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Competition and Consumer Policy in Digital Markets – Note by Japan

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1. Introduction

1. The advancement of digital technologies has brought about significant changes to both business activities and consumers' daily lives. The expansion of online services and the increased use of data have generated numerous benefits, such as enhanced service convenience and improved operational efficiency, thereby extending advantages to both consumers and enterprises. At the same time, however, ongoing digitalization has also affected market structures and transactional practices and raised concerns regarding the conduct of certain enterprises that may disadvantage users and the risk of impeding fair competition.

2. Algorithms/AI are expected to streamline business activities and enhance consumer convenience, by enabling sophisticated analysis and automating work processes. On the other hand, there is also the possibility that anti-competitive conduct using algorithms/AI may arise. It is important to understand the changes in business activities and the competitive environment brought about by algorithms/AI in order for the Japan Fair Trade Commission (JFTC) to effectively and appropriately promote competition policy in digital markets. In light of these considerations, the JFTC held the Study Group on Competition Policy in Digital Markets (the "Study Group") from July 2020 to March 2021. The Study Group organized the challenges and key issues of competition policy relating to algorithms/AI. The results of the discussions were compiled into a report entitled "Algorithms/AI and Competition Policy" (the "Study Group Report"), which was finalized and published in March 2021.

3. Furthermore, "dark patterns", which steer consumers and other users toward unintended choices through websites or application interfaces, have been noted to involve not only aspects that may disadvantage users, but also concerns that these practices may impede fair and free competition between enterprises that employ such practices and those that do not. Against this backdrop, the Secretariat of the Competition Policy Research Center established within the JFTC conducted a research study on issues of competition policy and the Antimonopoly Act (AMA) relating to dark patterns. The results were compiled into a discussion paper "Issues Concerning Dark Patterns in Competition Policy and Antimonopoly Act" (the "Discussion Paper").

4. This contribution paper introduces topics focusing on "algorithmic/AI-based ranking manipulation", "algorithmic/AI-driven personalization", and "dark patterns", based on the Study Group Report and the Discussion Paper.

5. In addition, as smartphones have become the foundation of daily life and economic activity, the Act on Promotion of Competition for Specified Smartphone Software (Mobile Software Competition Act, or "MSCA") was enacted and came into full effect in December 2025, with the aim of ensuring fair and open competition in markets particularly important for the usage of smartphones defined as "Specified Software".¹ To address competition issues surrounding Specified Software, the MSCA stipulates certain activities in which designated providers are prohibited from engaging (Prohibited Conducts), and certain measures they are obliged to take (Compliance Requirements). It is also important to continue to ensure that necessary and appropriate measures are taken with regard to

¹ This refers to basic operation software, application stores, browsers, and search engines.

safeguarding youth who use smartphones, while achieving a balance between ensuring fair and free competition in markets for Specified Software and securing convenience, safety, and security for smartphone users. From such a perspective, certain actions that may constitute Prohibited Conduct can be justified if there is a necessity, such as for cybersecurity or youth protection, and the objective cannot be achieved through other means that are less harmful to competition. This contribution paper also presents illustrative examples of cases that may qualify as such justifiable reasons relating to safeguarding youth who use smartphones, as set out in the guidelines under the MSCA.

2. The Report of the Study Group on Competition Policy in Digital Markets “Algorithms/AI and Competition Policy”

6. Considering the increasing importance of algorithms/AI in digital markets, it is important to understand the changes in business activities and the competitive environment brought about by algorithms/AI in order for the JFTC to effectively and appropriately promote competition policy in digital markets. Since July 2020, under the theme of "Algorithms/AI and Competition Policy", the Study Group had discussed conduct that is made possible or further facilitated by algorithms/AI, and provided a theoretical framework to address competition policy issues surrounding algorithms/AI, focusing on the cases in which such conduct may restrict competition.

7. This section introduces an overview of “ranking manipulation” and “personalization”, as well as a theoretical framework of the competition policy challenges and issues described in the Study Group Report.

2.1. Ranking Manipulation

2.1.1. Changes in the business environment and competitive environment brought about by rankings

8. With the development of e-commerce, selecting products and services that meet specific needs among a vast array of options has become time-consuming for consumers. Consequently, various services utilizing algorithmic ranking are provided as a means to efficiently identify products and services that match their needs.

