

## Japan Fair Trade Commission

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**For Fair and Free Market Competition**

# JFTC

Japan Fair Trade Commission

# For Fair and Free Market Competition

Japan Fair Trade Commission  
rigidly enforces the Antimonopoly  
Act to maintain fair and  
free competition in a market.

## Introduction

July 1947

**The Antimonopoly Act**

July 1956

**The Subcontract Act**

Japanese competition law known as the Antimonopoly Act (official name : Act on Prohibition of Private Monopolization and Maintenance of Fair Trade ) was enacted in July 1947 as a part of measures to establish the economic foundation for supporting democratic society. It aims to promote the democratic and sound development of national economy as well as to assure the interests of general consumers by promoting fair and free competition through prohibition of unreasonable restraint of trade (such as cartels and bid riggings), private monopolization, and unfair trade practices.

In addition to the Antimonopoly Act, policies for promoting competition have been improved steadily through the enforcement of the complementary law,

the Subcontract Act enacted in July 1956. The Antimonopoly Act has also been strengthened and amended repeatedly according to changes in economy and industrial structure from the post-war high economic growth period until today.

It is an administrative commission (administrative agency by a council system) known as Japan Fair Trade Commission (JFTC) that enforces the Antimonopoly Act and its related laws. The JFTC always supervises the functions of the market, economy and business activities in order to prevent or detect conducts against the Antimonopoly Act, and strictly regulates and takes measures against such conducts.

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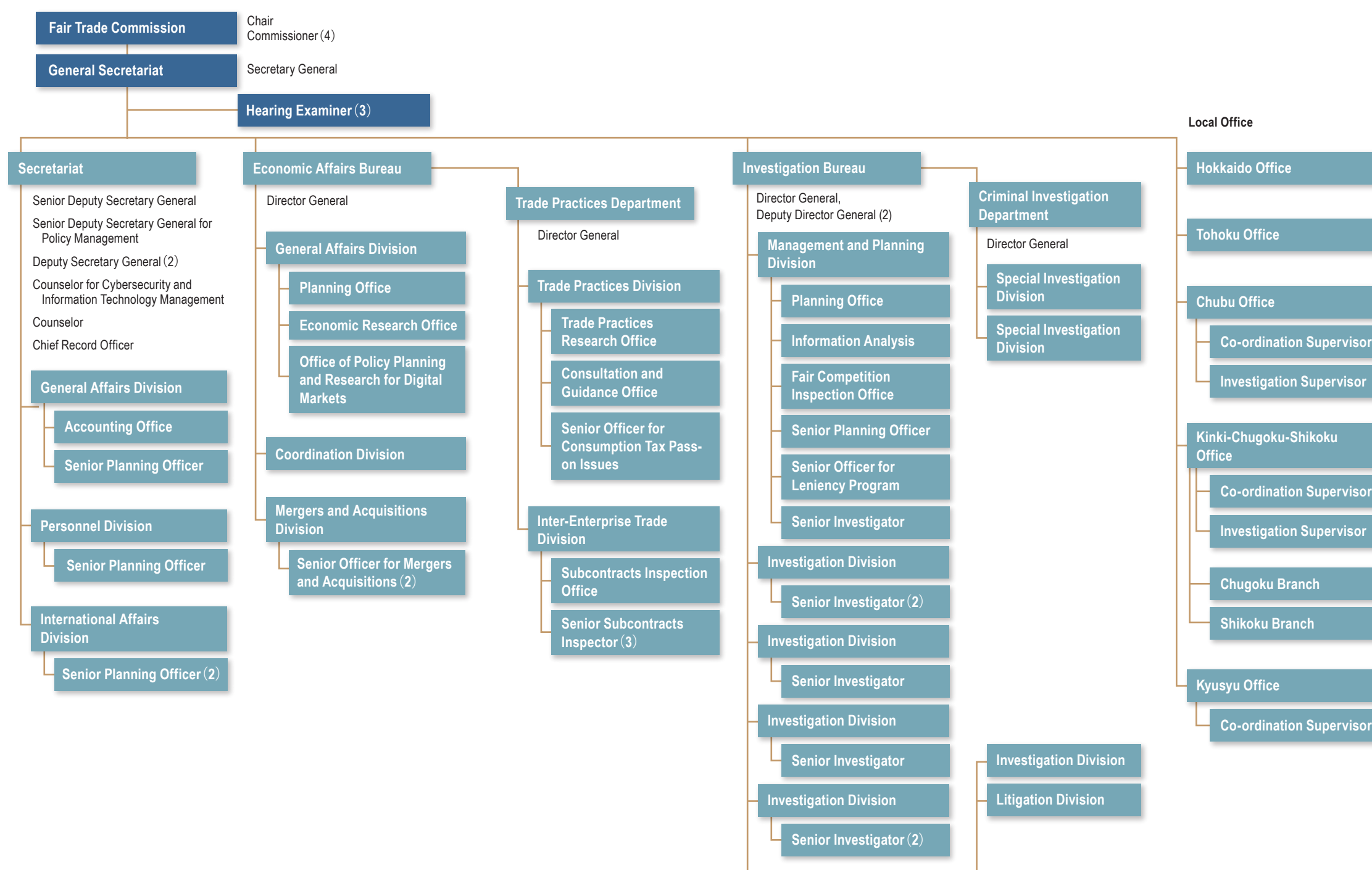
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**The JFTC rigidly enforces the Antimonopoly Act, and proactively implements competition policies.**

The JFTC is an independent administrative commission consisting of the Chair and 4 commissioners. These members are appointed from among experts in law or economics by the prime minister with the consent of the Parliament. The JFTC is unique in that it performs its duties as independent administrative commission without being directed or supervised by other organs. Its organizational unit known as General Secretariat takes charge of clerical affairs of the JFTC with regard to investigation, etc. of those cases involving the Antimonopoly Act.

### Organizational Chart (as of 2022, March)



## Enforcement of laws including the Antimonopoly Act as a law-enforcement agency

In order to maintain fair and free competition in a market, the JFTC enforces the Antimonopoly Act and the Subcontract Act. The JFTC makes its effort to restore competitive order immediately by, for instance, giving cease and desist orders when illegal conducts have been detected and surcharge payment orders in the case of price cartels, etc.

## Strengthening competition policy through competition advocacy activities

The JFTC is actively engaged in advocacy activities, which leads to the improvement of corporate compliance with competition laws and to the review of policies, regulations and systems of other government agencies in order to improve the competitive environment in response to new economic and social trends. In light of social changes such as DX and strong expectation to the JFTC's advocacy function, it is proactively conducting market studies, holding study groups, publishing reports, and developing guidelines.

# The JFTC commits to building up close cooperative relations with competition authorities of all over the world.

Amid the globalization and digitization of economy, international cartels and mergers are on the increase, with the result that international cooperation among competition authorities is becoming more and more important. The JFTC endeavors to accelerate international cooperation in competition policies through exchanges of opinions with overseas competition authorities, execution of Bilateral Antimonopoly Cooperation Agreements and Economic Partnership Agreements, and positive participation in various international conferences. It also provides developing countries including East Asia with technical assistance regarding competition policies.

## Strengthening cooperative relations with overseas competition authorities

The JFTC endeavors to build up international cooperative relations regarding competition policies by concluding Bilateral Antimonopoly Cooperation Agreements, etc. with overseas competition authorities in order to cope properly with cases infringing several competition laws across the countries. Moreover, the JFTC proactively exchanges opinions and information on competition enforcement and policies with, mainly, those competition authorities.

- Bilateral Antimonopoly Cooperation Agreement with (the year of signature); U.S.A. (1999), European Community (2003) and Canada (2005)
- Memorandum of Cooperation (the year of signature) Philippines (2013), Vietnam (2013), Brazil (2014), Korea (2014), Australia (2015), Kenia (2016), Mongolia (2017), Canada (2017), Singapore (2017), China (2019) and India (2021)

## Competition policies in Economic Partnership Agreements

From the viewpoint of competition policy, economic partnership agreements, etc. should be designed to enhance competition in the markets further; accordingly, the JFTC participates in negotiations for Japan’s conclusion of the agreements, etc.

In the agreements, etc. below, the sections related to competition are included and parties are expected to cooperate with each other for eliminating anticompetitive conducts.

- Economic Partnership Agreement with (the year of signature); Singapore (2002), Mexico (2004), Malaysia (2005), Philippines (2006), Chile (2007), Thailand (2007), Indonesia (2007), ASEAN (2008), Vietnam (2008), Switzerland (2009), India (2011), Peru (2011), Australia (2014), Mongolia (2015), TPP11 (2018), European Union (2018), U.K. (2020), RCEP (2021)

## Participation in international conferences on competition law and policy

The JFTC participates in international organizations regarding competition laws, which are organized by governments and competition authorities all over the world, to discuss competition policies. It also participates in various international meetings and seminars aimed at developing competitive environments in East Asia.

