

Template pursuant to Section 3 (a) of the ICN Framework on Competition Agency Procedures

[Japan Fair Trade Commission, Japan]

The following template is submitted by **[Japan Fair Trade Commission, Japan]** pursuant to Section 3(a) of the ICN Framework on Competition Agency Procedures (“CAP”).

I. Introduction

Please add brief presentation/link to agency website.

Japan Fair Trade Commission (hereinafter referred to as “JFTC”) is an independent administrative commission (administrative agency by a council system) established to enforce the Antimonopoly Act (competition law in Japan).

<https://www.jftc.go.jp/dk/guideline/lawdk.html>

https://www.jftc.go.jp/en/legislation_gls/amended_ama09/index.html

JFTC’s major roles are as follows: (1) strictly enforcing the Antimonopoly Act to maintain free and fair competitive environment; (2) amending the Antimonopoly Act or stipulating relevant guidelines in order to improve the competitive environment; and (3) enhancing cooperative relationship with other competition agencies in order to reinforce the competition policy infrastructure.

A general secretariat has been established for JFTC for the purpose of the administration of its affairs. Investigation Bureau in the general secretariat is in charge of the investigation.

Followings are the clues for JFTC’s investigation: complaints from public, leniency applications, ex-officio detections and so on. Based on the information obtained, JFTC decides whether they are related to the violation of the Antimonopoly Act and whether it is worth starting preliminary investigations.

There are two kinds of investigation procedures of JFTC: administrative investigation procedure and criminal investigation procedure. Those investigation procedures start when JFTC obtains the clues of cases. After that, considering the result of the preliminary investigation, JFTC conducts formal investigation which includes dawn raids, orders to report, interviews and so on. If JFTC finds violation of the Antimonopoly Act, JFTC issues the Cease and Desist Order and/or Surcharge Payment Order.

<https://www.jftc.go.jp/dk/dkgaiyo/gaiyo.html>

JFTC also reviews whether mergers may substantially restrain competition in any particular fields of trade. Economic Affairs Bureau in the general secretariat is in charge of merger review.

II. Laws, Regulations, and Policies relevant for the implementation of the CAP

For each CAP Principle below, please explain how your competition law investigation and enforcement procedures meet the Principle. Please highlight important features relevant for the implementation of the CAP and explain limitations, if applicable. Feel free to include links or other references to related materials such as relevant legislation, implementing rules and regulations, and guidelines where helpful and appropriate.

Please update your Template reflecting significant changes as they relate to the CAP, as needed.

b) Non-Discrimination

Each Participant will ensure that its investigation and enforcement policies and Procedural Rules afford Persons of another jurisdiction treatment no less favorable than Persons of its jurisdiction in like circumstances.

JFTC applies the same rules to all the Persons that violate the Antimonopoly Act regardless of their nationality.

c) Transparency and Predictability

- i. Each Participant will ensure that Competition Laws and regulations that apply to Investigations and Enforcement Proceedings in its jurisdiction are publicly available.*
- ii. Each Participant with the authority to adopt Procedural Rules will have in place such rules applicable to Investigations and Enforcement Proceedings in its jurisdiction.*
- iii. Each Participant will ensure that Procedural Rules that apply to Investigations and Enforcement Proceedings in its jurisdiction are publicly available.*
- iv. Each Participant will follow applicable Procedural Rules in conducting Investigations and in participating in Enforcement Proceedings in its jurisdiction.*
- v. Each Participant is encouraged to have publicly available guidance or other statements, clarifying or explaining its Investigations and Enforcement Proceedings, as appropriate.*

JFTC maintains the Antimonopoly Act and procedural regulations for investigations and enforcement proceedings, publishes them on its website and complies with them.

<https://www.jftc.go.jp/dk/guideline/index.html>

https://www.jftc.go.jp/en/legislation_gls/antimonopoly_rules.html

In addition to the procedural regulations above, JFTC prepares and publishes “Guidelines on Antitrust Investigation Procedures”. The guidelines made the standard process of the JFTC’s administrative investigation widely known to public.