9. Due to the nature of ranking, users (consumers) pay more attention to the top results. It is considered that the order of rankings has a considerable impact on the choices of users (consumers) who use the rankings to search for products and services, and on the sales of enterprises that use the rankings to sell their products and services.

10. Especially when a ranking service provides an important sales channel, it is an important factor in competition for a seller to have its products and services appear higher in the rankings.

2.1.2. Ranking algorithms

11. Algorithms are sometimes used to select products and services from a large number of options and display the items that are highly probable to match a user's needs in a ranked format. In displaying a ranking, items which fulfil query (search keyword) demands are extracted, and the extracted items are ranked in accordance with how well they fit the user's needs.

2.1.3. "Dual Role" in ranking

12. A ranking service provider may include its own products or services or those of its affiliates in the rankings. Where ranking service provider includes its own products or services or those of its affiliates in the rankings along with products or services that compete with them, there is a concern that the service provider may use its position as a ranking service provider to arbitrarily manipulate ranking algorithms to treat its own or its affiliates' products or services favorably by displaying them higher in the rankings, thereby enabling to exclude competitors from the supply market of such products or services.

2.1.4. Cases where competition may be restricted in relation to algorithmic ranking

13. Example cases in which competition may be restricted due to conduct by a ranking service provider through its own ranking service are organized as follows:

14. Where a ranking service provider holding an influential position in the ranking service market (hereinafter referred to as "influential ranking provider") unfairly interferes with transactions between consumers and competing ranking user enterprises in the market for the relevant products or services by arbitrarily manipulating the ranking algorithm to favor its own or its affiliates' products or services by placing them high in the rankings. (private monopolization², unfair trade practices (interference with a competitor's transactions³))

- Where an influential ranking provider treats a specific user enterprise differently from others when determining the rankings without reasonable justification, and such an act directly and significantly affects the competitive function of the specific user enterprise in the market for the relevant products or services listed in the rankings, thereby having an adverse effect on the order of fair competition among user enterprises. (unfair trade practices (discriminatory treatment on trade terms⁴, etc.))
- Where an influential ranking provider ensures the effectiveness of conditions that restrict competition by including compliance with unreasonable restrictive conditions, such as exclusive terms or parity terms that restrict transactions with

² The term "private monopolization" as used in the AMA means such business activities, by which any enterprise, individually or by combination, in conspiracy with other enterprises, or by any other manner, excludes or controls the business activities of other enterprises, thereby causing, contrary to the public interest, a substantial restraint of competition in any particular field of trade. (Article 2, Paragraph (5) of the AMA)

³ Unjustly interfering with a transaction between another entrepreneur who is in a domestic competitive relationship with oneself or with the corporation of which one is a stockholder or an officer, and its transacting party, by preventing the effecting of a contract, or by inducing the breach of a contract, or by any other means whatsoever. (Paragraph 14 of the Designation of Unfair Trade Practices)

⁴ Unjustly affording favorable or unfavorable treatment to a certain entrepreneur in regard to the terms or execution of a trade. (Paragraph 4 of the Designation of Unfair Trade Practices)

other companies, in the ranking considerations. (unfair trade practices (trading on exclusive terms⁵, trading on restrictive terms⁶)

2.1.5. Future initiatives

15. In digital markets, as the role of digital platforms is becoming more important, the ranking order is also becoming critical for competition. It is desirable that the JFTC takes strict action against the conduct of providers that restricts competition by, for example, arbitrarily operating algorithmic rankings in favor of themselves. To this end, it is desirable for the JFTC to actively cooperate with external experts and train its employees to develop and accumulate relevant expertise, such as knowledge of algorithms/AI and statistics, so that the JFTC could properly examine conduct that restrains competition involving complicated algorithms such as ranking algorithms.

2.2. Personalization⁷

2.2.1. Changes in the business and competitive environments brought about by personalization

16. With the development of the digital market, it has become possible for enterprises to collect a vast amount of personal data online, such as consumer attribute information and behavioral history. Using various collected consumer data, enterprises can conduct highly accurate analysis with algorithms/AI to provide more precise personalization in the distribution of advertisements, proposals of products and services, and display of search results.

