



Digital Platform Regulation in Japan
Act on Improving Transparency and
Fairness of Digital Platforms (TFDPA)

Dec. 2022

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Background of TFDPA

TFDPA = Act on Improving **T**ransparency and **F**airness of **D**igital **P**latforms

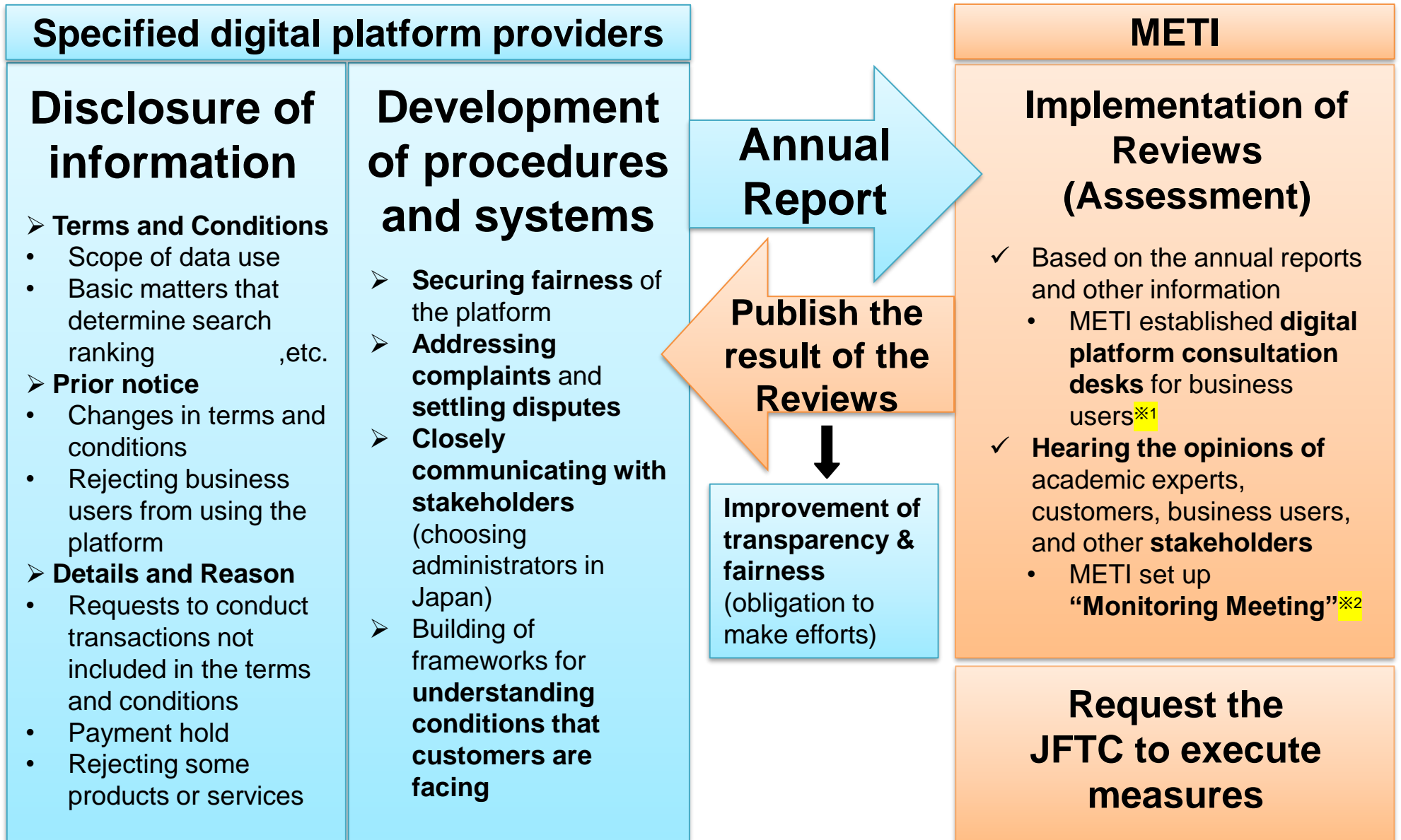
- Enforcement : February 1, 2021
- Jurisdiction : METI (Ministry of Economy, Trade and Industry)

- TFDPA was established to improve the transparency & fairness of the **trading between digital platformers and its business users.**
- TFDPA could **contribute to ASBP prevention** and support antitrust enforcement challenges in the digital sector.
- On the other hand, TFDPA cares about **innovation and ingenuity of digital platformers.** That's why TFDPA has the basic principle of the **minimum necessary regulation.**

Targets of TFDPA

- TFDPA only targets big digital platforms in specific markets as stipulated by cabinet order
- Digital platform providers that meet the requirements are designated as “**specified digital platform providers**” and subject to TFDPA
 - designated in April 1, 2021(https://www.meti.go.jp/english/press/2021/0401_001.html)
 - Online shopping malls
 - Amazon Japan G.K. (Amazon.co.jp)
 - Rakuten Group, Inc. (Rakuten Ichiba)
 - Yahoo Japan Corporation (Yahoo! Shopping)
 - App stores
 - Apple Inc. and iTunes KK (App Store)
 - Google LLC (Google Play Store)
 - designated in October 3, 2022(https://www.meti.go.jp/english/press/2022/1003_005.html)
 - Digital advertising platforms
 - Google LLC (Google Ads, etc)
 - Meta Platforms, Inc (Facebook Ads)
 - Yahoo Japan Corporation (Yahoo! Advertising)

Overview of TFDPA



※1 https://www.meti.go.jp/english/press/2021/0401_001.html
※2 https://www.meti.go.jp/english/press/2021/1221_003.html

Status of the Review

- METI has released the evaluation draft (November 11th, 2022) for the first time since the TFDPA came into force and has gone through the public comment process.
- The evaluation indicates that specified digital platform providers are expected to take the following measures (examples):
 - **App store fees**: Work toward mutual understanding with app developers, such as explaining in detail the relationship between app store operating costs and fees, advance discussions with app developers' organizations
 - **Self-preferring**: Disclose information and establish a system in a way that allows objective verification of the presence or absence of self-preferring, and the legitimacy of the treatment, if any
 - **Account suspension**: Ensure a proper process while maintaining a balance with the protection of the interests of consumers, etc., and continuously improve the process
 - **Returns/Refunds**: Promote efforts to improve the predictability of business for business users, and take measures such as enhancing the objection process

Effects of TFDPA

- ✓ About 70%-80% of business users feel that **information disclosure and support from platformers have improved** in online shopping malls and app stores (according to the results of the questionnaire sent out December 2021) *.

