

SUMMARY

OTT services broaden and refine people's means of communication and expression, expanding the overall scale of the ICT industry. While we believe there is currently no need for OTT regulations, even in the unlikely event that regulations are to be enforced, the matter should be studied with every relevant stakeholder, and the purpose, nature and method of such should be reasonable and to the minimum extent necessary. At the same time, there is a need for policies that encourage competition as well as the fostering of an investment climate that promotes the further growth of OTT and the ICT industry as a whole.

LINE Corporation is a player in the OTT industry that provides a communication (messaging) app, a live streaming platform and other services. We have deep concern for the safety, peace of mind and privacy of consumers, and collaborate with domestic and international peers in our industry as well as government offices as we strive to foster a healthy environment for Internet use by conducting awareness activities, creating educational materials and exchanging personnel and talent with other relevant entities.

1. What are the opportunities and implications associated with OTT?

(1) Greater market scale

Broadly speaking, OTT industry players are contributing to economic development (such as through the growth of GDP) as they create jobs and new markets through their provision of new services. This also leads to an increase in entrepreneurs that target the new and surrounding markets that OTT industry players create, leading to the creation of even more business models. It is because of this that we believe that the very presence of OTT industry players will drive the expansion of the ICT industry as well as the overall market.

(2) Diversification and refinement of our means of communication and expression

With the arrival of communication (messenger) apps provided as OTT services, users have seen a greater freedom of choice and broadening in their methods of communication since the days of email. Methods of expression have also become refined and diversified, with users casually making use of text, images, videos and stickers to interact with the people they know.

The LINE communication app that we provide is a tool used by many people to tighten the bonds between family and friends, under the mission "Closing the Distance".¹ Furthermore, our LINE LIVE video streaming platform is a service that enables individual users to break into the world of live broadcasting that was until now dominated by a handful of operators.² With the general public now able to easily receive the benefits of new technology as a result of these services provided by the OTT industry, personal relationships have become closer, and individuals can communicate whatever they want more freely, and express themselves in more diverse ways. The level of freedom that people had in methods of expression increased even during the early days of the Internet—but now, with the advent of OTT, another such major phenomenon is taking place.

2. What are the policy and regulatory matters associated with OTT?

(1) OTT regulations are unnecessary

As mentioned, OTT services expand the scale of the overall market and contribute to the expansion of communication methods and the diversification and refinement of means of expression. Therefore, when OTT is regulated, such regulations will

¹ LINE MAU in 4 leading markets (Japan, Taiwan, Thailand, Indonesia): Approx. 169 million (as of June 30, 2017)

² LINE LIVE MAU: Over 13 million (as of June 15, 2017)

suppress acts of expression. Currently there is no rational reason to impose OTT regulations that will suppress and sacrifice people's freedom of expression. Therefore, OTT regulations are not needed.

Even in a hypothetical situation where a reason to regulate OTT players existed, in light of the importance of people's acts of expression, such regulations should be considered with the utmost caution. We believe if regulations are to be imposed, the matter should be studied with every relevant stakeholder, and the purpose of said regulations should be just, the nature of the regulations reasonable, and the means of the regulation contained to the bare minimum necessary.

(2) The need for pro-competition policies

At the same time, the benefits of the expansion of communication methods and the diversifying and refining of the means of expression brought about by OTT is only possible in a market with free competition. Therefore, while regulations against OTT are not necessary, policies for the promotion of competition are. For example, to promote investments from domestic and international corporations, we must ensure an open and transparent market and cultivate a climate that allows investments to be made with peace of mind.

3. How do the OTT players and other stakeholders offering app services contribute in aspects related to security, safety and privacy of the consumer?

(1) Overview

Players in the OTT industry have a deep concern for the safety, peace of mind and privacy of consumers, and strive to build a healthy environment for Internet use. Below is an introduction of the initiatives LINE has undertaken in Japan.

