

Regarding the passage of the  
Act on Promotion of Competition for Specified Smartphone Software

June 12, 2024  
Japan Fair Trade Commission

As smartphones rapidly spread and become a foundation of lives and economic activities, the Bill for the Act on Promotion of Competition for Specified Smartphone Software, submitted to the National Diet on April 26, 2024 was approved and passed at the plenary session of the House of Councillors today. The bill aims to develop a competitive environment in which innovation by various entities is activated through competition and consumers can select and enjoy various services created by innovation, while ensuring security, etc. with respect to software particularly necessary for the use of smartphones (mobile operating systems (OS), application stores, browsers, and search engines, collectively referred to as "Specified Software").

**1 Status of Diet Deliberations**

213<sup>th</sup> Session of the Diet

May 15, 2024	House of Representatives	Committee on Economy and Industry	Bill overview
May 17, 2024	House of Representatives	Committee on Economy and Industry	Inquiries
May 22, 2024	House of Representatives	Committee on Economy and Industry	Inquiries, vote
May 23, 2024	House of Representatives	Plenary Session	Vote
June 4, 2024	House of Councillors	Committee on Economy and Industry	Bill overview
June 6, 2024	House of Councillors	Committee on Economy and Industry	Inquiries
June 11, 2024	House of Councillors	Committee on Economy and Industry	Inquiries, vote
June 12, 2024	House of Councillors	Plenary Session	Vote

**2 Outline of the Act** (See attachments for details)

(1) Designation of Specified Software Providers

The Japan Fair Trade Commission (JFTC) designates software service providers that conduct business exceeding a certain scale defined in a Cabinet Order for each type of Specified Software. (Providers that fall under Cabinet Order criteria will be referred to as "Designated Providers.")

(2) Prohibited conducts and compliance requirements

To address competition issues surrounding Specified Software, the Act stipulates certain activities in which Designated Providers are prohibited from engaging ("Prohibited Conducts"), and certain measures they are obliged to take ("Compliance Requirements").

### (3) Measures to ensure regulatory effectiveness

The Act includes provisions obliging Designated Providers to submit compliance reports; enabling stakeholders to submit information; enabling relevant ministries and agencies to cooperate; granting the JFTC to investigate, issue cease-and-desist orders, surcharge payment orders (20% of relevant turnover), etc.

#### 3 Effective date

The act shall come into force on the date to be set forth by a Cabinet order within one and a half years after the date of the promulgation of this bill (excluding certain provisions).