**See page 17-19*

- ✓ Specified digital platform providers **voluntarily took corrective measures or recovered business users' damages** in cases that might have violated TFDPA.

- ✓ Specified digital platform providers **disclosed a lot of information** related to the issues* pointed out in the monitoring meeting without a legal obligation.

**See page 20-27*

- ✓ Improvements based on the evaluation by METI [from now on]

**for your reference
- materials from METI -**

- 1. Overview of TFDPA**
- 2. The state of TFDPA**
 - Online malls & App stores**
- 3. Feedback from Business users**
 - Online marketplace**
 - App store**
- 4. Monitoring Review**

Summary of Act on Improving Transparency and Fairness of Specified Digital Platforms (TFDPA)

1. Current Status and Issues

Transaction environment issues discerned from surveys of actual conditions for online malls and app stores

- The **lack of transparency** in relation to amendments to terms, grounds for rejecting transactions, data use, and the like and the **extremely low predictability** pertaining to such matters for trading partners pose problems
- Problems also exist in terms of the **fairness of procedural matters**, including the **inadequacy of procedures and systems** to deal with trading partners' opinions
- These types of problems **could cause actions that impede fair competition**

Scale of the market:
 Market for online malls: 9 trillion yen in sales*; Number of product providers: 990,000 entities * Approx. 18 trillion yen if service industry is included
 Market for app stores: 1.7 trillion yen in sales; Number product providers: over 700,000 entities

Percentage of product providers that are forced to use digital platforms because of their heavy dependence on sales from the platforms:
 Mall A: 77% App store A: 51%
 Mall B: 64% App store B: 47%

Improving the transaction environment with respect to product providers that use digital platforms is a pressing need

Sound development of digital platforms as important foundations for transactions must be sought, and fair and free competition must be promoted by establishing regulations that ensure the transparency and fairness of digital platforms.

2. Outline

(1) Basic philosophy

The bill specifies the following: digital platforms contribute to an increase in benefits for users, as well as play an important role in increasing the vitality of and realizing the sustainable development of the Japanese economy and society; in light of this, measures for improving transparency and fairness of digital platforms should be implemented, primarily based on voluntary and proactive initiatives by digital platform providers, with government involvement or other regulations kept to the minimum; thereby digital platform providers can adequately exercise their originality and ingenuity, and mutual understanding in business relationship between digital platform providers and product providers is to be promoted.

(2) Scope of regulation

● Definition of "Specified Digital Platform Providers"

- "Digital platforms" are to be defined in terms of the following requirements:

- (i) they provide places (multi-sided markets) to connect product providers and consumers using digital technology;
 - (ii) they provide services via the internet; and (iii) they provide services utilizing network effects (through, for example, relationships where mutual benefits for product providers and consumers increase, thereby increasing the number of both providers and consumers)
- Among digital platforms that fall under (i) through (iii) above, those that are particularly required to improve transparency and fairness are to be stipulated as "Specified Digital Platforms" ("Specified DPF") by a Cabinet Order, and "Specified DPF Providers" are subject to regulation.
- In doing so, genres and the threshold of scale are to be stipulated, and the scope is to be defined to the minimum necessity.

- With the objective of increasing predictability, provisions for procedures to clarify whether a digital platform falls under the criteria specified by the Cabinet Order are to be established.

- Conduct survey for "digital platforms" in general to the extent necessary in order to review the regulated genres.

Elements in considering genres and scale stipulated as Specified DPF:

- (i) the degree of that genre's impact on the lives of the people and the national economy;
- (ii) the degree of concentration of use of certain digital platforms in that genres;
- (iii) the necessity for the protection of product providers based on actual conditions and circumstances;
- (iv) current situation of other regulations or measures and policies; and
- (v) certain scale (e.g., sales) has been reached within that genre.

⇒ Specifically, for the time being, large-scale online malls and app stores for which the actual state of transactions has been clearly ascertained through surveys would be subject to regulation.

(3) Information notification and establishment of procedures and systems

a) Notification of information on terms and conditions of transactions, etc.

- Notification of contract terms and conditions and prior notification of contract amendments and the like to users are to be made obligatory.
- Appropriate exceptions, such as the case of being unable to notify due to security reasons, are to be stipulated.
- Administrative measures: Recommendations and public announcements if notification is not conducted
- Administrative orders if correction is not made thereafter without justifiable grounds

Examples of items for notification:

- Criteria for rejecting transactions
- In the case of requesting the use of other services, that fact and the reasons
- In the case of requesting amendment of a contract or operations that are not included in the contract, prior notification of the details thereof and the reasons
- In the case of rejecting transactions, prior notification of that fact and the reasons

- Matters regarding handling of inquiries, complaints, and the like (whom to contact, process flow, and the like)
 - Basic matters for deciding search rankings (not notification of algorithms)*
 - Subject of and conditions for the data obtained and used by Specified DPF providers*
 - Whether product providers may obtain and use data, and if so, the extent thereof, the method of doing so, and the like
- (For the matters marked with *, notification is required to not only product providers but consumers.)

b) Establishment of procedures and systems through independent efforts

- Specified DPF providers are to establish procedures and systems based on principles prescribed by the Minister of Economy, Trade and Industry.
- Administrative measures: Recommendations and public announcements if particularly necessary

Examples of items included in principles:

- Establishment of systems to deal appropriately with product providers (including local managers and the like)
- Establishment of procedures and systems to ensure fairness of transactions
- Establishment of dispute settlement systems and the like

c) Reporting and monitoring of operational status

- Each Specified DPF provider is to submit to the Minister of Economy, Trade and Industry its status regarding a) and b) above and a report affixed with a self-evaluation thereof for every fiscal year
 - Upon receiving a report, the Minister of Economy, Trade and Industry is to review the operational status of the Specified DPF and announce an evaluation
- In doing so, the Minister is to promote sharing issues and mutual understanding among related parties, based on the basic philosophy, through hearing opinions in a properly balanced way from product providers, consumers, Specified DPF providers, and the like. The Minister is also to evaluate proactive initiatives as best practice.

