



ACCA-FIAJ Joint Seminar
Cloud Computing Services
Usage by the Financial Services Industry
Business Models and Regulatory Approach

Overview of Amendments to Personal Information Protection Act (“PIPA”)

November 1, 2016

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What is PIPA?

- > “Act Concerning Protection of Personal Information” (Law No. 57, May 30, 2003)
 - Appropriate use of Personal Information will produce new industries, develop economy, and contribute enrichment of life
 - On the other hand, due to the rapid development of information technology, the risk of intrusion to rights and interests of individuals is increased
 - Accordingly, regulations on business enterprises that handle Personal Information
- > Amendment to PIPA (enacted Sept. 3, 2015)
 - To respond to further development and globalization of information communication

PIPA in the context of Cloud Computing Services

> Cloud Computing Services

- Cross-border nature of data administration and storage



- Mobility of Personal Information to foreign countries



- “Regulations on Data Transfer to Foreign Third Parties”
(Amended Article 24)

Major Amendment Points

- > Crystallize the definition of Personal Information
 - “Personal Information”:
 - Information concerning a living individual that can identify a specific individual by name, date of birth or other descriptions, including:
 - Information that can easily refer to other information which can identify an individual (e.g., transaction history linked to Personal Information)
 - Personal Identification Codes, such as:
 - Code in which the specification of a body part of specific individual is transformed for computer processing (e.g., fingerprints, face authentication information, etc.)
 - Code exclusively provided to respective person in order to use a service, purchase goods, or provide to documents (e.g., passport number, driver license number)
 - Sensitive Personal Information
 - E.g., thoughts, briefs, clinical histories, etc.
 - Cannot transfer to third parties by Opt Out method

Major Amendment Points


- > Anonymously Modified Information
 - Information that is modified from Personal Information so as not to identify a specific individual and to restore it back to the original Personal Information

Major Amendment Points

- > Transfer of Personal Information to Foreign Third Parties
 - Basic Rule of Transfer of Personal Information to Third Parties (including affiliates):
 - Obtain consent from data subject
 - Exceptions:
 - Opt Out: the right to stop transferring Personal Information to a third party upon request is reserved to a data subject
 - Prior disclosure is required
 - Purpose of Data Transfer to Third Party
 - Data Items to be Transferred
 - Method of Data Transfer
 - Protocol of Opt Out
 - Notification to Personal Information Protection Committee (“PIPC”) is required (**New requirement**)
 - Notification will be published

Major Amendment Points

> Transfer of Personal Information to Foreign Third Parties (Cont'd)

- Outsourcing: to outsource all or a part of data processing to an outside vendor (including group companies):
 - The outside vendor  Third party
 - Data Security Agreement
 - Regular Compliance Check
- Joint Use: Prior notification to data subject is required:
 - Data items to be jointly used
 - Persons who jointly use the data
 - Initial purpose of joint use at the time of data acquisition
 - Name of data administration officer responsible

Major Amendment Points

- > Transfer of Personal Information to Foreign Third Parties (Cont'd)
 - Basically, it is necessary to obtain consent from data subject for the transfer of Personal Information to a foreign third party
 - Exceptions:
 - Foreign third parties in those countries that PIPC designates, or
 - Foreign third parties which comply the standard set forth by PIPC
 - “Foreign Third Party”:
 - Japan corp. to its foreign branch → No
 - Japan corp. to its foreign sub. → Yes
 - Japan sub. of foreign corp. to its HQ → Yes

Major Amendment Points

- > Transfer of Personal Information to Foreign Third Parties (Cont'd)
 - “Transfer”:
 - Even Outsourcing or Joint Use requires Consent on transfer to foreign countries
 - Exceptions: transfer to such countries that PIPC designates, or to a foreign third party that complies with the standard set forth by PIPC
 - “The Standard Set Forth by PIPC”
 - OECD Privacy Guidelines
 - APEC Privacy Framework

Major Amendment Points

> Change in Regulators

- Regulators in each industry area (e.g., Financial Services Agency for financial industries)



- PIPC
 - To ensure due handling of Personal Information

Effective Date of Amended PIPA

- > First half of 2017

Any questions?

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