Rules on Gaikokuho Joint Enterprises (draft)

(Purposes)

Article 1. The purpose of these rules is to stipulate necessary matters in relation to gaikokuho joint enterprises between gaikokuho-jimu-bengoshi and bengoshi or legal professional corporations, pursuant to the provisions of Article 28-2 of the Articles of Association of the Federation.

(Definitions)

Article 2. In these rules, the meaning of the terms listed in the following Items shall be as set forth in the Item concerned.

(i) Gaikokuho joint enterprise shall mean a business carried out jointly by gaikokuho-jimu-bengoshi and bengoshi or a legal professional corporation under kumiai contract or another type of continuous contract, with a purpose of conducting legal business.

(ii) Bengoshi employed by enterprise, etc. shall mean the following persons engaging in a gaikokuho joint enterprise.

(a) Bengoshi, shareholders of a legal professional corporation and gaikokuho-jimu-bengoshi who themselves operate a gaikokuho joint enterprise

(b) A bengoshi and gaikokuho-jimu-bengoshi employed by a bengoshi or gaikokuho-jimu-bengoshi who operates a gaikokuho joint enterprise

(c) A bengoshi and gaikokuho-jimu-bengoshi employed by a legal professional corporation which operates a gaikokuho joint enterprise

(iii) Legal business outside the scope of competence shall mean legal business outside the scope of competence as prescribed in Article 3 and Article 5 through 5-3 of the Special Measures Law Concerning the Handling of Legal Business by Foreign Lawyers (the "Law").

(Legal business outside the scope of competence)

Article 3. A gaikokuho-jimu-bengoshi shall not conduct legal business outside the scope of competence even when the gaikokuho-jimu-bengoshi operates a gaikokuho joint enterprise.

(2) A gaikokuho-jimu-bengoshi who operates a gaikokuho joint enterprise may undertake legal business concerning such gaikokuho joint enterprise jointly with bengoshi or legal professional corporations engaging in such gaikokuho joint enterprise.

(Explanation of competence, etc.)

Article 4. When a bengoshi employed by enterprise, etc. conducts legal work jointly with another bengoshi employed by enterprise, etc., they shall, upon undertaking the

work, specify and explain the competence of each bengoshi employed by enterprise, etc. as well as the scope of legal business covered by each, to the client.

(2) If there are any reasons by which bengoshi employed by enterprise, etc. cannot specify the scope of legal business to be handled by each bengoshi employed by enterprise, etc. when they undertake the work under the preceding Paragraph, after such reasons cease to exist, the bengoshi employed by enterprise, etc. shall explain to the client the scope of legal business to be handled by each bengoshi employed by enterprise, etc. without delay.

(Maintenance of confidentiality)

Article 5. Bengoshi employed by enterprise, etc. shall not disclose or use the confidential matters that they come to know in the course of performing work for the clients of other bengoshi employed by enterprise, etc., of the business entity to which the gaikokuho-jimu-bengoshi in such gaikokuho joint enterprise belongs or of legal professional corporations in which such gaikokuho joint enterprise participates, without good reason.

(Cases where work cannot be performed)

Article 6. Bengoshi employed by enterprise, etc. shall not work on cases on which other bengoshi employed by enterprise, etc. cannot work due to any of the following reasons. However, this shall not apply if there are any reasons that fairness of the work can be maintained.

(i) A case on which other bengoshi cannot work under the provisions of Articles 27 and 28 of the Rules of Bengoshi Professional Responsibility

(ii) A case on which other legal professional corporations cannot work on under provisions of Article 65 of the Rules of Bengoshi Professional Responsibility

(iii) A case which other gaikokuho-jimu-bengoshi cannot work on under provisions of Articles 27 and 28 of the Rules of Bengoshi Professional Responsibility as applied mutatis mutandis under Article 30-2 of the Rules of Gaikokuho-Jimu-Bengoshi Professional Responsibility

(2) A legal professional corporation which operates a gaikokuho joint enterprise shall not work on cases which other bengoshi employed by enterprise, etc. cannot work on due to reasons provided in any of the Items of the preceding Paragraph. However, this shall not apply if there are any reasons that fairness of the work can be maintained.

(Cases where work cannot be performed - after started)

Article 7. When a bengoshi employed by enterprise, etc. becomes aware that there is a reason corresponding to the preceding Article after he started the work, he shall promptly tell the client of that situation and take appropriate measures for the case, including resignation.

(2) When a legal professional corporation which operates a gaikokuho joint enterprise becomes aware that there is a reason corresponding to Paragraph (2) of the preceding Article after it started the work, it shall promptly tell the client of that situation and take appropriate measures for the case, including resignation.

(Handling of information on cases)

Article 8. Bengoshi employed by enterprise, etc. shall, in order to prevent taking on cases that on which they cannot work, take efforts to make a record of the client, the other party and name of the cases they undertake jointly with other bengoshi employed by enterprise, etc. and to take other measures, as necessary.

(2) A legal professional corporation which operates a gaikokuho joint enterprise shall, in order to prevent taking on cases on which it cannot work, take efforts to make a record of the client, the other party and name of the cases it undertakes jointly with other bengoshi employed by enterprise, etc. and to take other measures, as necessary.

(Prohibition of multiple offices)

Article 9. Even when a bengoshi or a gaikokuho-jimu-bengoshi engages in a gaikokuho joint enterprise, they shall not establish two or more offices. However, this does not prevent them from working at the offices of other bengoshi, legal professional corporations or gaikokuho-jimu-bengoshi.