Report contents (not exhaustive)

- (i) Business outline
- (ii) Status of information notification
- (iii) Status of establishing operational procedures and systems
- (iv) Status of settlement of disputes

- Specified DPF providers are to make their efforts to voluntarily improve transparency and fairness based on that evaluation

(4) Cooperation with the Japan Fair Trade Commission

- Establish a system in which the Minister of Economy, Trade and Industry can request the Japan Fair Trade Commission to take actions under the Anti-monopoly Act when the Minister acknowledges that a case of possible violation of the Anti-monopoly Act has occurred.

(5) Other regulations

a) Measures to lower the barriers for product providers to provide the information to the Minister of Economy, Trade and Industry

- Readily enabling product providers etc., who are under contractual obligations of confidentiality, to provide information through a process of collection of reports by the Minister of Economy, Trade and Industry
- Prohibition of disadvantageous treatment for users who have reported any cases where a Specified DPF Provider does not comply with the regulation.

b) Competent ministers

- The regulations will provide that the Minister of Economy, Trade and Industry, which has jurisdiction over rules regarding transactions, is to be the competent minister, and the Minister is to consult the Minister of Internal Affairs and Communications regarding any matters concerning data distribution or the like.
- Consultation regarding prescription of principles, implementation of surveys for general digital platforms, and the like will be conducted with competent ministers having jurisdiction over the businesses concerned.

c) Application of law in and outside Japan

The regulations of the Bill are to apply both in and outside Japan; therefore, service-by-publication procedures are to be established with reference to examples derived from the Anti-monopoly Act, which is currently applicable to overseas business operators, and other sources.

d) Review provisions

The Bill is to be examined for implementation of necessary revisions about three years after the Bill is to take effect, based on the status and the like of its enforcement.

Key Points of the Act on Improving Transparency and Fairness of Digital Platforms

(establishment: May 27, 2020; promulgation: June 3, 2020, enforcement: February 1, 2021)

Basic philosophy

- The Act stipulates that the government should secure **the minimally-necessary commitments from and enforce regulations** on digital platform providers, **on the basis that such providers must take voluntary and proactive efforts toward improving the transparency and fairness of their digital platforms** (this adopts a “co-regulation” approach that stipulates the general framework under laws and leaves details to businesses’ voluntary efforts).

Targets subject to the regulations

- The Act **designates** digital platform providers whose transparency and fairness must be significantly improved in particular compared to other digital platforms as “**specified digital platform providers**” and it makes such providers **subject to specific regulations**.

Roles that specified digital platform providers should play

- The Act requires specified platform providers to **disclose terms and conditions of trading and other information, develop procedures and systems in a voluntary manner and submit a report every fiscal year** on the overview of measures and businesses that they have conducted, **to which self-assessment results are attached**.

Note: The Act requires such providers to **send a prior notification of changes in terms and conditions, etc.** to users and to **voluntarily develop systems for settling complaints and disputes**.

Roles that administrative authorities should play

- The Act requires administrative authorities (METI Minister) to **review the current situation of platform operation** in accordance with the submitted yearly report and **publicize the assessment results** together with an overview of the report. In such reviews, administrative authorities are expected to hold **interviews with academic experts, customers and consumers of the target specified digital platform provider, and other stakeholders in order to hear their opinions** and encourage stakeholders to share challenges and enhance mutual understanding.
- The Act authorized the METI Minister to **request** that the Japan Fair Trade Commission **take appropriate measures under the Antimonopoly Act if it is found that a digital platform provider may be suspected of being involved in any cases of violations of the Antimonopoly Act**.

Note: The regulations under the Act should be **applied** to all digital platform providers **regardless of domestic or overseas origin of the business**. METI may develop **procedures for service by publication** by referring to case examples in which the Antimonopoly Act has been applied to overseas businesses.

Implementation of TFDPA (1)

“TFDPA” = Act on Improving **T**ransparency and **F**airness of **D**igital **P**latforms

● Digital platform providers subject to regulations

- ✓ designated in April 1, 2021 by METI

https://www.meti.go.jp/english/press/2021/0401_001.html

- Online shopping malls

- Amazon Japan G.K. (Amazon.co.jp)
- Rakuten Group, Inc. (Rakuten Ichiba)
- Yahoo Japan Corporation (Yahoo! Shopping)

- App stores

- Apple Inc. and iTunes KK (App Store)
- Google LLC (Google Play Store)

- ✓ designated in October 3, 2022 by METI

https://www.meti.go.jp/english/press/2022/1003_005.html

- Digital Advertising Platforms

- Google LLC (Google Ads, Display & Video360, AdMob, AdSense, etc)
- Meta Platforms, Inc (Facebook Ads)
- Yahoo Japan Corporation (Yahoo! Advertising)

Implementation of TFDPA (2)

“TFDPA” = Act on Improving **T**ransparency and **F**airness of **D**igital **P**latforms

● Establishment of “consultation desks” for business users

- ✓ established in April 1, 2021
 - for shop owners on online shopping malls:
Email: info@online-mall.meti.go.jp; URL: <https://www.online-mall.meti.go.jp/>
 - for app developers: Email: info@app-developers.meti.go.jp; URL: <https://www.app-developers.meti.go.jp/>
 - for digital advertising users: Email: info@digi-ad.meti.go.jp; URL: <https://digi-ad.meti.go.jp/>
- ✓ Main support provided
 - Advise on challenges with digital platform providers
 - how to communicate with digital platform providers, taking into account past examples
 - Provide 1) information on lawyers and 2) financial assistance to consultation with lawyers
 - Identify challenges common to multiple business users and consider how to solve them
- ✓ Information from consultation desks is utilized for Monitoring Review etc, by METI, leading to improvement of business environment



Monitoring Review

- **Based on information** such as;
 - 1) **Yearly Report** submitted by regulated platform providers under TFDPA
 - 2) **business-related challenges**, reported by consultation desks
 - 3) **Market surveys**
- **Hearing opinions of stakeholders**, regarding transparency & fairness of regulated platforms
 - academic experts, lawyers, business users, consumers etc
 - set up “**Monitoring Meeting**” in December 2021
https://www.meti.go.jp/english/press/2021/1221_003.html
- **Evaluation of efforts of regulated platform providers by METI**, after hearing (Evaluation results will be in public)
 - promote the **sharing of challenges** and **mutual understanding** among the parties involved
- TFDPA requires that **regulated platforms must make efforts to voluntary improvements based of evaluation results**

“Monitoring Review” process

Roles that specified digital platform providers should play

Disclosure of information, e.g., terms and conditions

Specified digital platform providers are required to **disclose terms and conditions** to users and send **a prior notification of changes in such conditions** to them. This requirement aims to improve the transparency of trading.

