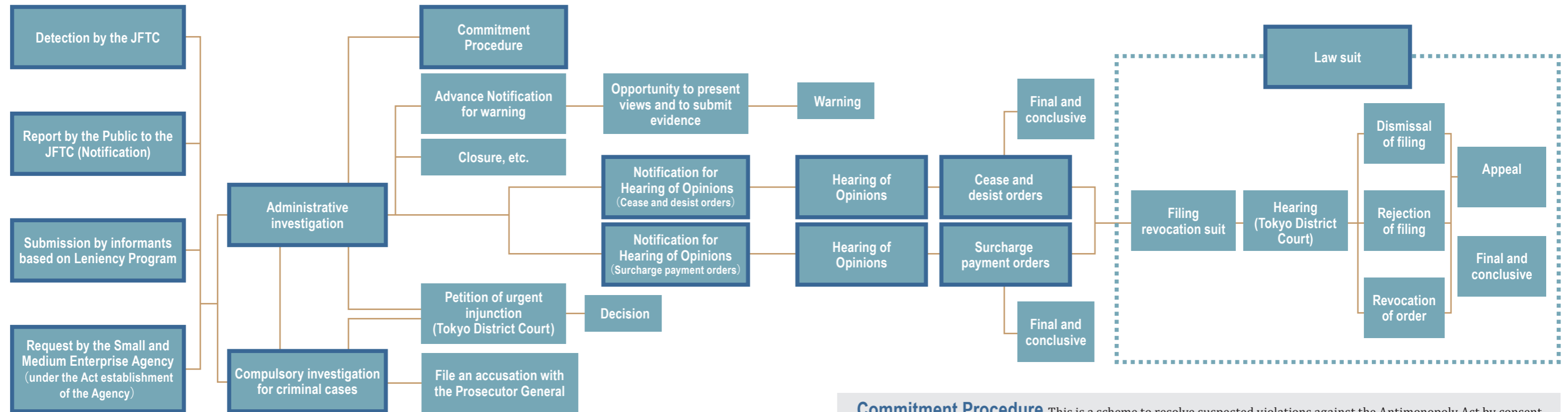


The JFTC regulates illegal acts promptly, and takes strict measures.

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.

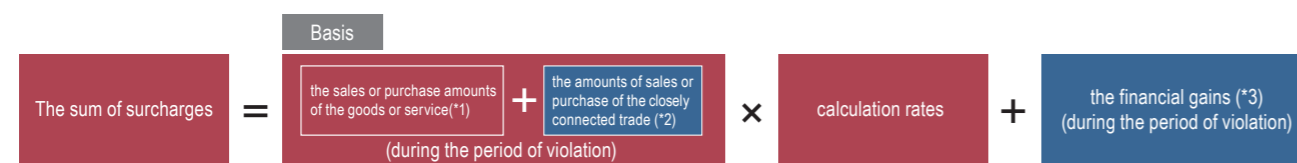
Lawsuit Enterprises dissatisfied with administrative disposition such as cease and desist orders can appeal to Tokyo District Court asking for revocation. For instance, in the absence of substantial evidence for decision, the court repeals such decision.

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).

