on the application forms or screens the amount of goods, etc., as well as the matters set forth in each item of Article 11 of the Act, including the price (Article 12-6, Paragraph (1), Items (i) and (ii) of the Revised Act). In addition, there are provisions prohibiting misleading representations of the contents of applications (Article 12-6, Paragraph (2) of the Revised Act) and provisions setting penalties for violations of these obligations (Article 72, Paragraph (1), Item (iv) of the Revised Act). Furthermore, a consumer who made an application after being misled by a false representation by a business operator in violation of the regulations on advertisements may now rescind his or her manifestation of intention. (*See* Article 15-4 of the Revised Act).

For more information on these restrictions, please refer to the CAA’s “*Guidelines on*

Indication of Information for Application in the Mail-Order Advertisement”.³

(3) Other Amendments

In addition, in an effort to prevent obstructing the withdrawal or cancellation of applications for mail order sales, provisions have been introduced to prohibit misrepresentation on matters related to withdrawal or cancellation of applications (Article 13-2 of the Revised Act).

Among other amendments, the Revised Act has expanded the scope of subjects for Qualified Consumer Organizations’ injunction claims to cover misrepresentations concerning Specified Applications (Article 58-19 of the Revised Act).

III. CONCLUSION

The above are only the highlights of the latest revisions to the *Act on Specified Commercial Transactions*; it should be noted that there are more details and updates not covered in this summary. For details regarding measures you may need to take to be in compliance with the revision, please also refer to the CAA's website on the Revised Act.⁴

End of document

³ https://www.caa.go.jp/policies/policy/consumer_transaction/specified_commercial_transactions/assets/consumer_transaction_cms202_220209_07.pdf
(Japanese version only; no official translations provided as of the date of writing of this Summary)

⁴ https://www.caa.go.jp/policies/policy/consumer_transaction/amendment/2021/
(Japanese version only; no foreign language pages available as of the date of writing of this Summary)