[Examples of items to be disclosed]

- ✓ Prior notice of detailed changes in terms and conditions and reasons therefor
- ✓ Details of requests by the digital platform providers for customers to use additional paid services and reasons therefor
- ✓ Scope of data use
- ✓ Reasons for rejecting or stopping customers from placing their products on platforms
- ✓ Basic matters that determine search ranking

[Administrative measures and penalties]

- ✓ Issuance of recommendations and publications to improve improper practices
- ✓ Execution of cease and desist orders only when no correction is seen in such practices
- ✓ Imposition of penalties on violators of the orders

Voluntary development of procedures and systems

Specified digital platform providers are required to take necessary measures in accordance with **the guidelines** under the Act and **develop fair procedures and systems**.

[Examples of details of the guidelines]

- ✓ Development of procedures and systems to secure fairness of the platform
- ✓ Development of systems for addressing complaints and settling disputes
- ✓ Development of systems for closely communicating with stakeholders (choosing administrators in Japan)
- ✓ Building of frameworks for understanding conditions that customers are facing

[Administrative measure]

- ✓ Issuance of recommendations and publications to providers to improve their practices in cases where such actions are necessary to ensure that platform providers appropriately and effectively carry out certain measures

Report on the current situation of platform operation

Details of the report

- (1) Outline of business
- (2) Current situation of addressing complaints
- (3) Current situation of information disclosure
- (4) Current situation of voluntary development of procedures and systems
- (5) Results of self-assessment

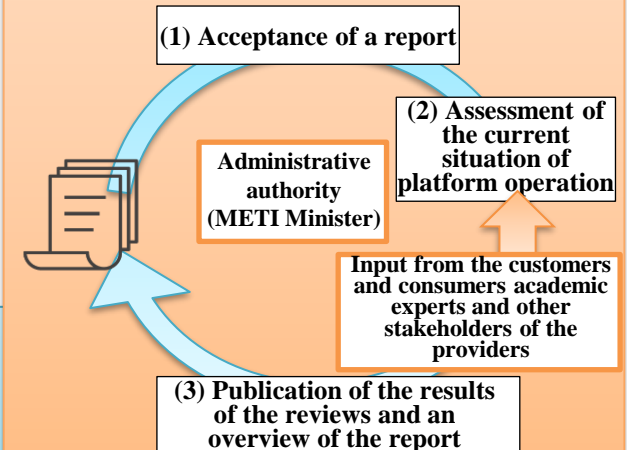
Note: Penalties may be imposed if a provider fails to submit a report or complete descriptions of required items

Voluntary actions to improve transparency and fairness in trading based on the results of the reviews

Roles of the administrative authorities

Implementation of reviews (assessment)

The administrative authority in charge is required to implement **reviews** of the current situation of specified digital platform providers' operation **with input from academic experts, customers and consumers of the providers, and other stakeholders** and to publicize the results of the reviews.



Request the JFTC to execute measures

The METI Minister is authorized to request the JFTC to take appropriate measures under the Antimonopoly Act if it is found that digital platform provider may be involved in any cases which are suspected of being violations of the Antimonopoly Act.

Provisional translation of TFDPA and other information is available in English

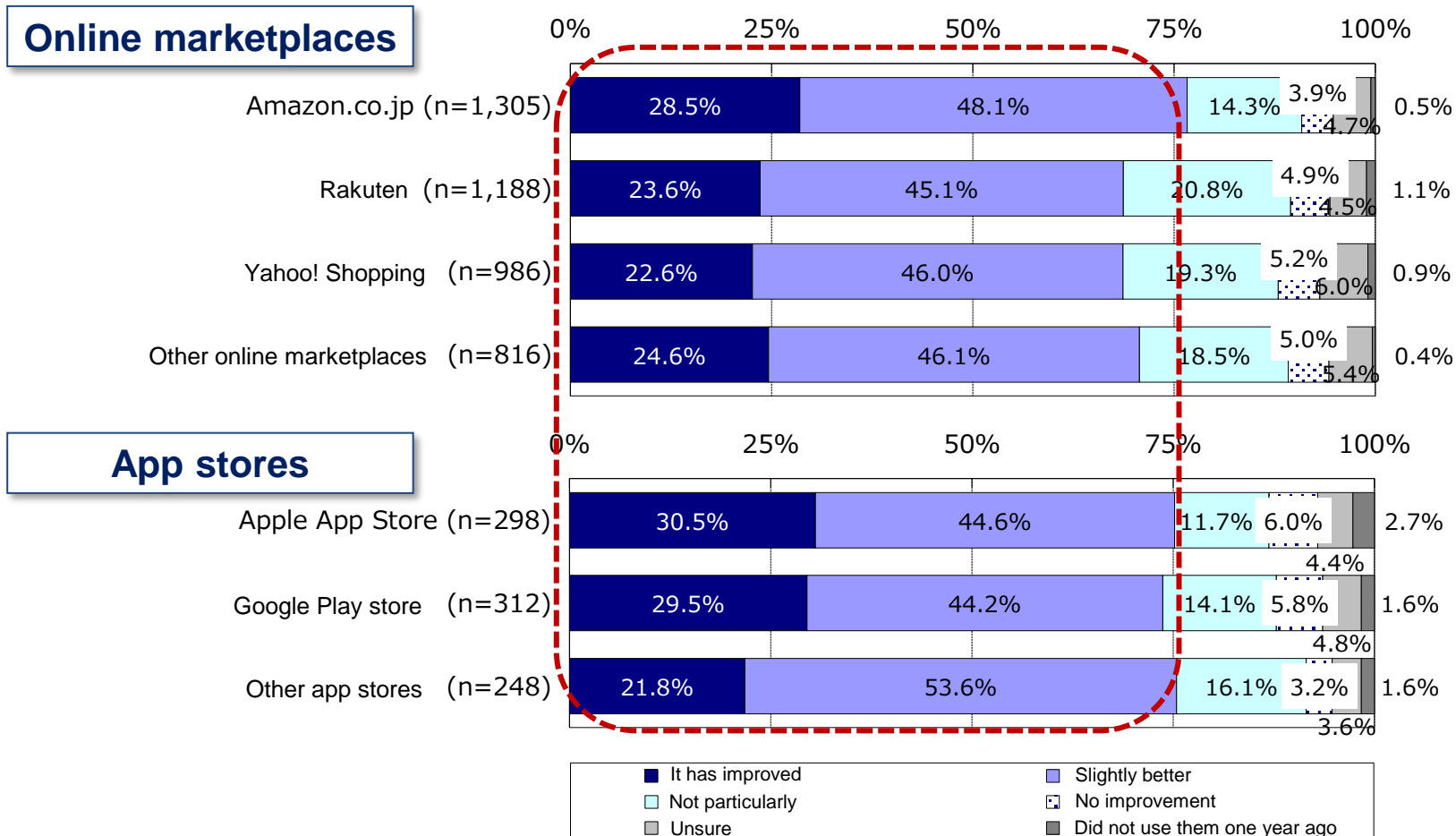
https://www.meti.go.jp/english/policy/mono_info_service/information_economy/digital_platforms/index.html