- Participation in various international conferences Organisation for Economic Co-operation and Development (OECD), International Competition Network (ICN), Asia-Pacific Economic Cooperation (APEC), United Nations Conference on Trade and Development (UNCTAD), G7 Enforcers Summit, etc.
- East Asia Top-Level Officials’ Meeting on Competition Policy.

## Technical assistance to developing countries, etc.

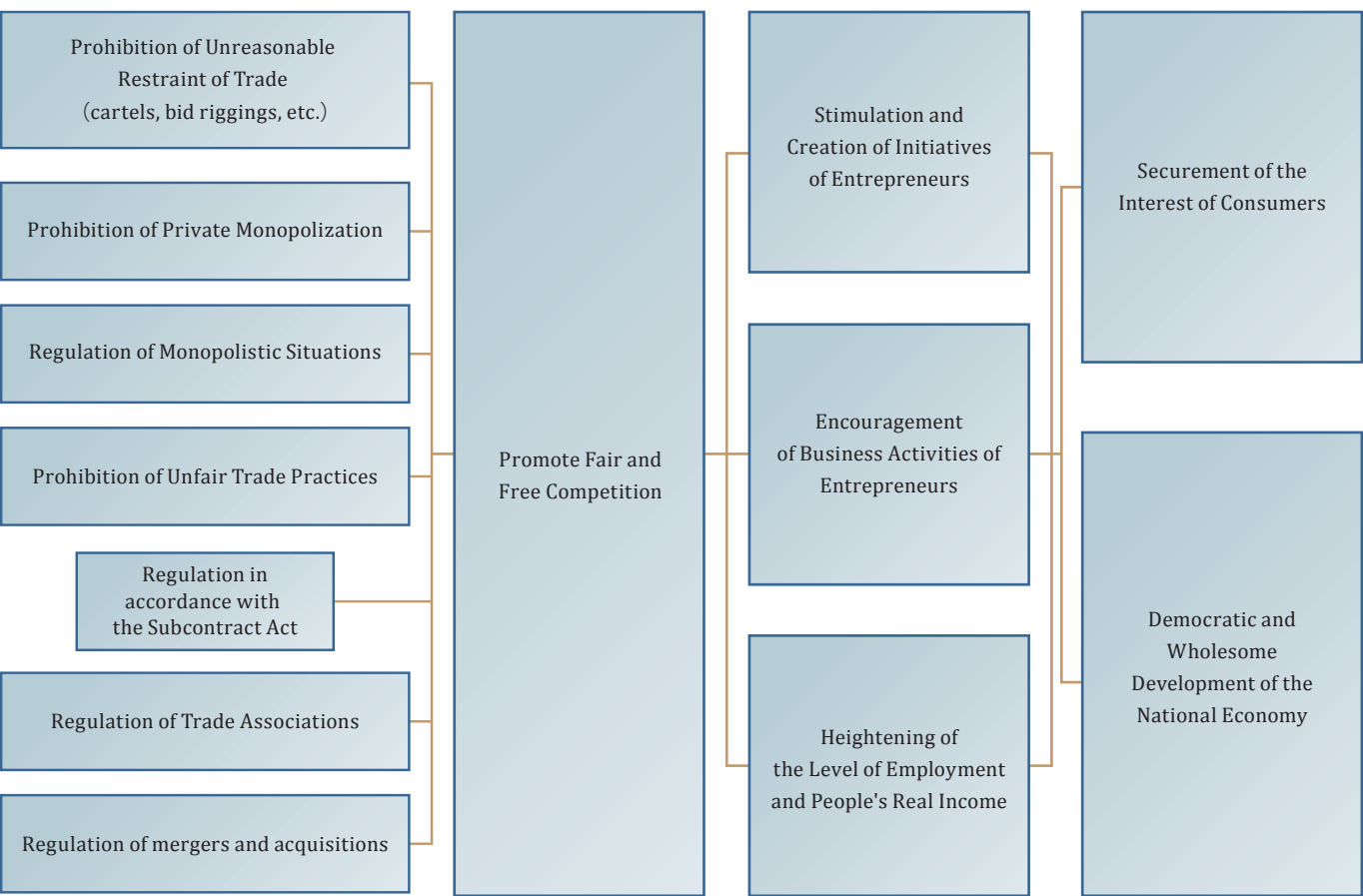
In order to facilitate smooth introduction, establishment, and proper enforcement of competition laws for competition authorities with less experience of competition law and policy, the JFTC takes full advantage of its long-term experience and know-how to provide them with various types of assistance.

- Acceptance of trainees from developing countries and implementation of training programs in terms of both theory and practice.
- Holding local seminars in supported countries in cooperation with them.
- Dispatching staff members of the JFTC to competition authorities of supported countries in order to give support geared to the local situations.

# The Antimonopoly Act prescribes basic rules for business activities.

The Japanese competition law known as “the Antimonopoly Act” provides rules which enterprises should observe in carrying out their business operations in free economic society, and regulates such conducts as impede fair and free competition. The JFTC proactively deploys competition policies and maintains competitive order in the market by enforcing, mainly, two laws: “the Antimonopoly Act” and its complementary law known as “the Subcontract Act”.

## ●Structure of the Antimonopoly Act



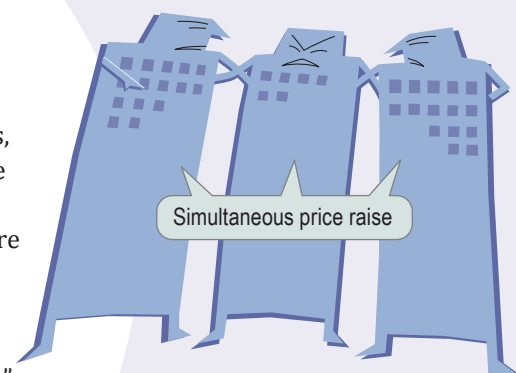


### Any enterprises are prohibited from restraining competition in conjunction with other enterprises.

There are many cases where several enterprises execute agreements for product prices and volumes in order to protect mutual interests, thus voluntarily restraining market competition. The Antimonopoly Act prohibits any artificial competition-restricting conducts such as cartels and bid riggings.

#### Prohibition of cartels

If any enterprises or any enterprises as constituent members of trade associations consult with each other to jointly determine product prices, sales and production volumes, etc., which should be determined voluntarily by each enterprises, and restrain competition as the result, such conducts are regarded as “cartels,” and prohibited. Such arrangements, whether by gentlemen’s agreements, by word of mouth or any other forms, are regarded as “cartels,” if some kind of arrangements exist among these enterprises, and if they eventually take a concerted action.



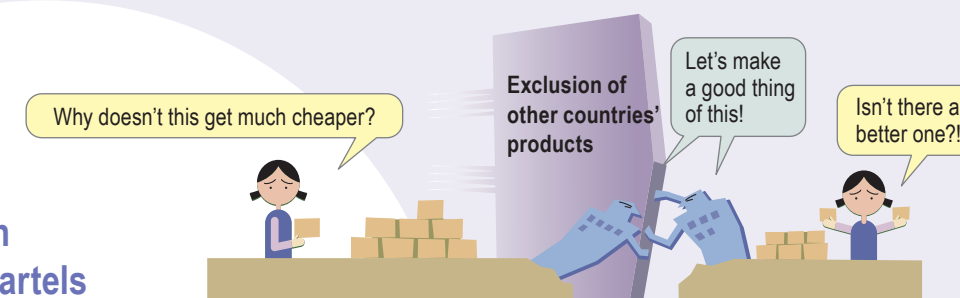
#### Prohibition of bid riggings

“Bid rigging” means that several enterprises participating in bidding for e.g. public works of the central and local governments and public procurement consult with each other in advance to determine the contractors and contract prices, and is prohibited as one of the unreasonable restraint trade.



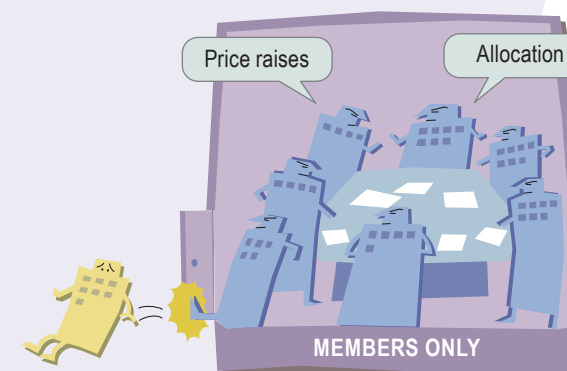
#### Prohibition of participation in international cartels

It is unlawful and prohibited to conclude agreements for cartels with overseas enterprises in the same trade. For instance, if domestic and overseas enterprises form a cartel whereby they do not export their respective products to their respective partner countries, it follows that such products are not imported into the domestic market. This case falls under an illegal conduct given a substantial restraint of competition.



