

Rules regarding the Verification of Clients' Identity and Record-Keeping

Article 1: Purpose

It is the purpose of these rules to secure the adequacy and appropriateness of the duties of attorneys, legal profession corporations and Foreign Special Members (Gaikokuho-Jimu-Bengoshi) (hereinafter referred to as "Attorney(s)") while practicing and to prevent the transfer of proceeds from crimes by compelling Attorneys to verify the identities of clients and to keep and hold such records, and by stipulating other relevant matters.

Article 2: Verification of Clients

1. In the event Attorneys are to administer a client's account in a financial institution, or to take custody of, or administer, money (including cash and remittances through financial institutions. The same shall apply hereinafter.), securities and/or other assets (which will only apply to such if the sum is one million yen or more) (hereinafter referred to as "Asset Administrative Actions") in connection with handling legal matters (excluding those consigned by governmental agencies), such Attorneys shall verify the identity of such client using documents prepared by the government or other authorities, including the name, address and birth date of the client in the case of a natural person, and including the name and location of the principal office or primary place of business in the case of a corporation; unless

- (1) The Attorney is entrusted with money for the purpose of making a payment to a court, legal affairs bureau, financial institution or other institution as prepayment (*yonou-kin*), deposit (*kyotaku-kin*), bond (*hoshokin*), or the like on behalf of a client;
- (2) The Attorney is entrusted with money in order to perform the obligations of its client or another party;
- (3) The Attorney receives money from the counter party or another party on behalf of the client as tender, settlement, or the like on behalf of a client; or
- (4) The Attorney receives money as an advance for attorney's fees or expenses.

2. Attorneys shall, excluding cases where they are entrusted by governmental agencies, verify the identities of their clients in accordance with the procedures set forth above when preparing for or executing the following transactions or other actions

Tentative translation

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(hereinafter referred to as “Transactions”) for such clients:

- (1) Selling or purchasing real estate
 - (2) Making capital contributions for the purpose of forming or managing a company, or other acts of equity participation;
 - (3) Forming a corporation or establishing a similar entity;
 - (4) Entering into a trust agreement; and
 - (5) Acquiring or selling of a company.
3. When an Attorney verifies the identities of its corporate clients pursuant to the preceding two paragraphs, the Attorney shall confirm and verify the name and title of the representative, agent or the employee who is in charge of instruction or other matters.
4. An Attorney may dispense with the verification procedure when it newly commences Asset Administrative Actions or prepares or executes Transactions for a client whose identity was already confirmed and verified pursuant to the preceding three paragraphs within the past five years.

Article 3: Record-Keeping

1. Attorneys shall keep copies of the documents that were submitted to them for the purpose of verifying clients set forth in the previous article for five years after the completion of the Asset Administrative Actions or Transactions.
2. When an Attorney has provided Asset Administrative Actions or prepared or executed Transactions (to the extent the client’s identity was required to be verified in accordance with the preceding Article), the Attorney shall keep the documents describing such for five years after the completion of such Asset Administrative Actions or such Transactions.
3. In cases where an Attorney has dispensed with verification pursuant to Paragraph 4 of Article 2, the period during which the documents should be kept under the preceding two paragraphs shall be commenced from the completion of the final Asset Administrative Actions or the Transactions.

Article 4: Proper Responses to Requests from Clients

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1. When an Attorney intends to accept a request for legal matters (excluding those consigned by governmental agencies), such Attorney shall carefully consider whether or not the purpose of the request relates to a transfer of proceeds from crimes.
2. If an Attorney believes that the purpose of a request set forth in the preceding paragraph is related to a transfer of proceeds from crimes, the Attorney shall not accept such request.

Article 5: Proper Responses after Accepted Requests

1. If an Attorney, after it has accepted a request for handling legal matters (excluding those consigned by governmental agencies) from a client, finds out that the purpose of the request relates to a transfer of proceeds from crimes, the Attorney shall explain to the client that is illegal and try to persuade the client to abandon the achievement of such purpose.
2. If the Attorney fails to persuade the client, the Attorney shall withdraw from the matter.

Article 6: Proper Responses When Taking Custody of Money, etc. in Non-Legal Matters

1. If an Attorney takes custody of money, securities, and other assets that are not related to legal matters, the Attorney shall carefully consider whether or not the purpose of such custody relates to a transfer of proceeds from crimes.
2. If an Attorney believes that the purpose of the custody set forth in the preceding paragraph is related to a transfer of proceeds from crimes, the Attorney shall not take custody of such assets.
3. If an Attorney takes custody of assets after the belief set forth in Paragraph 1 has been established, such Attorney shall confirm the identity of the person who has made a request for custody of assets in accordance with the procedures set forth in Article 2, and shall keep copies of the documents submitted to the Attorney for verification and documents describing the custody of assets for five years after the completion of such custody.

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4. If an Attorney, after having taken custody of the assets set forth in Paragraph 1, finds out that the purpose of the custody relates to a transfer of proceeds from crimes, the Attorney shall explain to the client that it is illegal and try to persuade the client to abandon the achievement of such purpose.

Supplementary Rules

1. These rules are to be implemented from July 1, 2007.
2. These rules do not apply to cases where the preparation or execution of Transactions has already been made, or money, securities or other assets have been under custody pursuant to a request for legal matters at the time of implementation.