17. Against this background, the advancement of digitalization has made it possible not only to utilize data that consumers consciously provide to enterprises, but also to make extensive use of observed and inferred data. Consequently, it has been pointed out that personalization may occur beyond the scope of consumers' sufficient understanding. While algorithmic personalization contributes to the interests of consumers by allowing enterprises to provide products, services, and information that meet the needs of each consumer, it can also be viewed as discriminatory treatment of consumers in terms of price and other transaction terms.

2.2.2. Definitions of personalized pricing

18. Personalized pricing is defined as "the setting of different prices (for the same product or service) by an enterprise for each consumer or group of consumers based on

⁵ Unjustly trading with another party on condition that the said party shall not trade with a competitor, thereby tending to reduce trading opportunities for the said competitor. (Paragraph 11 of the Designation of Unfair Trade Practices)

⁶ Trading with another party on conditions which unjustly restrict any trade between the said party and its other transacting party or other business activities of the said party. (Paragraph 12 of the Designation of Unfair Trade Practices)

⁷ The term "personalization" refers to the act of analyzing information about the other party in a transaction and optimizing the company's products and services, its presentation methods, prices, and other transaction terms, etc., according to the interests, concerns, and preferences of the other party.

their characteristics and behavior, so that the prices correspond to the estimated willingness-to-pay of each."⁸

2.2.3. Cases where personalized pricing could be problematic in terms of competition policy

19. In a market where multiple enterprises compete, personalized pricing is often considered to promote competition. Therefore, a competition policy response would primarily be required only when personalized pricing is conducted by an influential enterprise in the market.

20. In digital markets, an influential enterprise can easily identify consumers who are highly likely to be contested by its competitors, by collecting and analyzing consumer attributes and transaction data through personalization practices. If such an enterprise leverages its ability to set individual prices to offer lower prices exclusively to its competitors' customers—thereby excluding competitors such as new entrants—such conduct (known as “selective pricing”) may be subject to regulation under the AMA.⁹

21. Besides the above, it is pointed out that exploitation of consumers may occur in digital markets due to personalized pricing. Further discussions on the following issues are required: how personalized pricing is specifically implemented in digital markets; the situations in which it has adverse effects on consumers; and which of these adverse effects should be addressed under the AMA.

22. Furthermore, given the concerns regarding consumer protection and fairness, it is considered desirable for enterprises to enhance transparency when implementing personalized pricing. To ensure appropriate consumer choice and fair competition, enterprises are encouraged to voluntarily disclose the fact that they use such pricing and to provide opt-out mechanisms.

2.2.4. Future initiatives

23. While actual situation of personalized pricing remains unclear at this stage, the JFTC needs to closely monitor potential changes in pricing to see what kind of pricing can be implemented, which vary as personalized pricing related technologies evolve.

24. It is also important for the JFTC to collaborate with the relevant authorities to address various challenges surrounding personalized pricing, where necessary.

⁸ This includes cases of discrimination not only for individual consumers but also for specific consumer categories. It also covers cases of not only charging the full amount of a consumer's willingness-to-pay, but also offering prices tailored to that specific amount.

⁹ Personalized pricing has been pointed out as an issue from the perspective of consumer exploitation, fairness, and transparency, and since it is an act using data about individuals, it can be also relevant to consumer policies and personal information protection policies, as well as competition policies. For example, The Consumer Affairs Agency's "Study Group on the Improvement of the Environment for Consumer Transactions Involving Digital Platform. Companies" examined personalized pricing as an issue related to display of information based on personal data profiling.

3. Discussion Paper “Issues Concerning Dark Patterns in Competition Policy and Antimonopoly Act”

25. The Discussion Paper summarizes the results of a research study conducted by the Secretariat of the Competition Policy Research Center¹⁰ on issues concerning competition policy and the AMA in relation to dark patterns. The Discussion Paper introduces, based on existing domestic and international research, the definition of dark patterns, their categories and practices, the emergence of dark patterns, their prevalence, and their effects. It also identifies potential competition policy concerns and examines the possible scope of application of the current AMA.¹¹

26. The following section provides an overview of the key points of the Discussion Paper, with a focus on the competition policy issues. pond to prior consultations from them.