#### Restraint of activities by trade associations

Trade associations are prohibited from performing such conducts as unjustly restrain voluntary business activities of enterprises by Price raises, limiting the number of enterprises in a particular field of trade and giving instructions as to price raises, volume restraint, transaction partners, and allocation of sales territories.



#### Cartel exemptions from the application of the Antimonopoly Act

In order to achieve specific policy objectives, cartels may be allowed exceptionally under certain requirements in accordance with the Antimonopoly Act and other laws. For instance, joint economic business by those associations aimed at mutual aid of small-scale enterprises and consumers is exempted from the application of prohibition of the Antimonopoly Act.

## Any conducts to monopolize the market are prohibited.

The monopolistic or oligopolistic market under the control of only a few enterprises makes it difficult for competition to function effectively. The Antimonopoly Act applies various regulations to conducts intended to monopolize the market and maintain oligopolistic situations by undue means.

### Prohibition of private monopolization

If any enterprises try to exclude competitors from the market individually or by combination with other enterprises by means of unjust low-price sales, discriminatory prices, etc. or monopolize the market by obstructing business activities of new entrants, such conducts are prohibited as “private monopolization (exclusion type).” Moreover, if any dominant enterprises try to control the market by restraining business activities of other enterprises through the acquisition of stock, dispatch of officers, etc., such conducts are also prohibited as “private monopolization (control type).”



### Measures against monopolistic situations

If competition fails to function effectively in a certain industry with a monopolistic situation because some dominant enterprises engage in large-scale operations, the JFTC may regard such a case as monopolistic situation, and take measures to restore competition. In such a case, the JFTC may request such enterprises to transfer a part of their business operations, as necessary.

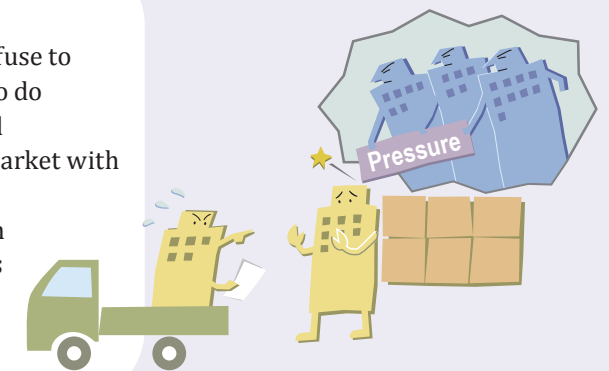
## Any conducts likely to impede fair competition in a market are prohibited.

In order to revitalize the market, it is necessary for enterprises to engage in fair competition in an effort to offer products which are better in quality and lower in prices than those of their competitors. For this purpose, the Antimonopoly Act designates the conducts restraining free competition and undermining the foundation for competition as “unfair trade practices,” and prohibits such conducts. “Unfair trade practices” consist of “general designation” applicable to the entire category of business and “Special designation” applicable only to specific category of business; specific categories are as follows; newspaper, distribution of goods and large-scale retailer.

### General designation

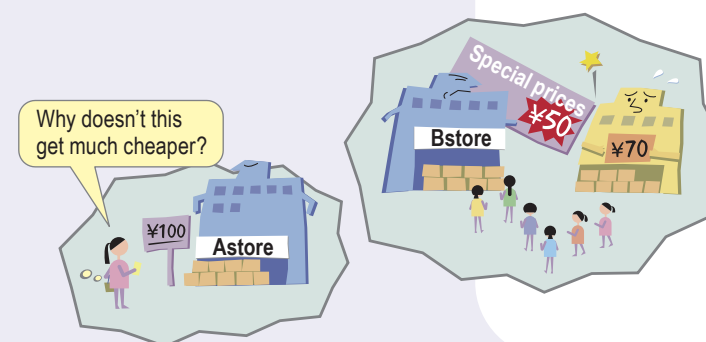
#### Refusal to deal

It is unlawful and prohibited that several enterprises jointly refuse to do business with specific enterprises or cause the third party to do so. For example, if several enterprises jointly force raw material manufacturers not to supply products to new entrants to the market with intent to prevent such new entrants from launching their operations, this falls under refusal to deal. Refusal to deal on an individual basis is also deemed unlawful, if deals are refused as a means of achieving an unjust purpose in terms of the Antimonopoly Act, such as making retailers abide by sales prices.



#### Discriminatory pricing and discriminatory treatment

It is unlawful and prohibited to set unjustly different prices and transaction terms for the same products or services depending on transaction partners and sales territories. For instance, if dominant enterprises offer lower prices only to the customers of competitors in order to exclude them, and take an excessive dumping means only in the area competing with their competitors, such conducts falls under this case.



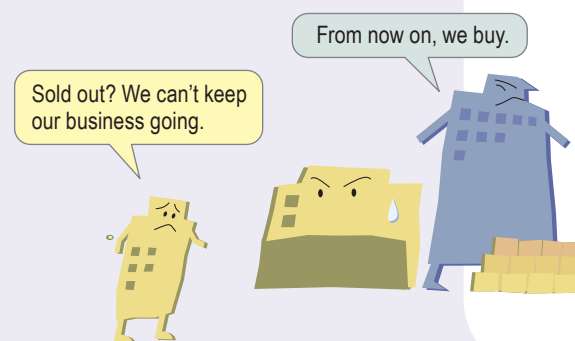
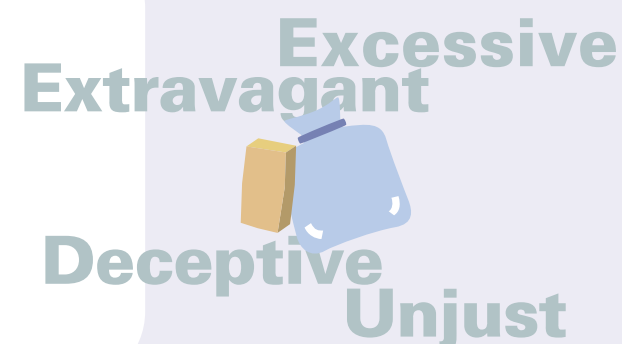
#### Unjust low price sales

It is unlawful and prohibited to sell products or services at unjustly low prices, for example, sell continuously at prices sizably lower than seller's actual purchase prices if such sales make it difficult for competitors to carry out business activities. However, it is lawful and justified to make bargain sales as fair competition means and dispose of perishable or seasonal products at special prices.



## Deceptive customer inducement

It is unlawful and prohibited to attract customers unjustly through deceptive and extravagant advertisements with intent to disguise own products or services as extremely superior to those of competitors, and sell them by attaching excessive premiums because such conducts distort the proper selection of products or services by customers.



## Unjust high price purchasing

It is unlawful and prohibited to purchase what competitors need at prices extremely higher than the market prices in order to exclude them from the market by making it difficult for such competitors to procure necessary products or services. For instance, buying up raw materials indispensable to products of competitors at extremely high prices falls under this case.

## Tie-in sales

It is unlawful and prohibited to force transaction partners to purchase products or services by tying them to the supply of other products or services. For instance, forcing purchasers to buy a combination of popular products and unsold unpopular ones against their will falls under this case.



## The Subcontract Act

The Subcontract Act is a complementary law of the Antimonopoly Act to promptly and efficiently regulate unreasonable conducts regarding prescribed subcontract transactions, deeming the subcontracting enterprises to be in superior bargaining position. The Subcontract Act regulates various conducts such as delay in payment and price reduction. It clearly defines prohibited conducts on the part of the subcontracting enterprises in wide-ranging business fields from manufacturing to service industries, and protects subcontractors by simple and prompt remedial measures.

## Abuse of superior bargaining position

It is unlawful and prohibited by the Antimonopoly Act for enterprises in superior bargaining position to make use of such position to impose disadvantage on the transacting party, unjustly in light of normal business practices. Various conducts are prescribed in the Antimonopoly Act; such as forced purchase and use, request for the payment of monetary contribution, refusal to receive goods, return of goods, and delay in payment.

