

Brokering Controls in Japan

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1. Japan's Brokering Controls

- Brokering Controls on Arms
- Brokering Controls on WMD related Dual-use Items



In both controls, the entity in Japan is required to obtain a prior license before entering into a contract.

2. Brokering Controls on Arms

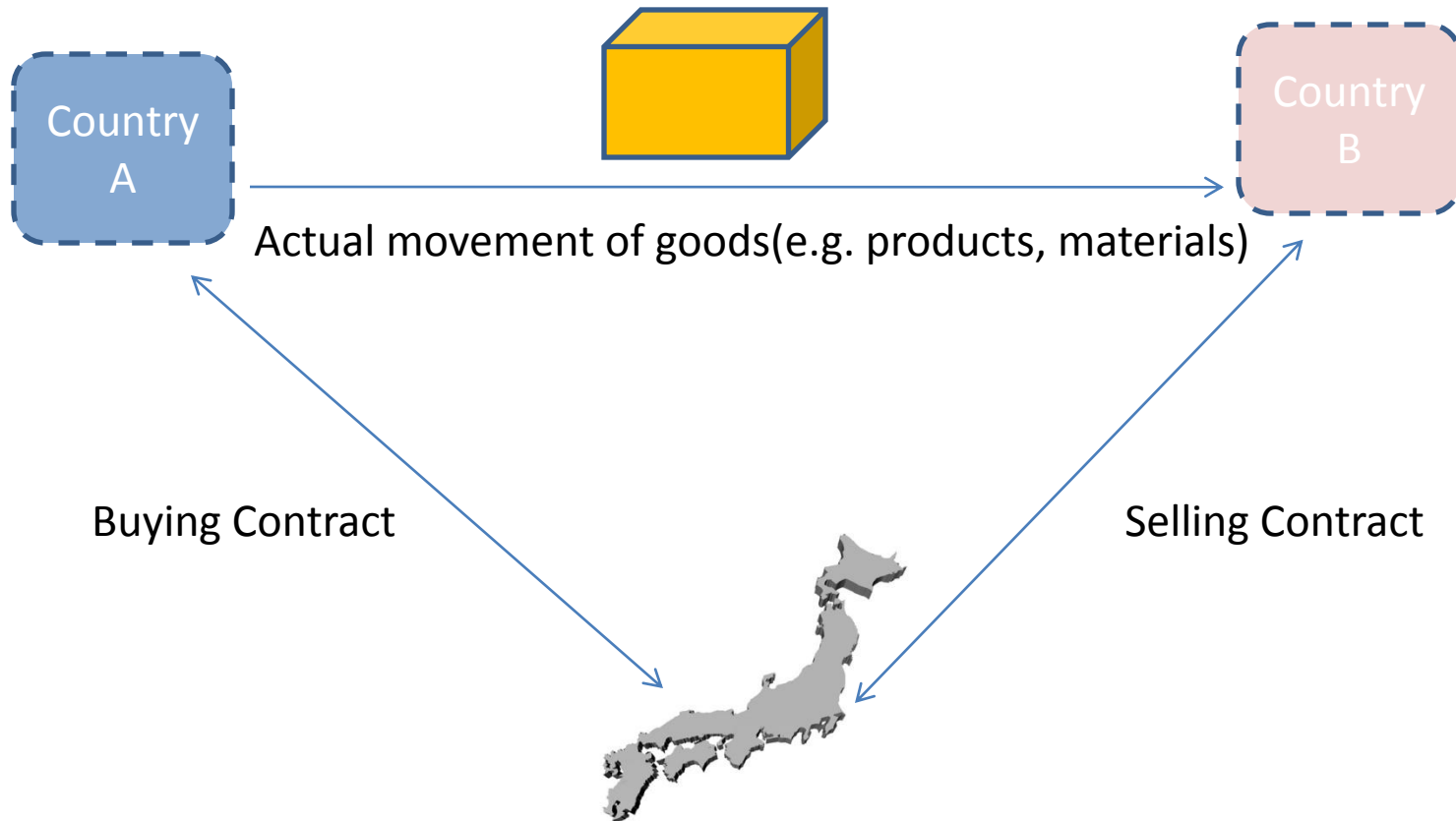
- The brokering of arms is regulated.
- The brokering controls on arms have been enforced based on the spirit of the “Three Principles on Arms Export.”

“The Three Principles on Arms Export “

In principle, arms exports are not granted based on pacifism.