<https://www.jftc.go.jp/dk/guideline/unyoukijun/shinsagaiyou.html>

https://www.jftc.go.jp/en/legislation_gls/imonopoly_guidelines.html

d) Investigative Process

- i. Participants will inform any Person that is the subject of an Investigation as soon as practical and legally permissible of that Investigation, according to the status and specific needs (e.g., forensic considerations) of the Investigation. This information will include the legal basis for the Investigation and the conduct or action under Investigation.*
- ii. Participants will provide any Person that has been informed that it is the subject of an Investigation, or that has notified a merger or other transaction or conduct, with reasonable opportunities for meaningful and timely engagement on significant and relevant factual, legal, economic, and procedural issues, according to the status and specific needs of the Investigation.*
- iii. Participants will focus investigative requests on information that they deem may be relevant to the competition issues under review as part of the Investigation. Participants will provide reasonable time for Persons to respond to requests during Investigations, considering the needs to conduct informed Investigations and avoid unnecessary delay.*

At the time of an on-site inspection, the investigators of JFTC shall present its identification card to a person in charge of the place and then deliver a notification that contains provisions that authorize JFTC to conduct the administrative investigation (Article 47 of the Antimonopoly Act), the title of a case, main point of the alleged fact, applicable provisions of the Act, etc. (Article 20 of Rules on Investigations by the Fair Trade Commission) and make a request for cooperation to ensure smooth implementation of the inspection. Furthermore, they shall explain to the person in charge that if the party concerned refuses to cooperate with the inspection, punishment may be imposed (Article 94 of the Antimonopoly Act). They hand over “Overview of Administrative Investigation Procedures for Alleged Antitrust Cases [Reference Material for Business, etc.]” to a person in charge of the place (Guidelines on Administrative Investigation Procedures under the Antimonopoly Act II 1 (2)).

<https://www.jftc.go.jp/dk/guideline/unyoukijun/shinsashishin.html>

https://www.jftc.go.jp/en/legislation_gls/imonopoly_guidelines.html

Regardless of whether an on-site inspection is conducted, when JFTC issues a submission order and so on, the investigators of JFTC shall serve the documents including the following items (Article 9 of Rules on Investigations by the Fair Trade Commission):

- i) The title of the investigation case;
- ii) The name or title of the Person;
- iii) Requests to the Person;
- iv) Legal basis;
- v) Legal sanctions in the event of noncompliance with the order; and
- vi) Notice which indicates that the Person is permitted to make a complaint to JFTC or make appeal to the courts about the order.

In a case of criminal investigation procedure, if necessary, JFTC staff member may conduct an on-site inspection, search, or seizure, by virtue of a Warrant issued in advance by a judge of the district court or summary court having jurisdiction over the location of the Fair Trade

Commission (Note: Tokyo District Court and Tokyo Summary Court). (Article 102(1) of the Antimonopoly Act). That warrants for on-site inspection, search or seizure must be shown to the person that is subject to such measures (Article 105 of the Antimonopoly Act).

Persons subject to the investigation can state their complaints and opinions on the investigative proceedings and other related issues of the alleged case to the case team during the investigation.

JFTC, when carrying out an order or request to provide information, has set a reasonable period in its response considering the needs to conduct the informed investigation and avoid unnecessary delays.

e) Timing of Investigations and Enforcement Proceedings

Each Participant will endeavor to conclude its Investigations and aspects of Enforcement Proceedings under its control within a reasonable time period, taking into account the nature and complexity of the case.

JFTC makes efforts to close the investigation procedures within a reasonable period. As part of the policy evaluation efforts, every year, JFTC publishes an average time on the investigation of all cases which JFTC finally takes legal measures.

f) Confidentiality

- i. Each Participant will have publicly available rules, policies, or guidance regarding the identification and treatment of confidential information.*
- ii. Each Participant will protect from unlawful disclosure all confidential information obtained or used by the Participant during Investigations and Enforcement Proceedings.*
- iii. Each Participant will take into consideration both the interests of the Persons concerned and of the public in fair, effective, and transparent enforcement regarding the disclosure of confidential information during an Enforcement Proceeding.*

JFTC officials are subject to Article 100 (1) of the National Public Service Act. Article 100 (1) of the act stipulates the duty of confidentiality for government officials. Government official who violates the confidentiality obligation in the provision shall be liable to imprisonment of up to one year or a fine of up to 500,000 yen (Article 109 (xii) of the act). Furthermore, Article 39 of the Antimonopoly Act imposes the confidentiality obligation on "the chairman, commissioners and staff members of JFTC and any person who once held such a position". JFTC official who violates the confidentiality obligation shall be liable to imprisonment of up to one year of a fine of up to 1 million yen (Article 93 of Antimonopoly Act).

