

# Act on Improving Transparency and Fairness of Specified Digital Platforms

(Enacted May 27, 2020; Promulgated June 3, 2020; Enforced February 1, 2021)

## Basic Principles

- Digital platform providers shall undertake voluntary and proactive efforts to enhance transparency and fairness, and governmental involvement and regulation shall be kept to the minimum necessary. (While the overall framework of regulation is set forth by METI, detailed matters are entrusted to voluntary initiatives by digital platforms — a **“co-regulation” approach**.)

## Scope of Regulation

- Among digital platforms, business operators that provide platforms for which there is a particularly high need to enhance transactional transparency and fairness are designated as **“Specified Digital Platform Providers”** and become subject to regulation.
- By Cabinet Order in February 2021, **online malls** and **app stores** were designated as regulated categories; taking into account the Final Report of the Digital Market Competition Council, **digital ads** was added as a regulated category in August 2022.

## Measures to be Taken by Specified Digital Platform Providers

- Specified Digital Platform Providers shall: **(1) Disclose information on transaction terms and conditions, etc.;** and **(2) Establish voluntary procedures and systems;** and **(3) Submit, each fiscal year, a report with a self-assessment attached, concerning the measures implemented and an outline of their business.**

## Response of the Administrative Authority

- Based on the reports, etc., **METI conducts a review of platform operation and evaluate them.** At that time, METI also hears opinions from business users, consumers, academics, and other stakeholders, thereby facilitating the sharing of issues and mutual understanding among the parties concerned.
- If a specified digital platform provider fails to comply with the provisions related to item (1) above, or if it is particularly necessary to ensure the appropriate and effective implementation of item (2), **METI may issue a recommendation and make it public.** \* (With respect to item (1), if the provider does not take the measures subject to the recommendation, **an order for recommended measures will be issued.** Violation of such an order is subject to **penal provisions**.)

\*In August 2024, recommendations were issued to **Amazon and Apple**.

\*The provisions of this Act apply irrespective of whether the party is domestic or foreign.

## Measures to be Taken by Specified Digital Platform Providers

## Response of the Administrative Authority

### Disclose information on transaction terms and conditions, etc.

(Article 5)

Improve the transparency through disclosure of transaction terms to business users, etc., and prior notice of changes thereto.

#### Examples

- ✓ Basic transaction terms such as prices, and the contractual relationship with business users, etc.
- ✓ Prior notice of the content and reasons for changes to transaction terms.
- ✓ When requesting, the use of other services with fees: the content and reasons for such request.
- ✓ The content of data to be obtained, and the conditions for its acquisition and use.
- ✓ The content and reasons in cases of refusal to provide services (e.g. account suspension, rejection in various reviews, etc.).
- ✓ Basic matters that determine rankings displayed through search etc.

### Establishment of voluntary measures and internal systems to promote mutual understanding

(Article 7)

Specified Digital Platform Providers shall, based on the Guidelines, take the necessary measures and establish fair procedures and internal systems.

#### Examples

- ✓ Establish measures and internal systems to ensure transactional fairness.
- ✓ Establish internal systems for handling complaints and resolving disputes.
- ✓ Establish internal systems to maintain close contact with stakeholders (e.g. appointment of a domestic representative).
- ✓ Create internal systems to understand ideas of business users and other relevant circumstances.

Submit annual reports

Voluntary improvements based on the evaluation

### Monitoring, review, and evaluation

(Article 9)

METI conducts a review of platform operation and evaluate them, hearing opinions from business users, consumers, academics, and other stakeholders.

Receiving Annual reports

Monitoring meetings

Evaluation of the operation

Opinions of business users

Publication of the evaluation and the summary of the annual report

### Governmental measures and penal provisions

(Article 6)

- ✓ **Recommendations, public announcement, and orders**
- ✓ Violation of such an order is subject to **penal provisions**.

### Governmental measures

(Article 8)

- ✓ **Recommendations and public announcement**

### Requests for Measures to the Japan Fair Trade Commission (JFTC)

(Article 13)

- ✓ When a case is identified that is in violation of the Antimonopoly Act, METI request the JFTC to take appropriate measures in accordance with the provisions of that Act