3.1. Dark Patterns

3.1.1. Definitions of dark patterns

27. Although various definitions of dark patterns exist, the Discussion Paper adopts the concept of “online interfaces that employ unfair methods, such as deceiving users,¹² in order to induce users to make unintended, disadvantageous choices.” Based on this understanding, the analysis on issues of competition policy and the AMA relating to dark patterns draws on the seven categories of dark patterns identified in the OECD report¹³—namely, Forced Action, Interface Interference, Nagging, Obstruction, Sneaking, Social Proof, and Urgency. In addition, with respect to specific dark pattern practices, the Discussion Paper identifies 26 practices as representative, selecting those that were addressed in at least three out of five reports published by major international organizations and overseas authorities.¹⁴

¹⁰ Competition Policy Research Center has the objective to build and improve functional and sustainable cooperative platforms between intellectual resources of outside researchers and practitioners and staff of the JFTC in order to reinforce theoretical foundation on which we operate the AMA and plan, propose, and evaluate competition policy from medium- and long-term perspective as well as from the perspective to utilize the platform to enforce measures for current issues.

¹¹ The contents of the Discussion Paper do not represent the views of the JFTC, and the responsibility for the writing is solely attributable to the authors.

¹² The term “user” is not limited to consumers but also includes enterprises.

¹³ OECD. 2022. Dark commercial patterns

¹⁴ OECD. 2022. Dark commercial patterns

FTC. 2022. Bringing Dark Patterns to Light

EC. 2022. Behavioral Study on Unfair Commercial Practices in the Digital Environment: Dark Patterns and Manipulative Personalization.

ICO and CMA. 2023. Harmful Design in Digital Markets: How Online Choice Architecture Practices Can Undermine Consumer Choice and Control Over Personal Information.

EDBP. 2022. Guidelines on deceptive design patterns in social media platform interfaces: how to recognize and avoid them.

Table 1. Representative dark pattern practices

No.	Category	Description
Category 1 in the OECD report: Forced Action		
Conduct that forces consumers to take specific actions while browsing or purchasing products, such as requiring membership registration or the disclosure of excessive personal information (e.g., age or gender)		
1	Forced Registration	Making users create an account or share their information to complete a task
2	Forced Disclosure	Tricking users into sharing more personal information than they really intend to
3	Friend Spam	Manipulating users into extracting information from other users
Category 2 in the OECD report: Interface Interference		
Conduct that visually emphasizes options that are favorable to the enterprise, or otherwise makes information that is important to consumers difficult to find or perceive		
4	Hidden Information	Important information visually obscured
5	False Hierarchy	In giving options, using contrasting visual prominence to steer users into making a certain selection
6	Preselection	Setting default options that favor the enterprise's interests
7	Trick Questions	Steering users in an undesired direction by using ambiguity or confusing language, often involving double negatives
8	Disguised Ads	Inducing consumers into clicking on something that is not apparent advertisement
9	Confirm Shaming	Emotionally manipulative framing to make consumer select a particular option (Using shame to steer users away from certain choices by framing the alternatives as a bad decision)
10	Toying with Emotion	Emotionally manipulative framing to make consumer select a particular option (Using wording and visual elements in a way that confers the information to users in either a positive outlook, such as evoking good feelings, or a negative one, such as invoking fear or guilt)
Category 3 in the OECD report: Nagging		
Conduct that repeatedly requests consumers, in settings such as notification or location-sharing preferences, to do something favorable to the enterprise		
11	Nagging	Repeatedly prompting consumers to take actions favorable to the enterprise, such as notification or location-sharing permissions
Category 4 in the OECD report: Obstruction		
Conduct that obstructs consumers' actions or choices, such as making it easy to sign up for a service while making cancellation difficult, or placing barriers that make it hard for consumers to opt out to more privacy-friendly setting		
12	Hard to Cancel	Making it easy to sign up but hard to cancel, by requiring people to go through tedious, time-consuming cancellation procedures
13	Price Comparison Prevention	Preventing users from shopping around for better prices to delete an account
14	Immortal Accounts	Making it hard or impossible
15	Intermediate currency	Hiding the real cost by requiring users to buy things with virtual currency
Category 5 in the OECD report: Sneaking		
Conduct that involves adding products to a consumer's shopping cart, introducing additional charges at the final stage of a transaction, or automatically converting a trial period into a paid subscription without the consumer's consent		
16	Sneak into Basket	Adding products that the user did not select to the shopping cart without the user's consent
17	Hidden Costs	Costs obscured or disclosed late in transaction (Adding hidden fees or other charges that users are unaware of)
18	Drip Pricing	Costs obscured or disclosed late in transaction (Advertising only part of a product's total price initially and then imposing other mandatory charges late in the buying process)
19	Hidden Subscription	Unanticipated or undesired automatic renewal of a service
20	Bait and Switch	Offering products or prices different from those originally advertised to users
Category 6 in the OECD report: Social Proof		
Conduct that includes misleading expressions or false information in displays relating to the actions or statements of other consumers—such as the number of users currently viewing a website, past purchasing activity for a product, or statements and reviews concerning a product		
21	Activity Messages	Presenting other consumers' actions and interests on a site (which may be false)
22	Testimonials	Presenting product reviews from other consumers regarding a product (which may be false)
Category 7 in the OECD report: Urgency		
Conduct that emphasizes the scarcity of products by using displays such as "limited stock available" messages or countdown timers indicating an expiring discount		
23	Low Stock Message	Displaying limited quantities of a product (which may be false)