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The State of Digital Platforms Since the Implementation of the TFDPA

- Based on the results of the questionnaire sent out last December, many business users feel that support from the online marketplace operators and app store operators has improved.

Q: Compared to the previous year, do you feel that online marketplace operators and app store operators have made information disclosure and their help desks easier to understand and more thorough or have improved since the Transparency Act went into effect?



(source) "Analysis of the digital platform developer questionnaire" (conducted in December 2021)

[Reference] Examples of Voluntary Efforts from Digital Platform Operators (after implementation of TFDPA) – Online marketplaces

Amazon Japan (Amazon.co.jp)

- ✓ Established a Japanese Management Department: Amazon created a department to appoint and support Japanese managers in accordance with the Transparency Act. Japanese managers oversee communication with international and domestic partners - including store owners - and make adjustments for further operational improvements based on feedback from the relevant parties.
(for example, they work with relevant departments like the teams that support store owners, share examples and issues store owners are facing, focus on examination to improve rules, policies, etc., and offer support to ensure that store owners receive adequate communication.)
- ✓ Holds periodic meetings with the Digital Platform Consultation Desk*: They consciously work to further mutual understanding between Amazon and store owners by having the consultation desk indicate common issues while paying careful attention to protecting business secrets.

Rakuten Group (Rakuten Ichiba)

- ✓ Rakuten publishes a page listing the main items for operating the Rakuten Ichiba platform
- ✓ They established a new dedicated help desk for store owners to file complaints and disputes with the management of Rakuten Ichiba.
- ✓ They enact measures to communicate on each issue to achieve mutual understanding with store owners
Examples: Rakuten Spring Conference, Rakuten Online EXPO, Rakuten town meetings, Rakuten Ichiba Service Improvement Committee, legal study sessions for store owners, etc.

Yahoo (Yahoo! shopping)

- ✓ May 2021 - Aggregated and published as much information as possible to improve transparency as their "Introduction of measures to improve transparency"
- ✓ September 2021 - Introduced a video platform called Store Forum to periodically share videos on shared strategies, etc. with all store owners
- ✓ February 2022 - While a help desk and system to post comments and Good/Bad reactions to notifications from Yahoo shopping already exist, Yahoo also began publishing answers from Yahoo developers to comments and requests from store owners on the store management tools
- ✓ Spring 2022 (tentative) Preparing to create and publicize management policies involving conflicts of interest and self-preferential treatment of online marketplace operators.

* Information handled by the Digital Platform Consultation Desk

- Consultants at the consultation desk handle information sent to the consultation desk with the utmost care in order to provide secure assistance and to avoid infringing upon the interests of those using the service. Inquiries may be sent to the specified digital platform operators depending on the content of consultations, but such inquiries are limited to when deemed particularly necessary to settle a consultation or understand the facts of a situation. Inquiries are carried out after obtaining advance permission from the party in question and are conducted with deference to said party.

[Reference] Examples of Voluntary Efforts from Digital Platform Operators (after implementation of TFDPA) – App stores

Apple Inc. and iTunes K. K. (App Store)

- ✓ WWDC: Apple hosts an annual Worldwide Developers Conference to offer online technical sessions on new technologies, tools, frameworks, and more. In last year's conference, they began providing videos with subtitles faster than before (one month after the conference) and offered new technical learning environments for Japanese developers.
- ✓ Tech Talks 2021: Between the end of October and the middle of December of last year, Apple held seminars and individual consultation events geared towards developers around the world. Multiple sessions and individual consultations for Japanese developers were given by Japanese staff in local Japan time.
Examples: a) An introduction to machine learning for camera, picture, and video apps, b) best practices for 5G, c) elements in creating an impressive AR experience, d) simplifying 3D content creation using Object Capture

Google LLC (Google Play store)

- ✓ April 2021 Launched a Japanese version of the How Google Play Works website
- ✓ May 2021 Provided information on new Google Play initiatives, the various developer help desks, and helpful resources at the Transparency Act information sessions hosted by METI and the Digital Platform Consultation Desk
- ✓ Began working with the Digital Platform Consultation Desk Proposes and holds periodic information exchanges in addition to responding to individual queries, etc.*
- ✓ Provides online videos through its PolicyBytes channel, explanations on policy updates through free webinars for all developers, as well as Q&A sessions in Japanese for common questions from developers (offered three times since the Transparency Act came into effect)
- ✓ Redesigned the Google Play Academy UI to improve usability of their app developer online educational training program, added 26 new courses in Japanese for Japanese developers, and created translations for 40 existing courses
- ✓ Summarizes feedback from developers in Japan on products, policies, and operations received by the Google Play business help desk and supplies that information to the appropriate departments (including the US headquarters) and the policy department to implement future improvements

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- *Consultants at the consultation desk handle information sent to the consultation desk with the utmost care in order to provide secure assistance and to avoid infringing upon the interests of those using the service. Inquiries may be sent to the specified digital platform operators depending on the content of consultations, but such inquiries are limited to when deemed particularly necessary to settle a consultation or understand the facts of a situation. Inquiries are carried out after obtaining advance permission from the party in question and are conducted with deference to said party.*

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Feedback from Shop Owners Using Online Marketplaces 1/3

- The following feedback* comes from shop owners using online marketplaces since TFDPA came into effect.
 - * Bear in mind that some complaints are based on misunderstandings or incomplete understandings of the rules.
 - * Based on feedback to the Consultation Desk since April 2021. Feedback has been organized by relatively frequent comments and comments that would impact a large number of shop owners.