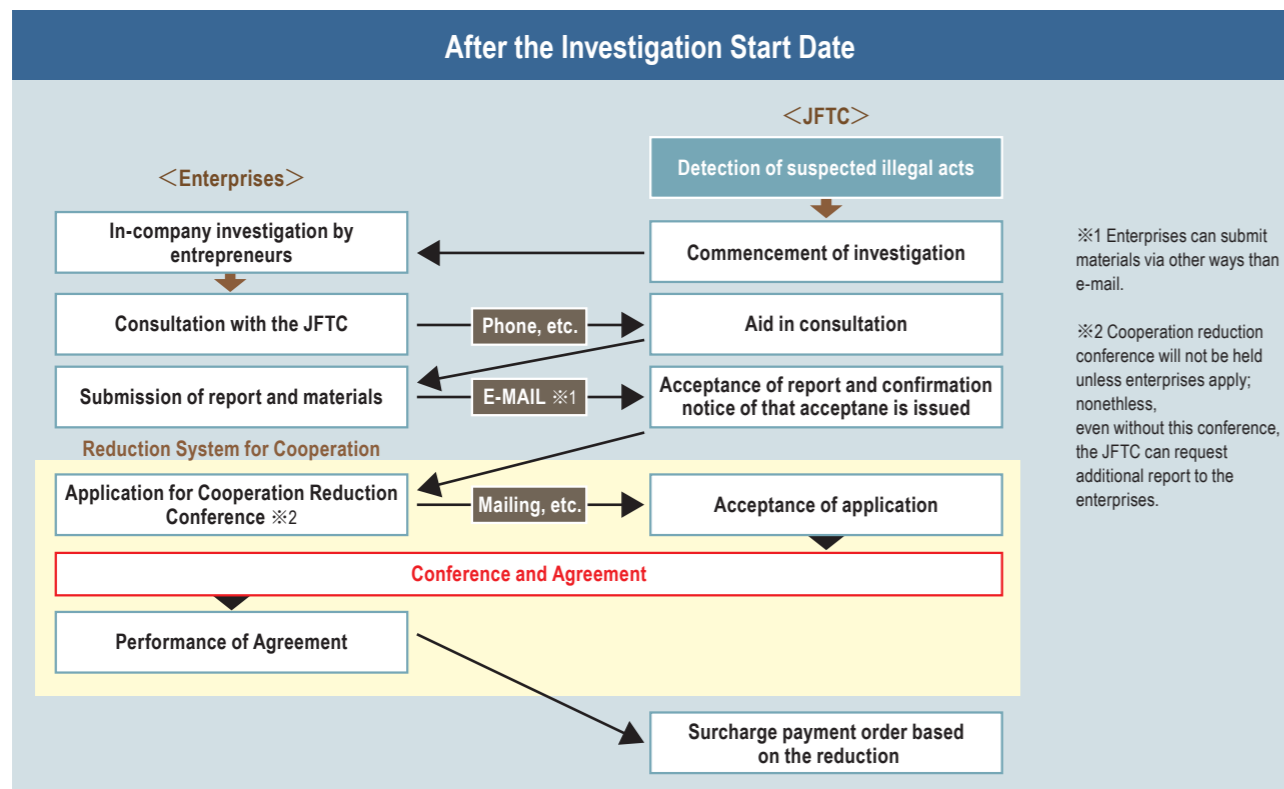
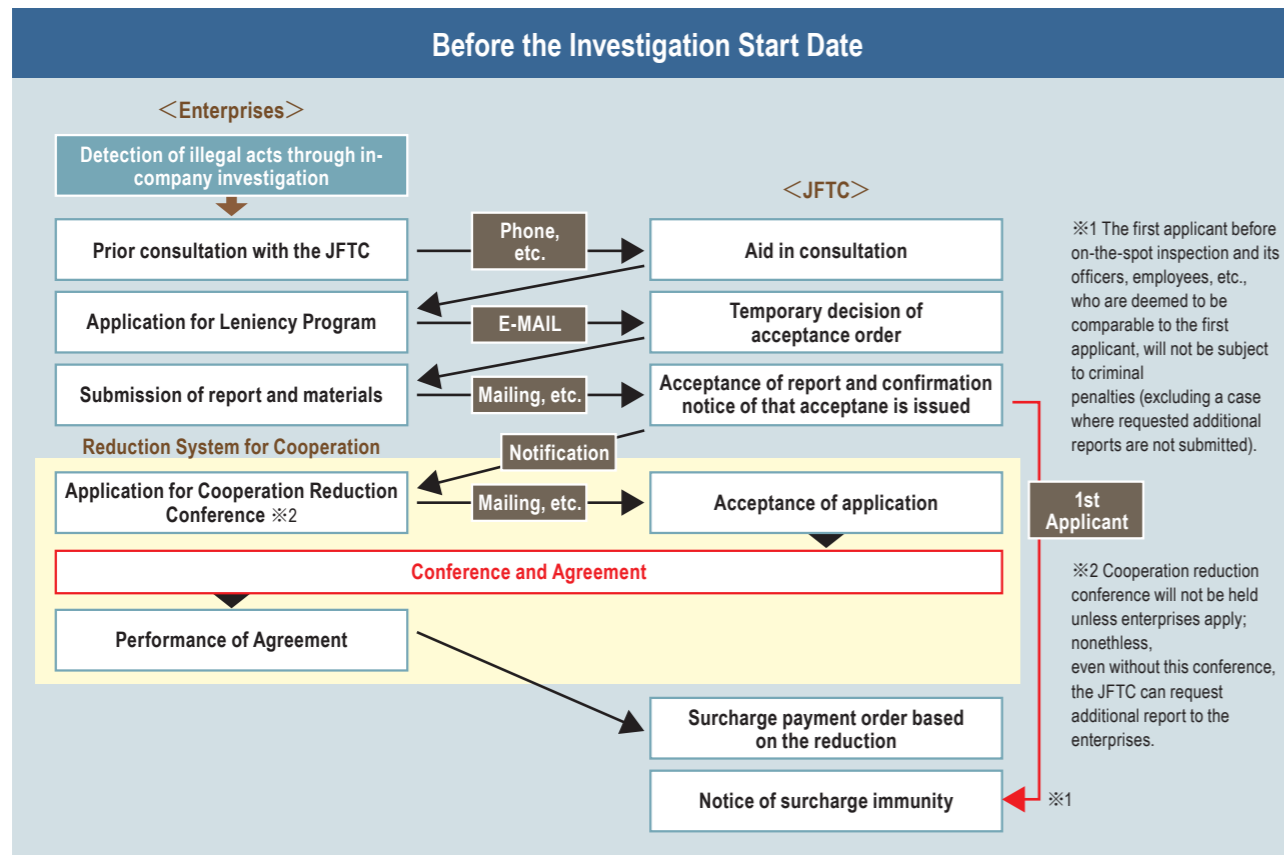
(1) the order of the application for the Leniency Program