		Creating pressure on users to buy immediately by saying inventory is low when it is not
24	High Demand Message	Displaying limited quantities of a product (which may be false) (Creating pressure on users to buy immediately by saying demand is high (when it is not))
25	Countdown Timer	Displaying expiring deals or discounts (which may be false) (Creating pressure on users to buy immediately by showing a fake countdown clock (that just goes away or resets when it times out))
26	Limited Time Message	Displaying expiring deals or discounts (which may be false) (Creating pressure on users to buy immediately by showing the offer is good only for a limited time or the deal ends soon (– but without a deadline or with a meaningless deadline that just resets when reached))

3.1.2. Domestic regulation

28. In Japan, there is no comprehensive, cross-sectoral legislation that specifically regulates dark patterns. Currently, in addition to the AMA, regulations related to consumer protection, personal information protection, and industry-specific regulations are considered applicable to addressing dark patterns.

3.2. Issues in Competition Policy

29. While dark patterns have many aspects that should be regulated from the perspectives of consumer protection and personal information protection, they may also raise concerns from the perspective of competition policy.

30. From the perspective of competition policy, which seeks to maintain and promote fair and free competition among enterprises in the market, the following concerns may be raised with respect to dark patterns:

- Concerns regarding the unfairness of competitive means:

The use of following dark patterns may undermine the fairness of competitive means, potentially impeding competition on the merit by causing consumers to select goods or services regardless of price or quality.

- Cases that give rise to misleading representations regarding quality or advantageous terms, such as “Hidden Information”, where information important for consumers’ product choices—particularly information unfavorable to consumers—is not displayed, and “Activity Messages” or “Low Stock Messages”, which create a false impression of high demand or scarcity through inaccurate or deceptive content.
- Cases that may not necessarily rise to the level of misleading representations regarding quality or advantageous terms, but nevertheless mislead consumers with respect to matters related to transactions in goods or services, such as “Disguised Ads” or “Bait and Switch.”
- Cases that may not necessarily mislead consumers with respect to matters related to transactions in goods or services, but nevertheless induce consumers toward a certain choice, such as the “Confirm Shaming”, “Toying with Emotion”, or “Nagging.”
- Cases that force consumers to purchase products they do not need, such as the practice of “Sneak into Basket.”

- Concerns regarding the reduction of free competition:

The use of dark patterns may reduce competitors’ opportunities to transact with consumers, thereby diminishing free competition. For example, “Hard to Cancel” may

hinder customer switching to competitors, particularly where many consumers use only a single service (single homing).

- Concerns regarding the formation of market power:

An enterprise holding a dominant position in a particular market may, through the use of dark patterns, leverage that position to obtain market power in other markets. For example, a business operator holding a dominant position in a particular market may, through “Preselection”, steer consumers’ product choices toward its own offerings in another market.