(Notification concerning a gaikokuho joint enterprise)

Article 10. A bengoshi and a gaikokuho-jimu-bengoshi, when they wish to operate a gaikokuho joint enterprise, shall notify the following matters to the Japan Federation of Bar Associations ("Federation") in their joint names in advance.

(i) Names and offices of lawyers engaging in such gaikokuho joint enterprise

(ii) Names and names and location of the offices of gaikokuho-jimu-bengoshi engaging in such gaikokuho joint enterprise

(iii) Scope of legal business handled by such gaikokuho joint enterprise

(iv) Names and registration numbers of bengoshi or gaikokuho-jimu-bengoshi employed by bengoshi or gaikokuho-jimu-bengoshi engaging in such gaikokuho joint enterprise

(v) Following matters among contracted matters concerning the gaikokuho joint enterprise

(a) Contribution or equivalent of contribution by each party

(b) Decision method of matters concerning operation of such gaikokuho joint enterprise

(c) Causes for termination of contract and content of rights and obligations associated with such termination

(2) A legal professional corporation and a gaikokuho-jimu-bengoshi, when they wish to operate a gaikokuho joint enterprise, shall notify the matters under Items (ii) through (v) of the preceding Paragraph as well as the following matters to the Federation, in their joint names in advance.

(i) Names and locations of the main and the other offices of the legal professional corporation engaging in such gaikokuho joint enterprise (including names of such offices if any)

(ii) Names and registration numbers of the employees of the legal professional corporation engaging in such gaikokuho joint enterprise and of bengoshi and gaikokuho-jimu-bengoshi employed by it

(3) Bengoshi, legal professional corporations and gaikokuho-jimu-bengoshi who operate a gaikokuho joint enterprise, when they wish to change any matters concerning the notifications under the preceding two Paragraphs, shall notify the Federation to that effect, in their joint names in advance.

(4) Bengoshi, legal professional corporations and gaikokuho-jimu-bengoshi who operate a gaikokuho joint enterprise, when they wish to cease such gaikokuho joint enterprise, shall notify the Federation to that effect, in their joint names without delay.

(5) Matters relating to the notifications provided in each of the preceding Paragraphs shall be stipulated by a separate rule.

(Appendix)

Article 11. When there is a notification under Paragraph (1) or (2) of the preceding Article, the Federation shall append a note of the following matters in the Register of Bengoshi, the Register of Legal Professional Corporations or the Register of Gaikokuho-Jimu-Bengoshi.

(i) Names of the bengoshi, legal professional corporation and gaikokuho-jimu-bengoshi which jointly operate such gaikokuho joint enterprise and names of their offices

(ii) Scope of legal business to be handled by such gaikokuho joint enterprise

(iii) Date of the notification

(2) When there is a notification under Paragraph (3) of the preceding Article relating to Item (i) or Item (ii) of the preceding Paragraph, the Federation shall amend the notes appended to the Register of Bengoshi, the Register of Legal Professional Corporations or the Register of Gaikokuho-Jimu-Bengoshi, in accordance with such notification.

(3) When there is a notification under Paragraph (4) of the preceding Article, the Federation shall delete the matters appended to the Register of Bengoshi, the Register of Legal Professional Corporations or the Register of Gaikokuho-Jimu-Bengoshi, in accordance with such notification.

(Register of Gaikokuho Joint Enterprises)

Article 12. In respect of the persons who file notifications under Paragraph (1) or (2) of Article 10, the Federation shall prepare the Register of Gaikokuho Joint Enterprises describing the matters provided in Items (i) through (iv) of Article 10, Paragraph (1), and in each Item of Article 10, Paragraph (2), and the date of the notification.

(2) When the notification under Paragraph (3) of Article 10 relates to the preceding Paragraph, the Federation shall amend the matters described in the Register of Gaikokuho Joint Enterprises in accordance with such notification.

(3) When there was a notification under Paragraph (4) of Article 10, the Federation shall delete the matters described in the Register of Gaikokuho Joint Enterprises in accordance with such notification.

(4) Necessary matters in respect of the Register of Gaikokuho Joint Enterprises shall be stipulated by rules.

(Notice)

Article 13. When there has been a notification under any of Paragraphs (1) through (4) of Article 10, the Federation shall notify in writing the matters relating to such notification, to the bar association to which such bengoshi, legal professional corporation or gaikokuho-jimu-bengoshi belongs.

(Keeping records)

Article 14. Bengoshi, legal professional corporations and gaikokuho-jimu-bengoshi that operate a gaikokuho joint enterprise shall retain employment contracts for three years from termination of employment and contracts on the joint enterprise for three years from termination of the contract.

(Investigations by the Federation and bar association to which bengoshi employed by enterprise, etc. belongs)

Article 15. When there is a suspicion of breach of the provisions of Article 4, 49 or 49-2 of the Law, the Federation and the bar association to which a bengoshi employed by enterprise, etc. belongs may request the bengoshi, legal professional corporation and gaikokuho-jimu-bengoshi engaging in a gaikokuho joint enterprise to submit the contracts provided in the preceding Article, and may conduct other necessary investigations.

(2) Bengoshi, legal professional corporations and gaikokuho-jimu-bengoshi engaging in a gaikokuho joint enterprise shall cooperate with the investigations under the preceding Paragraph.

Supplementary Provision

(1) These rules will take effect on April 1, 2005.

(2) The Rules on Specified Joint Enterprises (Rules No. 35) shall be abolished.