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

	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%

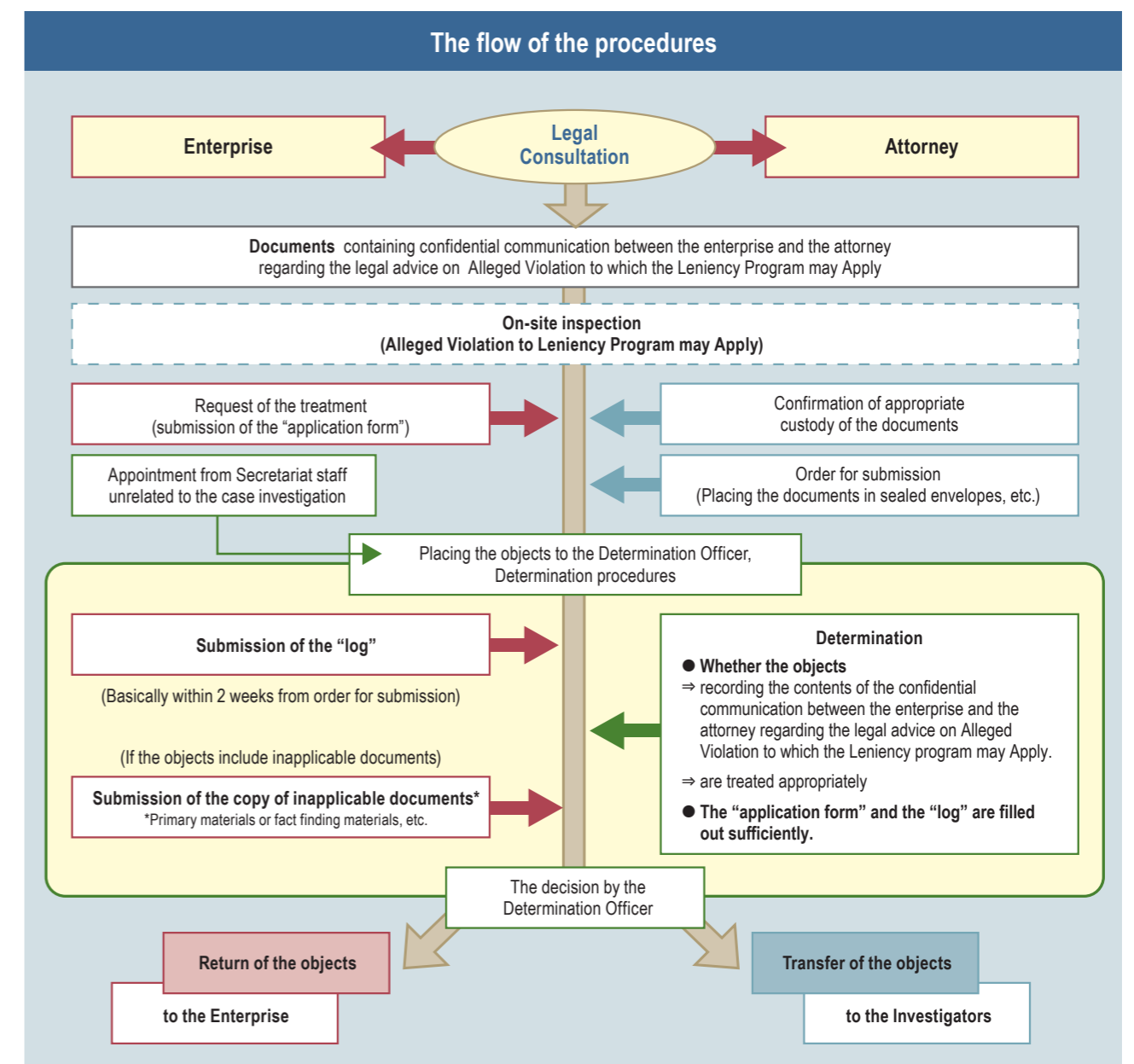
*The enterprise which first applies for the Leniency Program (before the Investigation Start Date) is not subject to the Reduction System for Cooperation in Investigation.