- ✓ Arms
- ✓ Parts, Accessories of Arms
- ✓ Equipment for Arms Production

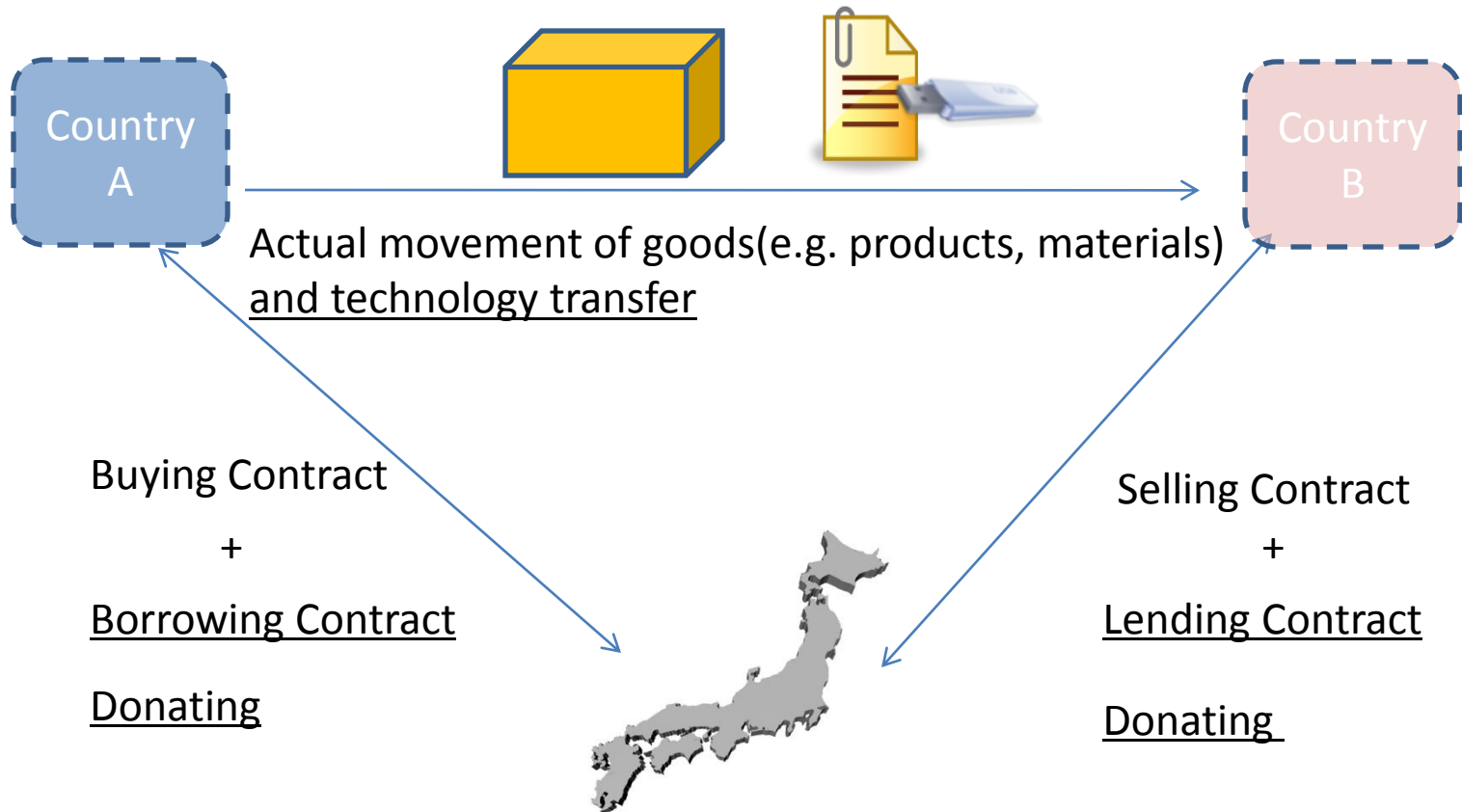
3. Possible case of Brokering Activities by Japanese Entities



4. 2009 Revision of the Foreign Exchange and Foreign Trade Act

- In the light of the UNSCR 1540, Japan expanded the coverage of the regulation of brokering transaction and cover brokering related to transaction for leasing and donating.
- The brokering controls is applied to technology transfer as well.
- Japan strengthened penalty to prevent illegal cases.

4. 2009 Revision of the Foreign Exchange and Foreign Trade Act



5. Sanctions

- Criminal Penalties

Imprisonment for up to 10 years at the maximum and/or fine up to 10 million yen at the maximum or 5 times the value of the goods, whichever is greater

- Administrative Sanctions

Banned from making brokering transactions or exporting for up to 3 years

- Warnings to Violators

Giving warnings, and publicizing the cases