

Partial amendment to the
“Restriction on Items regarding Provision of Premiums to Consumers”

February 28, 2007
Japan Fair Trade Commission

1. Introduction

Regarding provision of premiums in accordance with Article 3 of the Act against Unjustifiable Premiums and Misleading Representations (Premiums and Representations Act), not offered in the form of prize (hereinafter referred to as “premiums”), the Japan Fair Trade Commission (JFTC) decided to partially amend the “Restriction on Items regarding Provision of Premiums to Consumers” (JFTC Notification 5 of 1977, hereinafter referred to as “Premiums Notification”), and to notify the amendment in the Official Gazette dated on 7 March 2007 (enforced on the same day).

The JFTC proposed a partial amendment to the Premiums Notification and publicized it on 24 November 2006 (as well as made public in the official gazette dated on December 1, 2006), solicited opinions from wide range of related entrepreneurs and the public by holding a public hearing on 20 December 2006 (10 individuals expressed their opinions), and called for comments to be submitted by a wide range of various stakeholders until 25 December 2006 (opinions from 47 individuals were collected). After careful consideration on these opinions, the JFTC made a decision to make a partial amendment to the Premiums Notifications.

2. Outline of partial amendment to the Premiums Notification

Under the current notification, the maximum value of a premium allowed to be offered by a business entity shall be ten percent of the value of the trade pertaining to the premium offering (if the calculated value of a premium is less than ¥100, the maximum value of a premium shall be ¥100.).

Under the amended notification, the maximum value of a premium shall be increased to twenty percent of the value of the trade pertaining to the premium offering (if the calculated value of a premium is less than ¥200, the maximum value of a premium shall be ¥200.).

(Note) Premiums include those offered to customers with no intention of buying, as well as those offered to customers on condition that they buy goods or services.

Before Amendment

Traded value	Maximum value of premium
Less than ¥1,000	¥100
¥1,000 or more	Ten percent of the traded value

After Amendment

Traded value	Maximum value of premium
Less than ¥1,000	¥200
¥1,000 or more	Twenty percent of the traded value

3. Date of enforcement

The amendment shall be enforced as of 7 March 2007.

Exhibit

Restriction on Items regarding Provision of Premiums to Consumers

(JFTC Notification No. 5 of 1 March 1977)

Amendment: JFTC Notification No. 2 of 16 February 1996

Amendment: JFTC Notification No. 9 of 7 March 2007

The Japan Fair Trade Commission, pursuant to the provision of Article 3 of the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134, 1962), stipulates the limit on the items regarding provision of premiums to consumers as follows. This notification shall be enforced as of 1 April 1977.

Restriction on Items regarding Provision of Premiums to Consumers

1. The value of premiums offered to consumers, not in the form of prize (as defined in Paragraph 1 of the “Restriction on Items regarding Provision of Premiums in the Manner of Prize”(JFTC Notification No. 3 of 1977)) shall be within twenty percent of the trade pertaining to the premium offering (¥200 when the value of premiums in question is less than ¥200), and shall not exceed the limit deemed appropriate in accordance with ordinary business practices.
2. The provisions in the preceding paragraph shall not be applicable to the following economic benefits, even in the case of premiums.
 - (1) Goods and services necessary for the sales or use of a commercial product or for the provision of a service and deemed appropriate in accordance with ordinary business practices.
 - (2) Goods or services for sample or advertisement and deemed appropriate in accordance with ordinary business practices.
 - (3) Discount coupons or other discount certificates secured by a business entity and used in a transaction of goods and services supplied by the business entity, and deemed appropriate in accordance with ordinary business practices.
 - (4) Products or services offered at the time of special events, such as openings or anniversaries, and deemed appropriate in accordance with ordinary business practices.

Remarks

The items stipulated by the notification on the limit on the items regarding the premiums offered in specific business categories, pursuant to the provision of Article 3 of Act against

Unjustifiable Premiums and Misleading Representations, shall be stipulated in the relevant notification.

Supplementary Provisions (JFTC Notification No. 2 of 1996)

1. This notification shall be enforced as of 1 April 1996.
2. Regarding the offering of premiums in connection with a transaction completed prior to the enforcement of this notification, the provisions then in force shall remain applicable.

Supplementary Provisions (JFTC Notification No. 9 of 2007)

1. This notification shall be enforced on the date of official promulgation (7 March 2007).
2. Regarding the offering of premiums in connection with a transaction completed prior to the enforcement of this notification, the provisions then in force shall remain applicable.