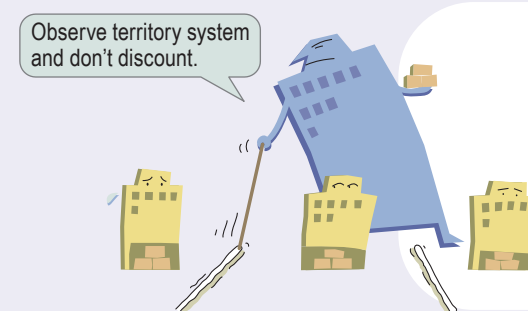


## Resale price maintenance

It is prohibited, in principle, to give retailers, etc. instructions on sales prices because it restricts prices as a basic means of competition. It is also prohibited to impose economic disadvantage on retailers and suspend delivery to them in order to force them to sell products or services at designated prices.

## Dealing on exclusive terms

If exclusive dealing, which makes transaction partners handle only one's own products or services, and prohibits dealing with other competitors, has the possibility of depriving competitors of trade opportunities and distribution routes and hindering new entry, such conduct would be unlawful.



## Dealing on restrictive terms

Carrying out trade on terms that unjustly restrict business activities of transaction partners is prohibited. Restriction of sales territories under the territory system and sales methods such as low-price sales falls under this case.

# Abuse of Superior Bargaining Position

~ASBP and the Subcontract Act~

As briefly described in P.13, the Antimonopoly Act prohibits enterprises in superior bargaining position from making use of such position to impose disadvantage on the transacting party, unjustly in light of normal business practices. These conducts are called Abuse of Superior Bargaining Position (ASBP) and are subject not only to cease and desist orders but also to surcharge payment orders. The purpose of the regulation is to eliminate the situations where transaction partners are deprived of their free and independent judgements and, for instance, where enterprises who abuse their superior bargaining position would obtain a competitive advantage over their competitors.

There are mainly three elements to be considered whether the conduct falls within the ASBP. The first element is superior bargaining position over transaction partners. This position is recognized, for instance, when transaction partners (Party B) have no choice but to accept substantially disadvantageous requests from the other (Party A) since Party B's business management would be substantially impeded when it becomes difficult for Party B to continue the transaction with the Party A; the facts indicating the need for the Party B to carry out transactions with the Party A are comprehensively considered.

Secondly, a conduct must be unjust in light of normal business practices. The conduct is not automatically justified merely because it complies with the currently existing business practices. This element is taken into consideration from the viewpoint of maintaining and promoting fair competition.

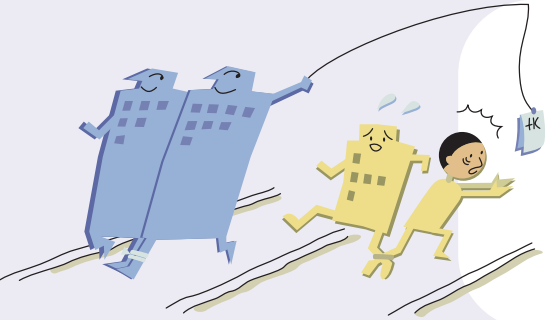
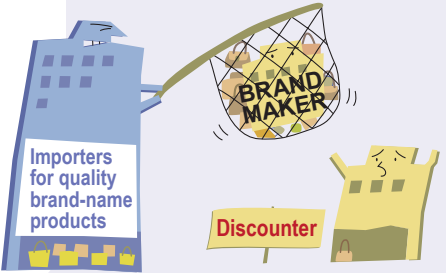
Thirdly, the conduct must fall within the abusive conducts prescribed in the Antimonopoly Act; such as forced purchase and use, request for the payment of monetary contribution, refusal to receive goods, return of goods, and delay in payment.

As regards to regulating subcontracts under the Antimonopoly Act, conducts in subcontract transactions such as delay in payment would fall under the ASBP. In applying the Antimonopoly Act, however, it is necessary to prove above mentioned factors and may be time-consuming; consequently, the opportunity of restoring may be lost. Besides, the relationship between subcontractors and contractees may get even worse. As a result, it may be the case that proving efforts will not contribute to the interests of subcontractors. Furthermore, given the characteristics of subcontracts, it cannot be expected that subcontractors file complaints about contractees' alleged violations to the authorities.

In light of these, the Subcontract Act was enacted in 1956 as a complementary law of the Antimonopoly Act; that is to say, the Subcontract Act clearly defines the scope of application by capital, total contributions and types of transactions, and concretely prescribes types of violation (in addition, the Subcontract Act prepares relatively simplified procedures compared to those of the Antimonopoly Act); with these characteristics, the Subcontract Act aims at protecting subcontractors promptly and effectively.

## Interference with competitors' transactions

It is unlawful and prohibited to unjustly obstruct business activities of competitors by obstructing the conclusion of contracts necessary for carrying out business activities and by inducing the non-fulfillment of such contracts. For instance, if import agents handling overseas brand-name products request overseas sales outlets to discontinue transactions with other domestic import agents, it falls under this case.



## Interference with internal operations of competitors

It is unlawful and prohibited to unjustly induce or abet the shareholders and officers of competitors to perform conducts detrimental to them.

## Unfair trade practices by trade associations

Trade associations are prohibited from instructing their participating member enterprises to perform conducts falling under "unfair trade practices." It is also prohibited to unjustly exclude those members not following such instructions from trade associations or make it difficult for such members to carry out business activities through discriminatory treatment.

## International contracts and unfair trade practices

Domestic enterprises are prohibited from concluding international contracts containing "unfair trade practices" with overseas enterprises. As to overseas areas where it is difficult to regulate unfair trade practices of overseas enterprises by the Antimonopoly Act, it is prohibited to conclude such international contracts.



## The JFTC regulates mergers and acquisitions which may restrain competition.

The Antimonopoly Act prohibits merger, division and acquisition of business etc. where the effect of such a merger and acquisition may substantially restrain competition. The JFTC announces "Guidelines to application of the Antimonopoly Act concerning review of business combination" to clarify what kind of merger and acquisition may raise problem. Moreover, the AMA prohibits establishment of a company which may cause excessive concentration of economic power, and restricts rate of holding voting rights by a bank or an insurance company.

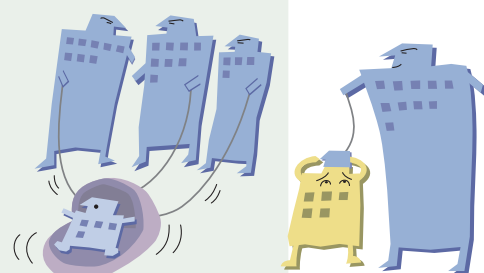
### Prohibition of particular mergers

Mergers are prohibited if they may cause a substantial restraint of competition in any particular field of trade. "Particular field of trade" is generally defined individually in accordance with the types of products or services handled by merged companies, geographical extent to which such products or services are traded, and the specific phase of transactions. The judgment on whether the effect of the merger may substantially restrain competition or not is made by comprehensively taking into account various factors such as market shares and status of import and entry in the market.



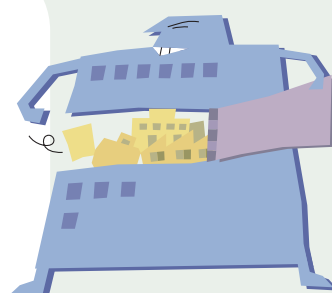
### Prohibition of particular divisions

"Joint establishment division" in which several entrepreneurs jointly cause a new company to take over business operations and "acquisition division" in which an entrepreneur cause the existing company to take over business operations are treated in the same manner as mergers because a portion subject to division and takeover is taken over by the other company. Such division is prohibited if it substantially restrains competition in any particular field of trade.



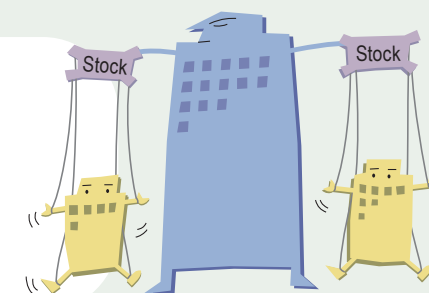
### Prohibition of particular acquisition of business

The acquisition of business among companies are treated in the same manner as mergers because the business of acquired company is combined with that of acquiring company, and is prohibited if it substantially restrains competition in any particular field of trade. The acquisition of business includes the acquisition of sales and plant operations, the acquisition of fixed assets used for business and the lease of business, etc.



### Prohibition of particular stockholding

When one company holds stocks of another company, there arises a relation of business combination between them. Such stockholding is prohibited if it substantially restrains competition in any particular field of trade.



### Prohibition of particular interlocking directorates

Interlocking directorates are prohibited if it substantially restrains competition in any particular field of trade by one person concurrently serving as officers of several companies.