1. Product returns

- Online marketplace operators have recently provided prompt compensation for merchandise returned due to personal circumstances and merchandise returned by users trying to take advantage of the system.
- Online marketplace operators have established rules for returns and accepting returned merchandise, with the stores bearing the burden for returns.
 - When a customer requests a return, the rules state that the reason for a return will determine the seller's responsibility (refund rate, shipping fee), but online marketplace operators decide to accept returns based on customer claims without verifying other factors, which is frustrating.
 - I don't like that we have to adhere to the rules for products that qualify for unconditional returns, typically a period of 30 to 90 days, when using an optional service provided by the online marketplace operator.
 - Some customers have replaced the product they bought with a cheaper product when returning merchandise. In these cases, I feel like the online marketplace operator that decided to accept the return did not provide enough compensation.

2. Contract, guideline, etc. management

- I feel that we are treated fairly in online marketplaces. I have never been treated superiority or inferiority than other stores.
- I feel that punishments for stores that violate the online marketplace rules are handled arbitrarily and are not administered equally.
- I think it's unfair that stores with a relationship with the online marketplace are not punished for violations.

Feedback from Shop Owners Using Online Marketplaces 2/3

- The following feedback* comes from shop owners using online marketplaces since TFDPA came into effect.
 - * Bear in mind that some complaints are based on misunderstandings or incomplete understandings of the rules.
 - * Based on feedback to the Consultation Desk since April 2021. Feedback has been organized by relatively frequent comments and comments that would impact a large number of shop owners.

3. Suspending accounts

- My account was suspended for continuous violations because I did not understand the rules well enough. After verifying the details of the violations and spending two weeks talking with the relevant department on how to prevent them from reoccurring, my account was reactivated and payments returned to normal.
- My account was suspended and I didn't receive an adequate explanation from the online marketplace about why it was.
 - I was notified that the products I listed violated policy, my account was suspended without 30 days advance notification, and my sales revenue was withheld. I contacted the online marketplace operator because I didn't think I violated the rules, but I only received repeated automated email responses and could not receive a concrete answer. My account was later suddenly reinstated for reasons unknown. Ultimately, I did not fully understand the issue and incurred a loss.
 - I was notified that my account was connected to an account that violated policy, my account was suspended without 30 days advance notification, and my sales revenue was withheld. I didn't recognize the account in the notification and didn't know what to prove that the account was not connected to mine. I asked the online marketplace operator how they verified the connection, but they did not provide an answer.

4. Complaint resolution and consultation

- The products I listed were removed, but I was able to verify the reasons, etc. why with the customer service center, so the products were easily re-listed.
- My questions were answered with scripted phrases and the issue was not resolved.
- The online marketplace operator did not answer my questions and did not listen to my complaints.
- Sometimes I can't communicate with the operator in Japanese smoothly.

Feedback from Shop Owners Using Online Marketplaces 3/3

- The following feedback* comes from shop owners using online marketplaces since TFDPA came into effect.
 - * Bear in mind that some complaints are based on misunderstandings or incomplete understandings of the rules.
 - * Based on feedback to the Consultation Desk since April 2021. Feedback has been organized by relatively frequent comments and comments that would impact a large number of shop owners

5. Product search rankings

- Some online marketplaces have been clearly stating their standards for search rankings for several years.
- The mechanisms behind product search rankings feel unclear, arbitrary, and unfair.
 - The standards for displaying product search rankings in online marketplaces is not clear.
 - When searching for products in an online marketplace, it feels like products sold by the online marketplace operator are displayed next to each other, which feels unfair.
 - There have been many cases where a product that was displayed on the first page of the product search results was suddenly displayed on the fifth or seventh page or was not displayed at all. It feels like search results are being artificially manipulated.

6. Use of data by online marketplace operators

- I never had the impression that online marketplace operators were using their knowledge of data and providing it to other stores.
- It feels like online marketplace operators are using data on other stores that they obtained from the marketplace for their own selling activities.
 - Online marketplace operators are creating their own versions of popular products and selling them directly. Those replica products appear in top positions (above the original popular product) when searching for products.
 - Sellers must provide supplier information to the online marketplace operators. It feels like online marketplace operators contact the suppliers of popular products directly and ask them to sell directly to them.

* We also received feedback like "Online marketplaces are so popular that even products with low brand recognition gain visibility" and "Recently they have given us ample time and easy explanations on changes to the rules. I think that the three companies have responded adequately thanks to the Transparency Act."

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Feedback from App Store Developers 1/3

- The following feedback* comes from developers using app stores after the TFDPA came into effect.
 - * Bear in mind that some complaints are based on misunderstandings or incomplete understandings of the rules.
 - * Based on developer feedback to the help desk since April 2021. Feedback has been organized by relatively frequent comments and comments that would impact a large number of developers.

1. Commissions and billing

- The rate for in-app settlement commissions has been reduced.
- I do not fully agree with the settlement rules and standards nor the placement of commission rates set by app store operators.
 - I feel that standard commissions are high. They should adequately disclose the costs, etc. to operate the app store and the reasons for commission rates.
 - Competition isn't fair because the commissions create a significant difference in our costs versus those for apps from the app store operator and their affiliate companies.
 - Users are forced to use the in-app payment method, which feels unreasonable. External links within the app that lead to other payment methods are prohibited. The result of these rules is that restraints are placed on developing services and that impacts usability.

2. Refunds

- We can now see a user's transaction history, which prevents double refunds to app users.
- App store operators decide the rules for refunds and how to accept refunds, which creates a burden on developers.
 - When an app user requests a refund within 90 days and the app store operator decides to grant a refund, the developer must accept that decision. I feel that this rule is unreasonable considering that there are refund requests from users with ill intent.
 - Accepting a refund after the unconditional refund period is restricted to certain cases by violations of warranty, laws, etc. Developers do not have the opportunity to contest an app store operator's decision to grant a refund.
 - Developers must provide proof if they question a user's refund request. However, app store operators do not disclose the information necessary to analyze a problem (specific details on the refund request, the reason for the refund, etc.), so contesting a decision is difficult in practice.

Feedback from App Store Developers 2/3

- The following feedback* comes from developers using app stores after the TFDPA came into effect.
 - * Bear in mind that some complaints are based on misunderstandings or incomplete understandings of the rules.
 - * Based on developer feedback to the help desk since April 2021. Feedback has been organized by relatively frequent comments and comments that would impact a large number of developers.

