Regarding "Opinion as to the Measures for Easing the Regulations Prohibiting Uninvited Solicitations under the Commodity Derivatives Act" (April 8, 2014)

Secretariat of the Consumer Commission

1. Reexamination Proposal by the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fisheries regarding the Regulations Prohibiting Uninvited Solicitations

In April of 2014, the Ministry of Economy, Trade and Industry and the Ministry of Agriculture, Forestry and Fisheries published the revision bills for the "Ordinance for Enforcement of the Commodity Derivatives Act" and the "Basic Guidelines for the Oversight of Commodity Derivatives Business Operators" (hereinafter the "Revision Bills") and started the procedure for public solicitation for opinions.

By amending the Ordinance for Enforcement of the Commodity Derivatives Act, the Revision Bills <u>permit transactions via telephone or door-to-door solicitation to consumers under the age of 70</u>, provided that there is a 7-day period during which consumers could carefully consider and the confirmation of customer understanding, and also <u>permit solicitation to those who have had the experience of engaging in high-risk transactions (foreign exchange, market derivatives, credit transactions of securities, etc.), including those who have contracted with business operators other than themselves</u>.

2. Outline of the Opinions from the Consumer Commission

(1) The need for the regulations prohibiting uninvited solicitations for commodity derivatives and the scope of applicability have been <u>determined based on diligent deliberations at the Diet</u>, and such development should be considered seriously. However, the recent Revision Bills are <u>extremely inappropriate in that, through ministerial ordinance, those bills attempt to virtually lift the ban on acts of uninvited solicitation that are prohibited through the Commodity Derivatives Act and ordinances based upon it</u>.

(2) The Revision Bills <u>attempt to virtually lift the ban on telephone and door-to-door solicitation by commodity derivatives business operators targeting consumers under the age of 70</u>, once again revitalizing an aged business model that has become a social problem, <u>directing the living funds of senior citizens and the deposits and savings of general consumers (their foundation for daily life) toward extremely risky investment</u>. Simultaneously, this results in the provision of tools suitable for malicious business operators attempting to solicit fraudulent investment. Consequently, if the Revision Bills are enacted, <u>the risk of damage due to commodity derivatives once again becoming a social problem is extremely high</u>.

(3) It is necessary to bear in mind the fact that in the situation of commodity derivative solicitation, the establishment through the Revision Bills of a 7-day period during which people could carefully consider is essentially nonfunctional for the protection of general consumers, in particular including senior citizens, who are unaccustomed to complicated, high-risk high-return transactions.

Through ministerial ordinance, the Revision Bills substantially restrain the targets of the prohibition of uninvited solicitations by the applicable laws and ordinances, and virtually lift the ban on telephone and door-to-door solicitations. They would never be permissible in terms of the procedure and content.

The Commission cannot ignore such movement, is deeply concerned, and asks for reexamination, taking into account that the Revision Bills involve material danger from the standpoint of consumer protection.