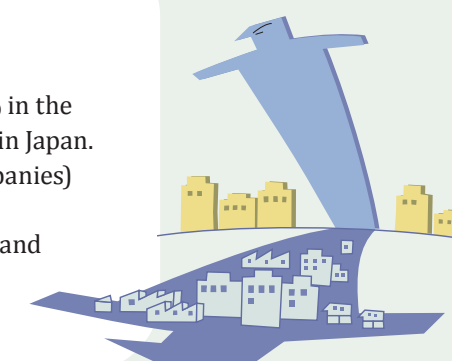


### Prohibition of establishment of company which may cause excessive concentration of economic power

The Antimonopoly Act prohibits the establishment of and transformation into a company which may cause excessive concentration of economic power. Since it is important to enhance the predictability of entrepreneurs and secure the transparent operation of the Act, the JFTC announces "Guidelines Concerning Companies which Constitute Excessive Concentration of Economic Power" as a means of interpretation of what companies are prohibited as such.

### Restriction on rate of holding voting rights by a bank or an insurance company

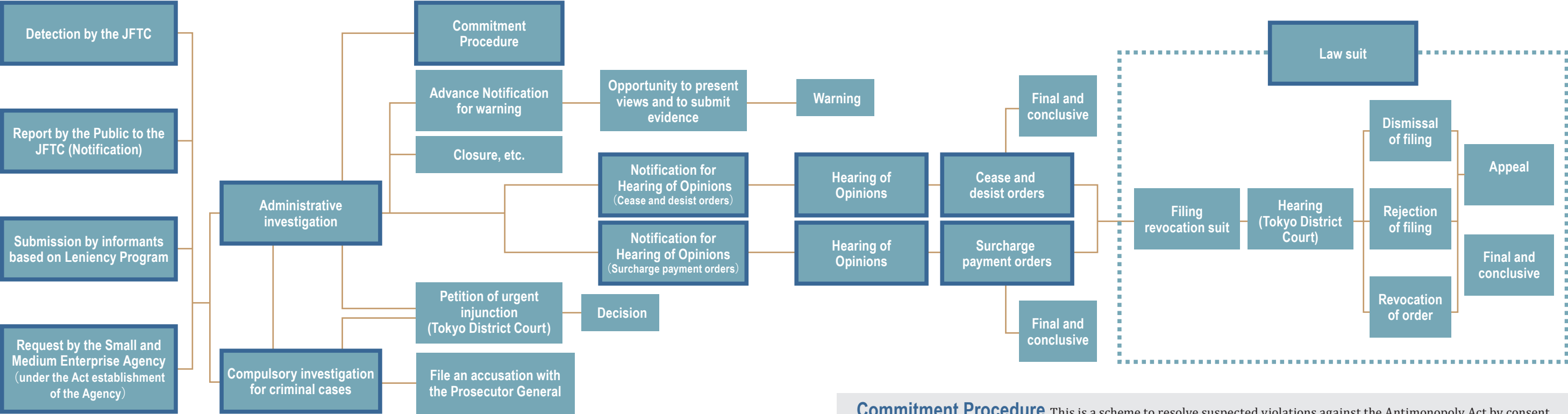
Banks or insurance companies are prohibited to hold more than 5% (10% in the case of insurance companies) of voting rights of non-financial companies in Japan. However, they can hold more than 5% (10% in the case of insurance companies) when so approved by the JFTC or exceptionally permitted by law. The JFTC announces "Guidelines concerning Authorization of Acquisition and Holding of Voting Rights by Banking and Insurance Companies under the Provision of Section 11 of the Antimonopoly Act" etc.



The JFTC regulates illegal acts promptly, and takes strict measures.

When there is a suspected violation of the Antimonopoly Act, the JFTC carries out investigations through the on- the-spot inspections and hearings. When illegal acts have been recognized, it orders the violators to take measures to eliminate such conducts. Strict measures including the imposition of surcharges and criminal penalties are taken against malicious conducts such as cartels.

●Flowchart of procedures for handling illegal cases



**A clue for starting investigations** When the JFTC detects suspected acts through its ex officio investigation, information offered by the public and applications for Leniency Program, it launches an investigation.

**Administrative investigations** On-the-spot inspection is made to the enterprises suspected of illegal conducts in order to collect and investigate accounting books and related documents, and the concerned parties are ordered to appear for hearing details, if necessary.

**Compulsory investigation for criminal cases** In accordance with the warrants issued by the judge, visit and search to the enterprises concerned are carried out for seizure of necessary objects. If criminal accusation is deemed reasonable as a result of investigations, an accusation is filed with the prosecutor-general.

**Notification for Hearing of Opinions** When illegal conducts are recognized as a result of investigations, the JFTC decides on the contents of cease and desist orders and surcharge payment orders, which are deemed reasonable, and gives the enterprises in question an advance notification on the contents of such orders, the date of the Hearing and so on.

**Opportunity to present views and to submit evidence** Enterprises can present their views on the contents of orders notified in advance. In order to ensure the decision of fair administrative measure, they can submit evidence as well as present their views.

**Commitment Procedure** This is a scheme to resolve suspected violations against the Antimonopoly Act by consent between the JFTC and the enterprise. An approval of the Commitment Plan is an administrative disposition .  
⇒ For particulars, see “ Commitment Procedure” in page 24.

**Cease and desist orders** Cease and desist orders are the administrative measure aimed at a prompt elimination of illegal acts. In the case of price cartels, the entrepreneurs involved are ordered to withdraw price raises, and so on.

**Surcharge payment orders** Surcharge payment orders are the administrative measure given to such cases as cartels, bid riggings, and private monopolization, in addition to elimination of illegal acts. Surcharge payment is calculated in accordance with a certain formula and made to the national treasury.  
⇒ For particulars, see “Surcharge calculation rates” on page 20.

**Hearing of Opinions** The JFTC hears the opinion of the enterprises; then, the JFTC makes a decision on the measures after giving due consideration to the contents of the opinions.

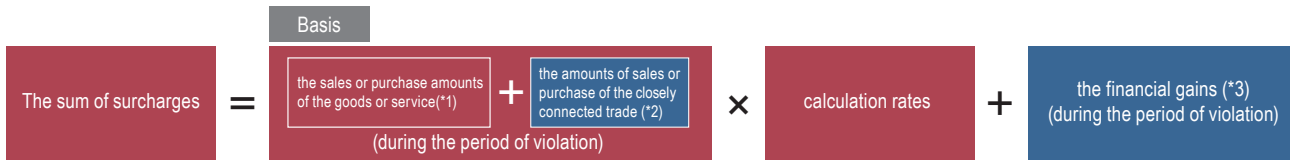
**Lawsuit** Enterprises dissatisfied with administrative disposition such as cease and desist orders can appeal to Tokyo District Court asking for revocation. For instance, in the absence of substantial evidence for decision, the court repeals such decision.

**Act for the Prevention of Collusive Bidding at the Initiative of Government Officials**  
When the JFTC finds so-called Collusive Bidding at the Initiative of Government Officials in the course of its investigation into bid rigging, it requests the national and local governments to take improvement measures. In response, the national and local governments are required to conduct necessary investigations and take necessary improvement measures.



Surcharge calculation rates, etc.

The sum of surcharges is calculated on the basis of sales or purchase amounts of goods or services in question during the period of violation (10 years from the investigation date at a maximum); the sum of surcharge equals such sales or purchase amounts multiplied by calculation rates as determined according to operation scales. In the case of unreasonable restraint of trade or control type private monopolization, the amounts of sales or purchase of the business related to goods or services subject to violation such as subcontract (closely connected trade) are added to the basis; additionally, the financial gains as a reward for not supplying the goods or services subject to violation are added to the sum.



(\*1) In the case of unreasonable restraint of trade, and control and exclusionary type private monopolization, not only the amounts of violators but also those of their wholly owned co-subsiary, etc (non-violators only) are included.

(\*2) Closely connected trade is taken into consideration in the case of unreasonable restraints of trade and control type private monopolization; closely connected trade conducted by the violators and their wholly owned co-subsiary, etc (non-violators only) are added to the basis.

(\*3) Financial gains are taken into consideration in the case of unreasonable restraints of trade and control type private monopolization. The financial gains refer to money, etc. obtained as a reward for not supplying the goods or services subject to the violation. In both cases, financial gains obtained by the violators and their wholly owned co-subsiary, etc (non-violators only) are included to the sum of surcharges.

Calculation rates

The rate expressed in the bracket is applied to the case where all of the violators and its group businesses are small and medium sized enterprises.