3. App reviews

- App rejection notification emails now include the reason for the rejection. The reason for an app being rejected is often resolved through phone consultation with an agent. Operators now provide detailed explanations when apps are stuck in the review stage.
- Reviews have been improved from a consistency stance. The pace of app reviews has increased.
- I can't predict how an app review will go and it impacts my decisions for investment.
 - The review guidelines they provide are confusing and I can't determine what is allowed before the review. Apps require time and investment to develop, so they should provide standards and rejection examples.
 - My app was rejected after the main review even though the app store operator gave me feedback before the review. I take issue that there is no system for review and consultation before the final review. It should be easier to predict the outcome of reviews.
 - Games are suddenly unilaterally banned for policy violations even though they were offered legally in Japan.
- App reviews feel unreasonable and biased.
 - Another company's app with certain features was accepted but our company's app was rejected. It feels like developers are not treated equally. We would like guarantees on consistency and fairness in reviews.
 - Excessive prohibitions on collecting user information prevent me from collecting the information I need for my app due to the nature of the service it provides. Preliminary reviews to determine these rules are insufficient.
- Deleting an app that is already available on the app store impacts the users of that app, so I would like to be notified ahead of time and given the opportunity to correct the app.

4. Suspending accounts

- My account was suspended without advance notification because the app store operator indicated that the app violated guidelines, which then simultaneously deletes my other apps on the app store. I suffered significant losses as a result. Even if my app violated guidelines, all I needed to do was to correct the app and I don't understand why my account had to be suspended immediately.

Feedback from App Store Developers 3/3

- The following feedback* comes from developers using app stores after the TFDPA came into effect.

* Bear in mind that some complaints are based on misunderstandings or incomplete understandings of the rules.

* Based on developer feedback to the help desk since April 2021. Feedback has been organized by relatively frequent comments and comments that would impact a large number of developers.

5. Complaint processing and consolations

- Support is now offered in Japanese and it feels like communication is improving.
- Issues do not get resolved because developers cannot communicate adequately with app store operators when an issue or other problem arises.
 - My questions were answered with scripted phrases and the issue was not resolved.
 - I've had no problems communicating over the internet, but I'm transferred around to several different desks when I try to reach out via phone. I often use phone calls for emergencies, but my conversations often ultimately result in me being told to use a web form.

6. App display placement etc.

- The best practices for search results and ranking displays are publicly available and easy to understand.
- The mechanisms behind displaying apps feels unclear and unfair and that's an issue.
 - The standards for being displayed on the recommended page are unclear. It feels like the methods for determining search results are not expressed clearly.
 - It feels like app store operators favor their own apps in search results, etc. The logic and algorithms are not publicly available, though, so I cannot verify whether app store operators actually favor their own apps.

7. Data use by app store operators

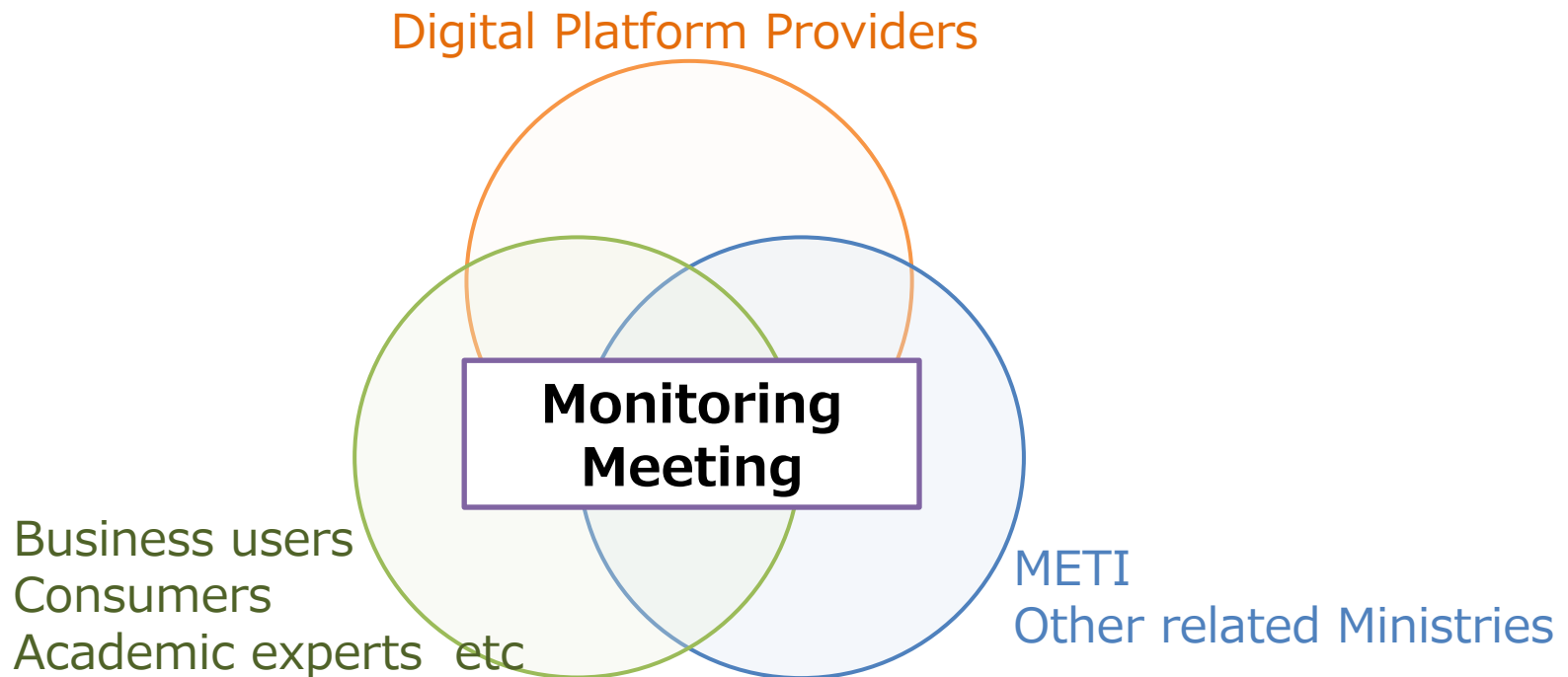
- It feels like some app stores use their position to obtain information on all apps - including our company's apps - and connect that with services offered by developers, then reflect that in their own services. When we examined the contents of a service, it was similar to what our company was going to develop.