- Concerns regarding the erosion of the competitive foundation:

Where digital platformers hold a superior bargaining position against consumers who provide personal data or similar information, the use of dark patterns to unjustly obtain or utilize such data may interfere with consumers’ free and autonomous decision-making in transactions. At the same time, this may confer a competitive advantage on digital platformers against their competitors. For example, through “Forced Registration”, personal information may be collected against consumers’ wishes beyond the extent necessary to achieve the intended purpose of use.

3.3. Major Categories of Conduct Prohibited under the Current AMA that May Be Applicable to Dark Patterns

31. In light of the content of the 26 representative dark pattern practices, the Discussion Paper identifies, as major categories of conduct prohibited under the AMA that may be applicable to dark patterns, certain types of unfair trade practices prohibited by the AMA, including deceptive customer inducement,¹⁵ tie-in sales, etc.,¹⁶ interference with transactions with competitors, and abuse of a superior bargaining position.¹⁷ Furthermore, it examines the applicability of the seven categories of dark patterns identified in the OECD report to each of the above antitrust law categories.

¹⁵ Unjustly inducing customers of a competitor to trade with oneself by causing them to misunderstand that the substance of goods or services supplied by oneself, or its trade terms, or other matters relevant to such trade are much better or much more favorable than the actual ones or than those pertaining to the competitor. (Paragraph 8 of the Designation of Unfair Trade Practices)

¹⁶ Unjustly causing another party to purchase goods or services from oneself or from an entrepreneur designated by oneself by tying it to the supply of other goods or services, or otherwise coercing the said party to trade with oneself or with an entrepreneur designated by oneself. (Paragraph 10 of the Designation of Unfair Trade Practices)

¹⁷ Unjustly engaging in any act specified in one of the following, by making use of one's superior bargaining position over the counterparty, in light of normal business practices:

(a) causing the counterparty in continuous transactions (including a party with whom one newly intends to engage in continuous transactions; the same applies in (b) below) to purchase goods or services other than those to which the relevant transactions pertain;

(b) causing the counterparty in continuous transactions to provide money, services or other economic benefits; or

(c) refusing to receive goods in transactions with the counterparty, causing the counterparty to take back the goods after receiving them from the counterparty, delaying payment to the counterparty or reducing the amount of payment, or otherwise establishing or changing trade terms or executing transactions in a way that is disadvantageous to the counterparty. (Article 2, Paragraph 9, Item 5 of the AMA)

Table 2. Relationship between types of dark patterns and categories of conduct prohibited under the AMA that may be applicable to dark patterns

	Deceptive customer inducement	Tie-in sales, etc.	Interference with transactions with competitors ¹	Abuse of a superior bargaining position ²
Forced Action	○	○		○
Interfere Interference	○	○	○	○
Nagging		○		○
Obstruction	○	○	○	
Sneaking	○	○		

Notes:

○: Categories of conduct prohibited under the AMA that may be applicable to each type of dark pattern.

1. Particularly in cases of single homing.

2. Abuse of a superior bargaining position relating to the acquisition or use of personal information, etc.

32. Whether specific conduct by an enterprise using dark patterns constitutes a violation of the AMA, and which provisions of the AMA apply, shall be determined on a case-by-case basis in light of the provisions of the AMA.

33. The above table indicates the main provisions of the AMA that are considered potentially applicable to each type of dark pattern; depending on the specific circumstances of a case, provisions not listed in the table, such as private monopolization (Article 3 of the AMA), may also apply.

34. For types of dark patterns for which the above table indicates that multiple provisions of the AMA may apply, not all of such provisions necessarily apply to every practice falling within that type (for example, with respect to “Hidden Information” and “Disguised Advertising” within “Interface Interference”, it is considered unlikely that interference with a competitor's transactions (Paragraph 14 of the Designation of Unfair Trade Practices) would apply).

35. Certain dark pattern practices are considered unlikely to be subject to the current AMA (for example, the “Confirming Shaming” and “Toying with Emotion”).

4. Mobile Software Competition Act (MSCA)

36. Under the MSCA, which came into full effect in December 2025, justifiable reason may be recognized for the Prohibited Conducts stipulated, provided that such acts are necessary for purposes such as ensuring safeguarding youth who use smartphones, etc. and that it is difficult to achieve those purposes through any other means. An overview is provided below.