Unreasonable restraint of trade	Control type private monopolization	Exclusionary type private monopolization	Concerted refusal to trade, Discriminatory pricing, Unjust low price sales, Resale price restriction	Abuse of superior bargaining position
10% (4%)	10%	6%	3%	1%

As regards to the rates for unreasonable restraints of trade, such as cartel and bid rigging, the following conditions lead to additional rates;

(1) if the violators repeat the violation (\*4), or play a proactive role for the violation, the rate will be increased by 50%;

(2) if the violators repeat the violation and play a proactive role for the violation, the rate will be increased by 100%.

(\*4) Increased rates are applied to the violations of the enterprises whose subsidiaries have been imposed the surcharge payment order on within the past 10 years and those of the enterprises which have succeeded to the business of the enterprises that violate the law within the past 10 years, as well as those of the same enterprises; the same applies to private monopolization.

Leniency program

A leniency program is a system whereby surcharges are immunized or reduced on condition that the enterprises, which have been involved in cartels and bid riggings, voluntarily report them to the JFTC. The more rapidly they make such report to the JFTC before its initiation of investigation, the more surcharges they are exempted. This system makes it easier to detect and clarify cartels because enterprises report on the contents of violation and submit related documents.

\* The leniency program applies to cartels (including purchasing cartels) and bid riggings

About the Leniency Program

The reduction rates shall be determined according to (1) & (2).

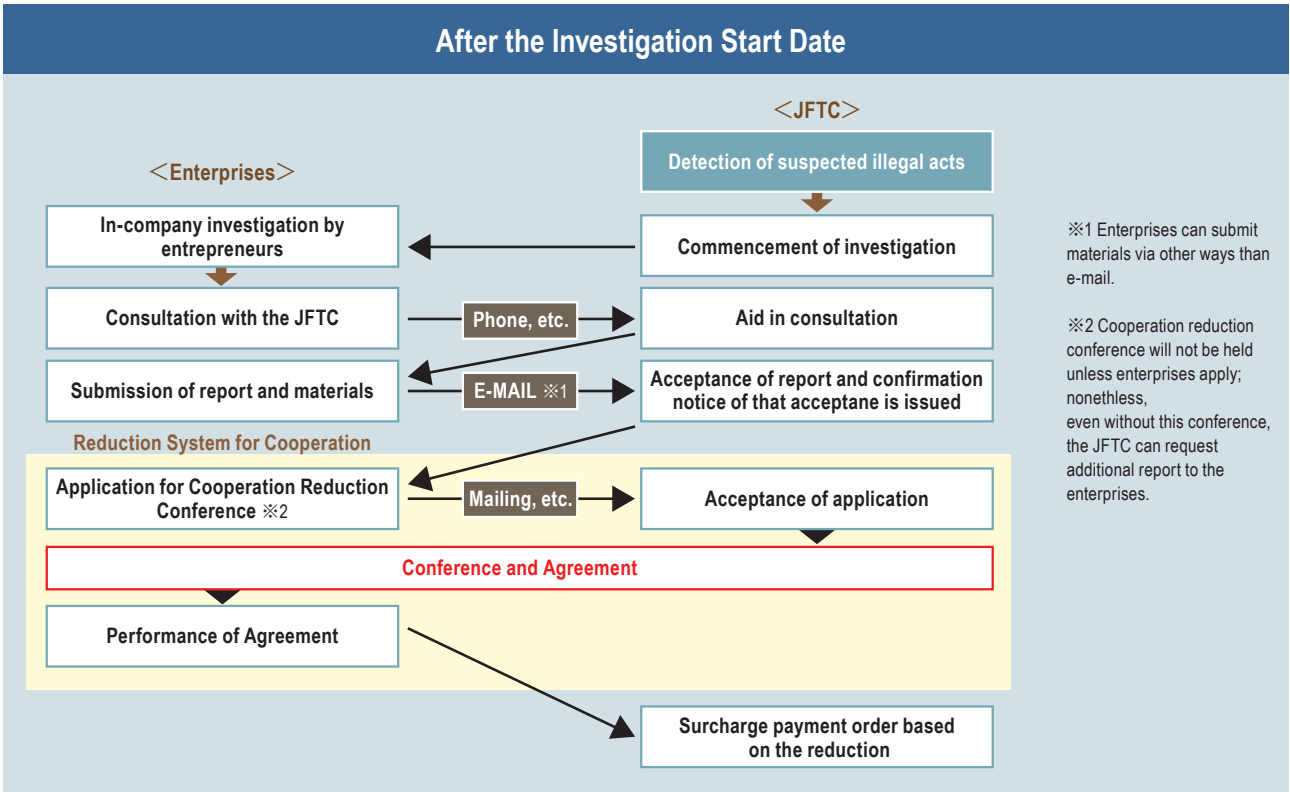
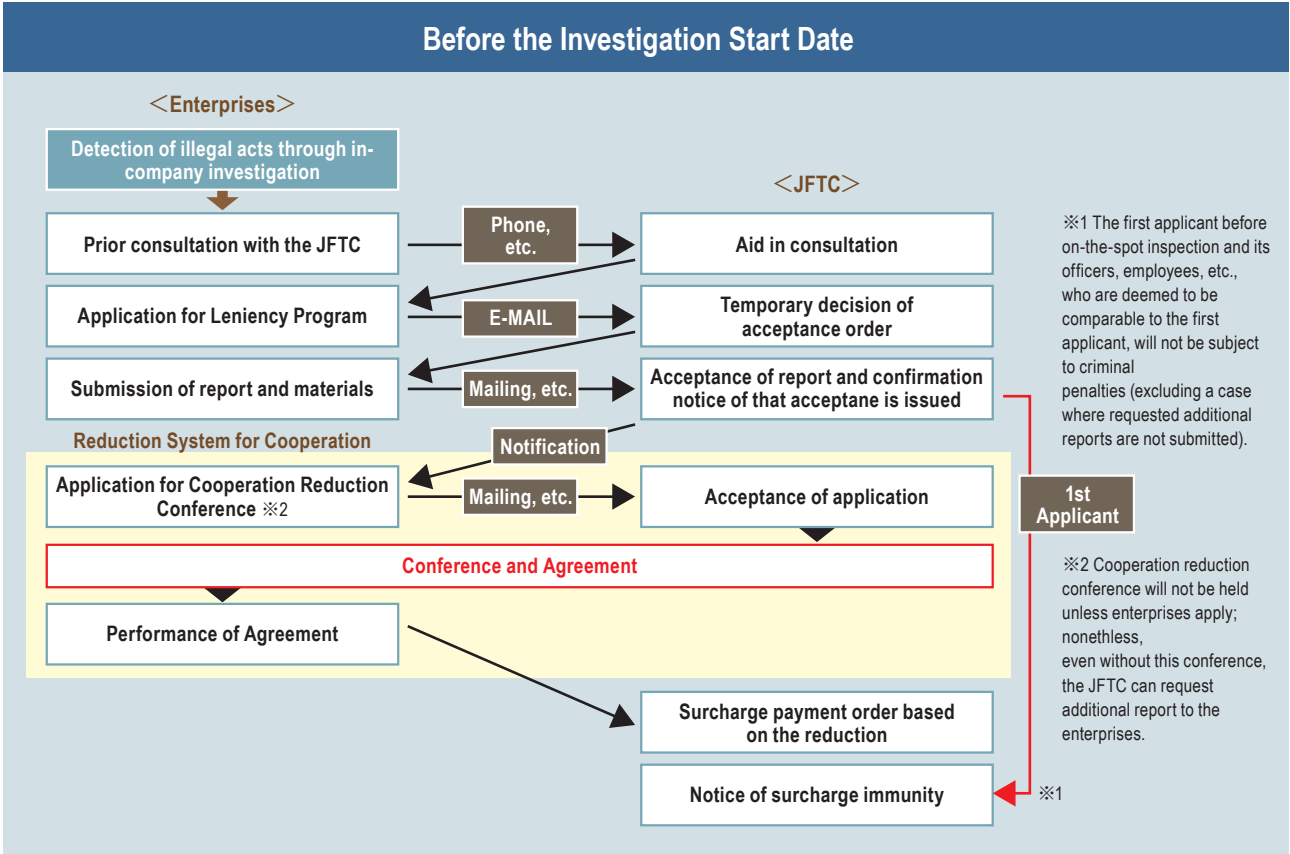
(1) the order of the application for the Leniency Program

(2) the degree of contribution to revealing the case: the Reduction System for Cooperation in Investigation

Reduction Rates				
	The Order of the Application for the Leniency	(1) The Reduction Rate according to the Order of the Application	(2) The Reduction Rate according to the Degree of Contribution to Revealing the Case	Total Reduction Rate
Before the Investigation Start Date	1st	100%	* Up to 40%	100%
	2nd	20%		Up to 60%
	3rd - 5th	10%		Up to 50%
	After 6th	5%		Up to 45%
After the Investigation Start Date	Up to 3 applicants (Up to 5 including applicants which apply before the investigation start date)	10%	Up to 20%	Up to 30%
	Other than the above	5%		Up to 25%