● Flowchart of Leniency Program



Determination Procedures

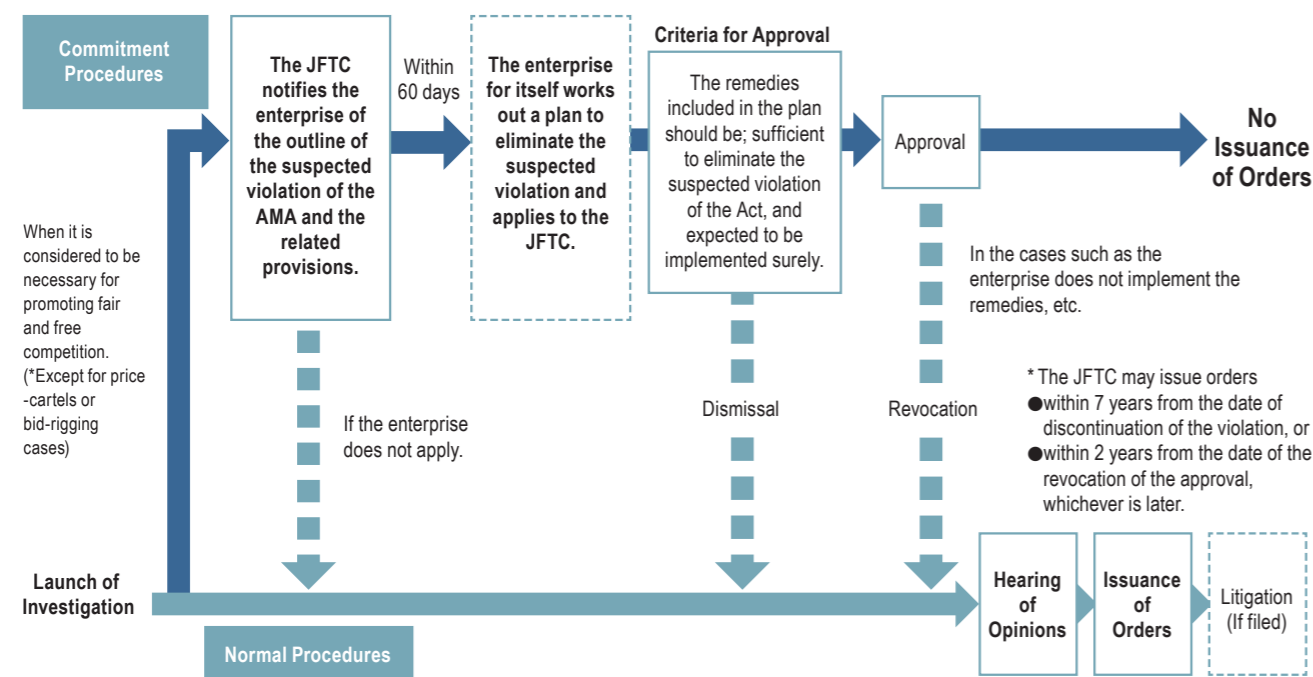
Determination Procedures purports to return the objects recording the confidential communications between enterprises and attorneys regarding legal advice on conducts alleged to be a violation to which the leniency program may apply immediately without the investigator, etc. having access to the contents 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.