4.1. The Outline of the MSCA

37. As smartphones have become the foundation of daily life and economic activity, it is crucial to ensure fair and open competition in markets for Specified Software, including competition among third-party app providers regarding the provision of individual software.

38. The MSCA 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 the Cabinet Order criteria will be referred to as “Designated Providers.” To address competition issues surrounding Specified Software, the MSCA stipulates certain activities in which Designated Providers are prohibited from engaging in (Prohibited Conducts), and certain measures they are required to take (Compliance Requirements).

39. Prohibited Conducts and Compliance Requirements are as follows.

Prohibited Conducts

- i. *Prohibited Conduct Related to Unjust Usage of Acquired Data (Article 5)*
- ii. *Prohibition of Unjust Discrimination or Otherwise Unfair Treatment of Individual App Providers (Article 6)*
- iii. *Prohibition on Hindering the Provision of Alternative Application Stores (Article 7, Item 1)*
- iv. *Prohibition of Hindering the Use of OS features (Article 7, Item 2)*
- v. *Prohibition of Restricting or Hindering the Use of Alternative Payment Management Services, etc. (Article 8, Item 1)*
- vi. *Prohibition of Hindering the Provision of Goods or Services Through Related Web Pages, etc. (Article 8, Item 2)*
- vii. *Prohibition of Banning or Hindering the Use of Alternative Browser Engines (Article 8, Item 3)*
- viii. *Prohibition of Forcing the Display of User Verification Methods (Article 8, Item 4)*
- ix. *Prohibition of Self-Preferencing in Search Services by Designated Providers (Article 9)*

Compliance Requirements

- i. *Measures Related to the Disclosure of Conditions for Acquiring Data (Article 10)*
- ii. *Measures Related to the Transfer of Acquired Data (Article 11)*
- iii. *Measures Related to Changes to Default Settings and the Design of the Choice Screen (Article 12, Item 1 (a) and (b), and Item 2)*
- iv. *Measures Related to the Smartphone User's Consent regarding the Additional Installation and Uninstalling (Article 12, Item 1 (c) and (d))*
- v. *Measures Related to Changes in Specifications and Usage Conditions of Designated Software (Article 13)*

4.2. Justifiable Reasons

40. As smartphone users are important stakeholders, it is crucial to continue ensuring necessary and sufficient responses regarding cybersecurity for smartphone use, protection of information related to smartphone users, and safeguarding youth who use smartphones. The aim is to balance ensuring fair and open competition in the specified software market with ensuring user convenience and safety and security for smartphone users.

41. Therefore, with respect to items (iii), (iv), (v), (vi), and (vii) of the Prohibited Conducts listed above, those actions deemed necessary for ensuring necessary and sufficient responses regarding cybersecurity for smartphone use, protection of information

related to smartphone users, and safeguarding youth who use smartphones may qualify as "justifiable reasons", provided that these objectives are difficult to achieve through other less competition-restricting actions.

42. Among these justifiable reasons, for example, from the perspective of safeguarding youth, the "Guidelines of the Act on Promotion of Competition for Specified Smartphone Software" explain that safeguarding youth who use smartphones refers to preventing minors from becoming involved in trouble or problems when using smartphones.

43. Specifically, this includes:

- Regarding in-app purchases in individual software, measures to establish parental control features in the basic operation software to prevent excessive or erroneous charges by minors, and to restrict the use of all payment systems (including alternative payment systems) by minors based on parental consent.
- Regarding alternative app stores that provide individual software containing harmful content for minors, measures to establish parental control features in the basic operation software to prevent minors from using such alternative app stores, and to restrict their use by minors based on parental consent.
- Measures to require alternative app stores to implement appropriate age restrictions (ratings) for individual software or content/features provided through individual software, and to restrict the use of such features, from the perspective of appropriate use by minors.
- Measures to require alternative app stores to set stricter privacy protection standards for information related to minor smartphone users than for non-minors (e.g., not displaying targeted advertisements based on profiling of information related to minor smartphone users).

44. Furthermore, when deemed necessary, the JFTC will coordinate with relevant ministries and agencies to determine whether the actions of a designated provider fall under a justifiable ground.