In principle, JFTC does not disclose any confidential information during the investigation procedures. Confidential information may be subject to the requests of information disclosure and inspection or copy of evidence. JFTC decides whether it discloses the information considering the necessity of disclosure such as the public interests and the possibility of infringing the interests of a third party.

g) Conflicts of Interest

Officials, including decision makers, of the Participants will be objective and impartial and will not have material personal or financial conflicts of interest in the Investigations and Enforcement Proceedings in which they participate or oversee. Each Participant is encouraged to have rules, policies, or guidelines regarding the identification and prevention or handling of such conflicts.

The chairman and commissioners of JFTC exercise their authority independently (Article 28 of the Antimonopoly Act). JFTC officials are subject to the National Public Service Act, and Article 3 of the National Public Service Ethics Act prohibits that they give unjust and discriminatory treatment to citizens such as handling information obtained in their work for the mere benefit of only some citizens. They are prohibited to concurrently hold the position of an officer, advisor or councilor in a company or any other organization established for the purpose of operating a commercial, industrial, financial or other for-profit private enterprise, nor shall they operate, on their own account, any profit-making enterprise (Article 103 (1) of National Public Service Act). If they are to hold concurrently the position of an officer, advisor or councilor in any undertaking other than a profit-making enterprise, or to engage in any other undertaking or to carry on a business, by receiving remuneration, they shall require the permission of the Prime Minister and the head of the government agency employing that official (Article 104 of National Public Service Act).

h) Notice and Opportunity to Defend

- i. Each Participant will provide Persons subject to an Enforcement Proceeding timely notice of the alleged violations or claims against them, if not otherwise notified by another governmental entity. To allow for the preparation of an adequate defense, parties should be informed of facts and relevant legal and economic reasoning relied upon by the Participant to support such allegations or claims.*
- ii. Each Participant will provide Persons subject to a contested Enforcement Proceeding with reasonable and timely access to the information related to the matter in the Participant's possession that is necessary to prepare an adequate defense, in accordance with the requirements of applicable administrative, civil, or criminal procedures and subject to applicable legal exceptions.*
- iii. Each Participant will provide Persons subject to an Administrative Proceeding with reasonable opportunities to defend, including the opportunity to be heard and to present, respond to, and challenge evidence.*

When JFTC seeks to issue a Cease and Desist Order, it must conduct a hearing of opinions with the would-be addressee of the Cease and Desist Order (Article 49 of the Antimonopoly Act). In a hearing set forth in Article 49, JFTC must notify the would-be addressee of the Cease and Desist Order of the following matters in writing, by a reasonable period of time prior to the date of hearing: (i) the expected contents of the Cease and Desist Order; (ii) the facts found by JFTC; and the application of laws and regulations thereto, etc (Article 50 (1) of the Antimonopoly Act). The Party may, between the time when notice of a hearing is given and the time when the hearing is concluded, submit a request to JFTC to inspect or copy the evidence proving the facts found by JFTC with respect to the case for hearing (Article 52 (1) of the Antimonopoly Act) (as for copy, only limited to evidence prescribed by the Rules of the Fair Trade Commission as one that was submitted by the

relevant Party or its employees or that records the statements of the relevant Party or its employees) . The same procedure applies to the anticompetitive mergers which have been notified to JFTC (see also the Rules on Hearing of Opinions by JFTC.).

<https://www.jftc.go.jp/dk/guideline/lawdk.html>

<https://www.jftc.go.jp/dk/guideline/ikentyousyu/ikentyousyukisoku.html>

https://www.jftc.go.jp/en/legislation_gls/amended_ama09/index.html

https://www.jftc.go.jp/en/legislation_gls/antimonopoly_rules.html

The Person who has received the notice of hearing may appear on the date of hearing, state its opinions and submit evidence and also address questions to the investigators, etc. with the permission of the Designated Staff Member (Article 54 (2) of the Antimonopoly Act).

i) Representation by Counsel and Privilege

- i. No Participant will deny, without due cause, the request of a Person to be represented by qualified legal counsel of its choosing.*
- ii. Each Participant will provide a Person a reasonable opportunity to present views regarding substantive and procedural issues via counsel in accordance with applicable law. Notwithstanding the foregoing, Persons may be required to provide direct evidence.*
- iii. Each Participant will recognize applicable privileges in accordance with legal norms in its jurisdiction governing legal privileges, including privileges for lawful confidential communications between Persons and their legal counsel relating to the solicitation or rendering of legal advice. Each Participant is encouraged to have rules, policies, or guidelines on the treatment of privileged information.*

The Persons who are subject to the investigation may be represented by qualified legal counsel appoint agents. Especially, it is legally admitted that the Person who has received the notice of hearing may appoint agents (Article 51 (1) of the Antimonopoly Act).