* Developers also said, "Rules and notifications are easier to understand than before" and "They now offer information sessions and Q&A sessions for developers to create mutual communication."

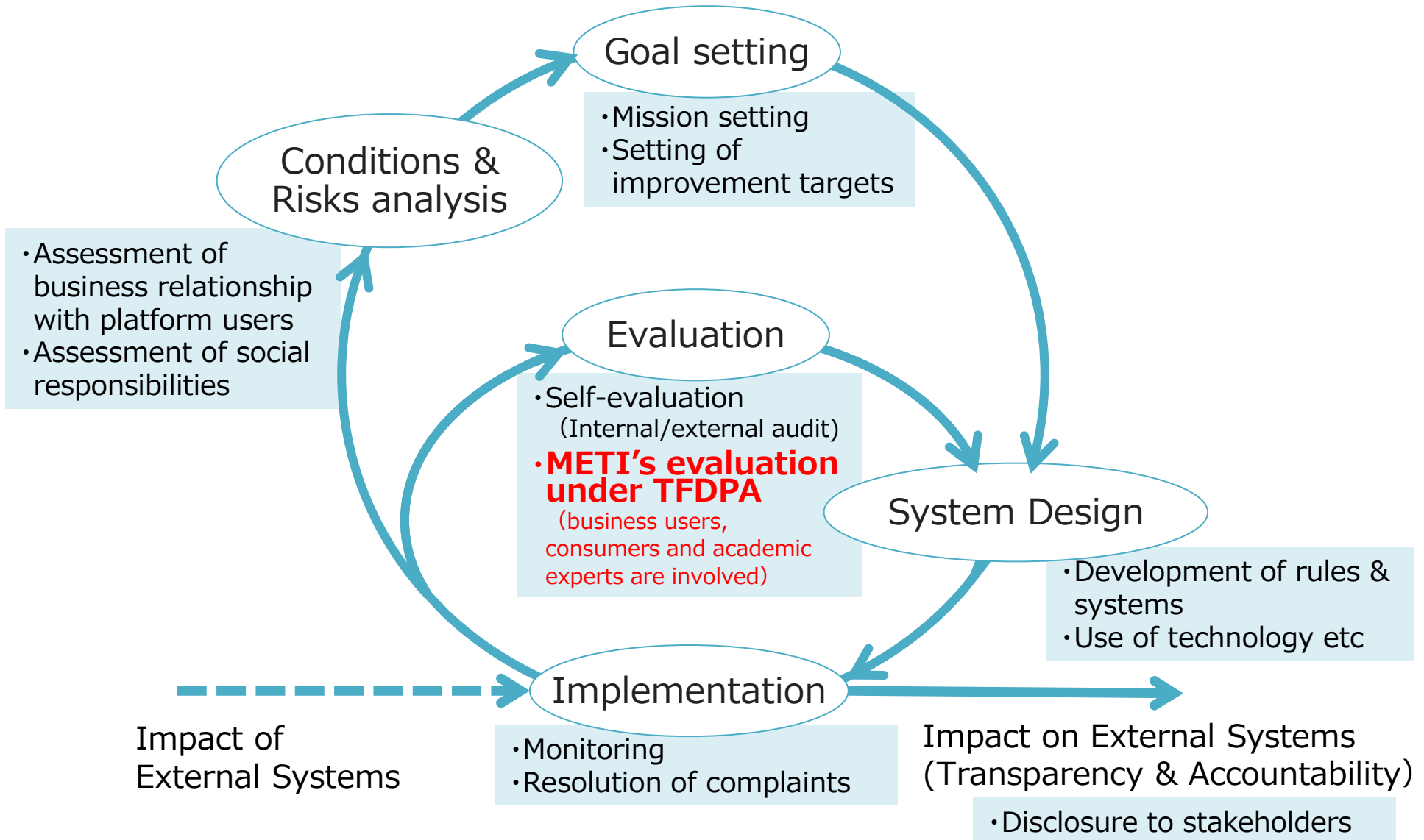
1. Overview of TFDPA
2. The state of TFDPA
 - Online malls & App stores
3. Feedback from Business users
 - Online marketplace
 - App store
4. Monitoring Review

“Monitoring Review” & “Monitoring Meeting”

- The purpose of “Monitoring Review” is to:
 - ✓ Promote mutual understanding and the sharing of challenges between the relevant parties such as platform providers, business users, and others
 - ✓ Increase transparency and fairness in regulated digital platforms
- METI set up “Monitoring Meeting on the Transparency and Fairness of Digital Platforms” in December 24, 2021, in order to hear opinions from business users, consumers, academic experts and platform providers.



Cycles of agile governance in Specified Digital platform providers



[Reference] Provisions related to Monitoring and Reviews

○ The Act on Improving Transparency and Fairness of Digital Platforms

(Submitting, evaluating, etc. reports from specified digital platform providers)

Article 9 By order of the Ministry of Economy, Trade and Industry Ordinance, **each year, specified digital platform providers** must **submit a report to METI** that includes the following items.

- i) Items related to an overview of the business of the specified digital platform
 - ii) Items related to the resolution of complaints and settlement of disputes for the specified digital platform
 - iii) Items related to the state of disclosure for the items specified from Article 5, Paragraph 1 to Paragraph 4
 - iv) Items related to measures enacted based on the regulations in Article 7, Paragraph 1
 - v) Items related to self-evaluations for the items listed in the previous three sections
- 2 When receiving a report regarding the previous provisions, METI shall **consider the guidelines, and then evaluate the transparency and fairness of specified digital platform based on the contents of the report submitted by specified digital platforms, facts declared based on section 1 of Article 10, and other facts as understood by METI.**
 - 3 When conducting the above evaluation, METI must confer with the Minister for Internal Affairs and Communications in advance.
 - 4 **When conducting the evaluation** in section 2 above, METI shall be able to **collect feedback from users, users' organization, academic experts, and other individuals as deemed necessary by METI.**
 - 5 METI must publicize the findings of the evaluations described in section 2 with an overview of the report described in item one.
 - 6 **Specified digital platform providers must voluntarily improve the transparency and fairness of their digital platform based on the results of evaluations** publicized via the previous section.