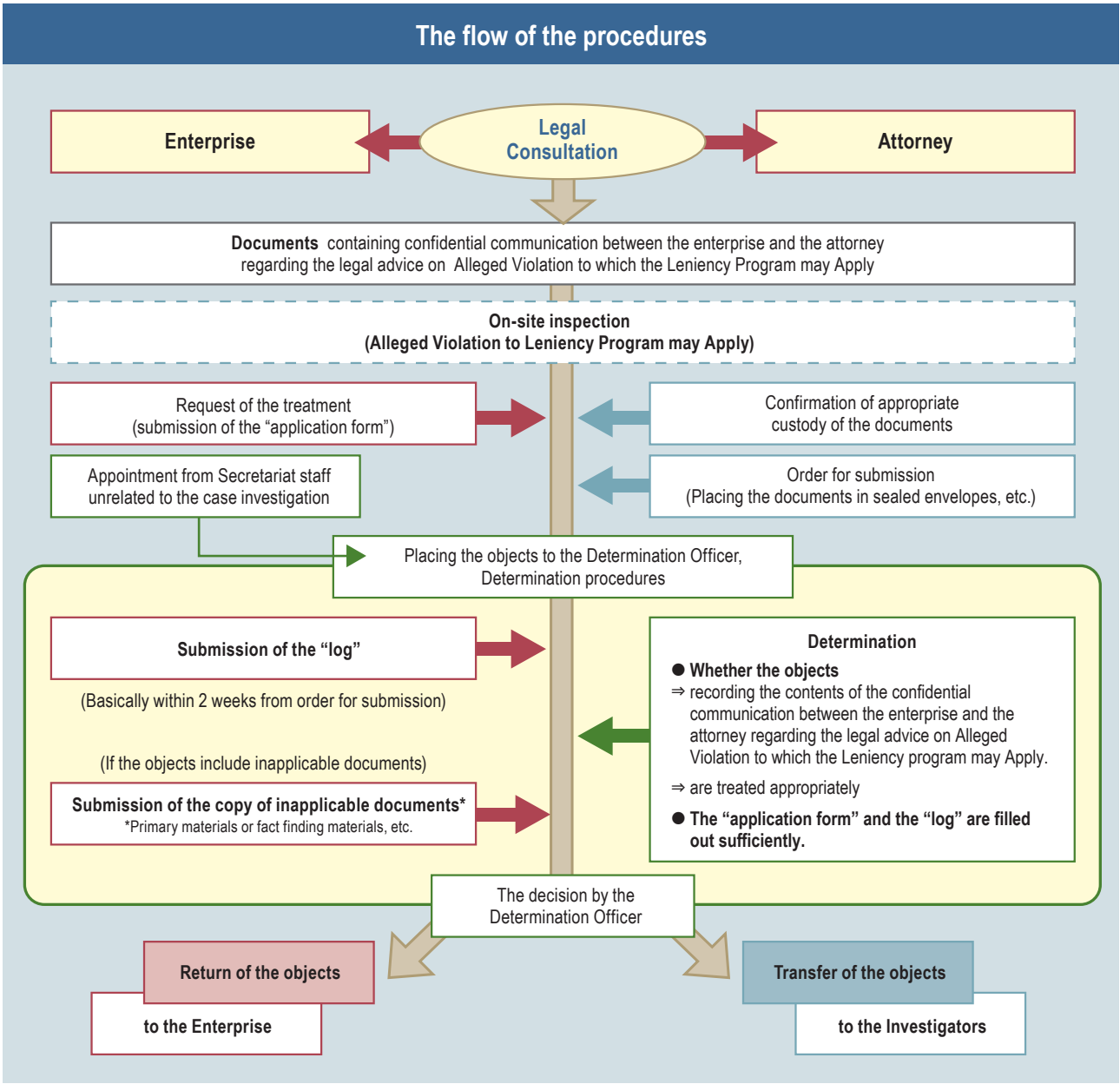
\*The enterprise which first applies for the Leniency Program (before the Investigation Start Date) is not subject to the Reduction System for Cooperation in Investigation.

● Flowchart of Leniency Program



Determination Procedures

Determination Procedures purports to return the objects recording the confidential communications between enterprises and attorneys regarding legal advice on conducts alleged to be a violation to which the leniency program may apply immediately without the investigator, etc. having access to the contents thereof, deeming that detention of them is no longer necessary, when it is confirmed that they are stored appropriately and satisfy certain other conditions.

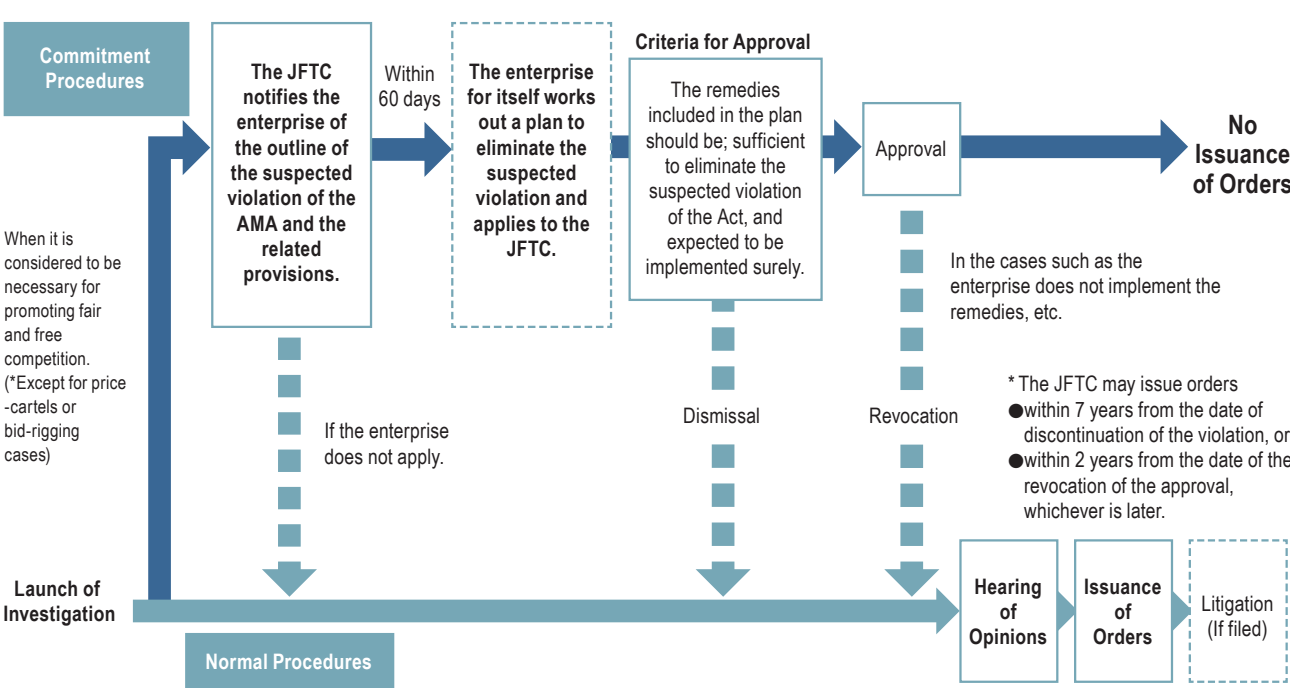




Commitment Procedures

Commitment Procedures are a scheme to resolve suspected violations against the Antimonopoly Act by consent between the JFTC and the enterprises. The scheme would contribute to early resolution of competition concerns and broadening the range of cooperative problem-solving by the JFTC together with enterprises.

Outline of the Commitment Procedures



Criminal penalties

In some cases, criminal penalties such as imprisonment with work or fine are imposed against violation of the Antimonopoly Act. If enterprises are engaged in cartels, an individual who has decided to carry out such cartels is subject to criminal penalties, and a fine is also imposed on the enterprises and trade associations involved.