When JFTC seeks to issue a Cease and Desist Order, it must conduct a hearing of opinions with the would-be addressee of the Cease and Desist Order (Article 49 of the Antimonopoly Act) directly or via counsel. The Person or agents may appear on the date of hearing, state its opinions and submit evidence and also address questions to the investigators, etc. with the permission of the Designated Staff Member (Article 54 (2) of the Antimonopoly Act).

Regarding protection on communication between lawyers and clients, in Japan, specific laws such as Attorney Act or Code of Civil Procedure prescribe lawyers' right and obligation to keep their clients' secrets which they may have learned in the course of performing their duties.

As of May 1, 2019, amendment bill for the Antimonopoly Act to amend current leniency program so that JFTC would decrease the amount of surcharge based on the value of materials leniency applicants submit and so on has been submitted to the Diet.

Also, JFTC is going to establish a system in rules and guidelines in order to make the new leniency program work effectively. Under the system, investigators would not access the documents or the communications between lawyers and clients on legal opinions regarding unreasonable restraint of trade (anticompetitive agreements) when it is confirmed, by prescribed procedures, that the communication meets certain requirements.

j) Decisions in Writing

- i. Each Participant in charge of issuing decisions or orders will issue in writing its final decisions or orders in which it finds a violation of, or imposes a prohibition, remedy, or sanction under applicable Competition Laws. Such final decisions or orders will set out the findings of fact and conclusions of law on which they are based, as well as describe any remedies or sanctions. Each Participant will ensure that all final decisions are publicly available, subject to confidentiality rules and applicable legal exceptions.*
- ii. Each Participant will ensure that all commitments it accepts to resolve competition concerns are in writing. Subject to confidentiality rules and applicable legal exceptions, each Participant will (i) make public the commitments it accepts, and (1) describe the basis for the competition concerns or (2) reference public materials in which those concerns are expressed, or (ii) provide a summary explanation of the commitments and the reasons for them.*

A Cease and Desist Order must be rendered in writing, and the written Cease and Desist Order is to indicate the measures necessary to eliminate the violation or to ensure that the violation is eliminated, the facts found by JFTC and the application of laws and regulations thereto; and the chairman and commissioners who attended the meeting which decided Cease and Desist Orders, Surcharge Payment Orders or Competition Restoration Orders, etc. must affix their names and seals thereto (Article 61 (1) and 62 (1) of Antimonopoly Act). JFTC publishes the content of all Cease and Desist Orders on its website.

Commitment Procedure is a scheme to resolve suspected violations against the Antimonopoly Act voluntarily by consent between JFTC and the persons. The approval of a Commitment Plan must be rendered in writing, and the chairman and the commissioners who attended the meeting which decided approvals must affix their names and seals on the statement of approval (Articles 48-3 (4) and 48-7 (4) of Antimonopoly Act). After the approval of a Commitment Plan, in order to make clear what kinds of specific acts could have an adverse effect on free and fair competition and to ensure the transparency and the predictability regarding the enforcement of the law related to the Commitment Procedures, JFTC shall announce in public an overview of the Approved Commitment Plan, an overview of the Suspected Violation related to such approval, and other necessary matters. It shall be noted to such public announcement that JFTC has not determined a violation of the Antimonopoly Act to have taken place (Paragraph 11 of Policies Concerning Commitment Procedures).

k) Independent Review

No Participant will impose on a Person a prohibition, remedy, or sanction in a contested Enforcement Proceeding for violation of applicable Competition Laws unless there is an opportunity for the Person to seek review by an independent, impartial adjudicative body (e.g. court, tribunal, or appellate body).

Persons may file an appeal to the Tokyo District Court when they have complaints to the dispositions made by JFTC (Articles 3(1) and 14 of the Administrative Case Litigation Act, Article 85 (i) of the Antimonopoly Act).