Types of illegal acts		Individual	Entrepreneurs
Private monopolization, unreasonable restraint of trade, illegal acts of trade associations		Imprisonment with work of up to 5 years or fine of up to 5 million yen	Fine of up to 500 million yen
Illegal acts of trade associations, such as execution of specific international agreements		Imprisonment with work of up to 2 years or fine of up to 3 million yen	Fine of up to 3 million yen
Violation of final cease and desist order		Imprisonment with work of up to 2 years or fine of up to 3 million yen	Fine of up to 300 million yen*
Violation of prohibition of stockholding of companies, etc.		Imprisonment with work of up to one year or fine of up to 2 million yen	Fine of up to 2 million yen
Failure to report to the JFTC, etc.		Fine of up to 2 million yen	Fine of up to 2 million yen
Obstruction of on-the- spot inspection, etc.	Refusal to appear or report, etc.	Imprisonment with work of up to one year or fine of up to 3 million yen	Fine of up to 200 million yen
	Refusal of order of expert examination, etc.	Imprisonment with work of up to one year or fine of up to 3 million yen	Fine of up to 200 million yen
	Refusal of order of submission, etc.	Imprisonment with work of up to one year or fine of up to 3 million yen	Fine of up to 200 million yen
	Obstruction of on-the-spot inspection, etc.	Imprisonment with work of up to one year or fine of up to 3 million yen	Fine of up to 200 million yen

\* A fine of up to 3 million is imposed on violation of injunctions against private monopolization, unreasonable restraint of trade or illegal acts of trade associations.

Adjustment of surcharges and fines

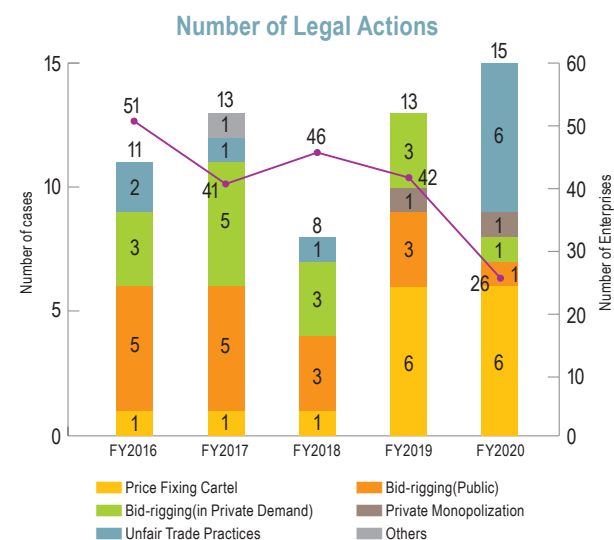
In case both surcharges and fines are imposed, the amount corresponding to half the amount of fines is deducted from surcharges.

Filing of injunctions

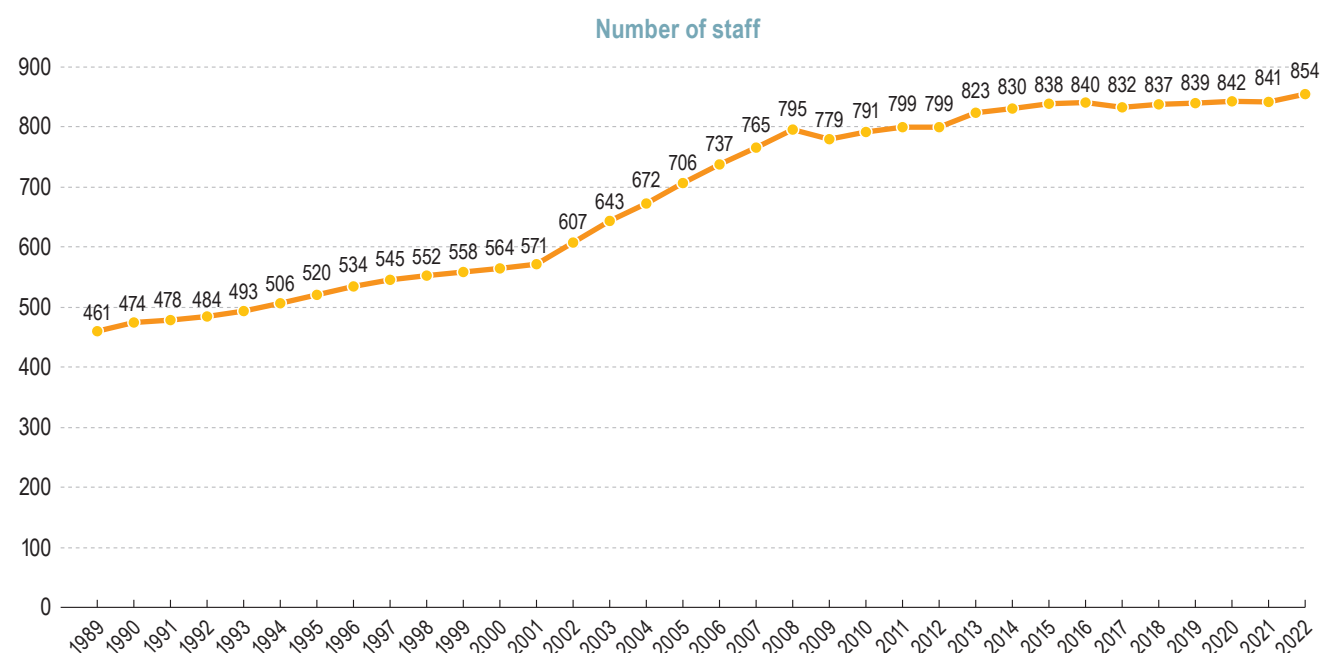
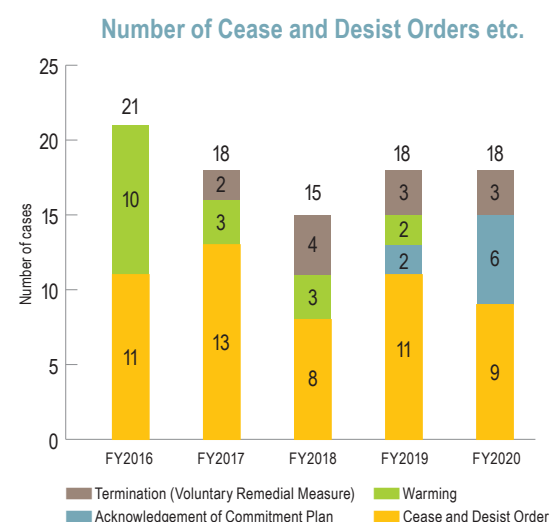
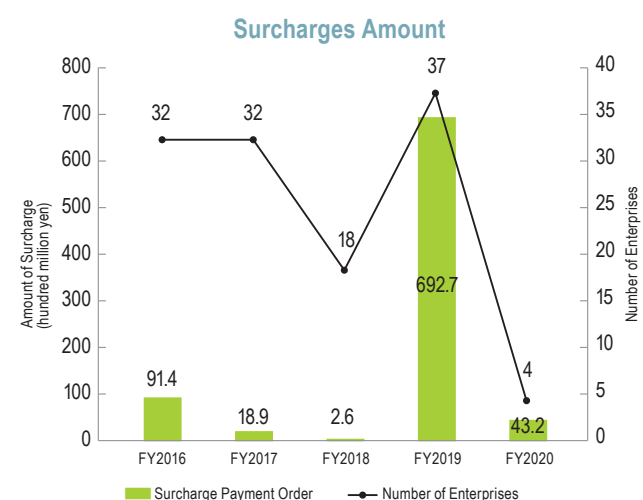
Consumers or enterprises can file an injunction with the court if they have incurred a remarkable damage or are likely to incur such damage due to the illegal conducts falling under unfair trade practices.

Compensation for damage

Consumers or enterprises that have incurred damage due to the violation prohibited by the Antimonopoly Act, they can demand damages from the violators. If damages are demanded in accordance with the Antimonopoly Act, in particular, enterprises or trade associations so demanded cannot be exempted from their liabilities regardless of the existence of their intentions or negligence.



Annual data



# 5 Questions With Dokkin



1

## What are you?

I'm an alien from Planet F.T., which has sent me to the Earth for planetary inspection. Unfortunately, I got lost during the inspection and separated from my colleagues..



2

## Where do you live?

I'm living with a Japanese family who kindly saved my life when I got lost!



JFTC's supporter: Dokkin

3

## What do you do?

I'm supporting the JFTC's public relations activities since the JFTC got the Japanese family, my life-saver, out of the trouble.

4

## Why are you named Dokkin?

I don't know, my parents has never told me. But, my name, Dokkin, happens to be same as the first half of 'Dokkinho', an abbreviated name for Japanese AMA ('Dokusenkinshi ho'). Just so you know, 'Dokusenkinshi ho' is also an abbreviated name for the formal name of Japanese AMA (Shitekidokusen no kinshi oyobi kosetorihiki no kakuho ni kansuru horitsu)

5

## What's bothering you these days?

I wonder how I can enhance the JFTC's presence more. Any tips would be much appreciated!