In a survey we independently conducted in 2016, we learned that 97.3% of high school students in Kanagawa Prefecture in Japan have their own smartphone, while 69.3% of social media users check the LINE app 10 times or more a day.³ We also know, through a study by a Ministry of Internal Affairs and Communications (which oversees telecommunications in Japan), that the average daily use of social media by children between the ages of 10 and 19 has grown to 57.8 minutes per day.⁴

³ LINE Corporation 「青少年のネット利用実態把握を目的とした調査 平成 28 年度最終報告書」(Survey for Ascertaining Youth Net Usage: 2016 Final Report; July 2017)

⁴ Ministry of Internal Affairs and Communications Institute for Information and Communications Policy 「平成 27 年情報通信メディアの利用時間と情報行動に関する調

In light of the fact that LINE is being used by many young people, and in order to ensure that these age groups with low net literacy can safely use OTT services worry-free, we are not only working to ensure the safety of our services, but also engaged in various other initiatives with an eye towards making Internet usage environments healthier. Specifically, as explained below, we collaborate with telecom carriers, government offices, researchers and other experts, as well as relevant companies, to conduct feature improvements, awareness activities and usage surveys.

(2) Initiatives with telecom carriers

Telecom carriers possess identity verification information for its cellphone users, and LINE enlists their help to confirm via APIs that LINE users are 18 or over. We also have systems in place that make it harder for users under 18 to connect with other users over LINE. These measures are meant to help minimize the risk of the sexual exploitation or trafficking of minors to the greatest extent possible.

(3) Awareness activities

Since 2012, LINE has been performing lectures on safe Internet use for minors, students, parental guardians and teachers, at educational institutions across Japan. All of the instructors are trained professionals. Educational institutions are able to receive these classes free-of-charge, with LINE bearing all costs of the lectures, including transportation fees. These awareness activities were conducted over 2000 times in 2016, and are being performed at the same pace in 2017.

In conjunction with these activities, LINE freely distributes our own original learning materials. These materials were developed in collaboration with experts in education, and are divided into six different types according to the areas of emphasis and different developmental stages of minors and students. Furthermore, for teachers who may be unfamiliar with teaching information ethics, we pair the materials with a teacher guidebook that can be downloaded for free.

(4) Youth internet usage surveys

LINE also conducts survey activities to ascertain the Internet usage among adolescents. In 2016, in a joint university study, and in collaboration with the Kanagawa Prefectural Board of Education and Tokyo Metropolitan Board of Education, LINE surveyed 77,214 elementary, middle school and high school students in Kanagawa Prefecture and the Tokyo Metropolis, disclosing the results in a report released to the general public. In this survey, we broadly investigated the

「調査報告書」(Report on the 2015 Survey on the Usage Time and Behaviors for Telecommunication Media; August 2016)

usage conditions among youth, from the usage and ratio of ownership of Internet-connected devices to the effect of information ethics education. By giving the opportunity to various stakeholders to make use of this report, LINE is aiming to improve the safety of internet use for society as a whole.

(5) Initiatives with government offices

As a joint project with the Tokyo Metropolitan Board of Education, LINE produces the 「SNS 東京ノート」 (*Social Media Tokyo Notebook*), an educational document on information ethics distributed to all children and students in the Tokyo Metropolis.

(6) Cross-company personnel exchanges and global activities

For the above activities in Japan, LINE shares knowledge across corporate boundaries, sharing talent and personnel with telecommunication operators, and collaborating with internet-related companies to set up a council on the propagation of a suitable internet environment for youth.

We are also engaged in international activities, using the know-how we have cultivated in Japan as a base to expand our educational programs to other countries.

4. What approaches might be considered regarding OTT to help the creation of environment in which all stakeholders are able to prosper and thrive?

As detailed in “2. (2),” we believe that the implementation of pro-competition policies is necessary.

5. How can OTT players and operators best cooperate at local and international level? Are there model partnership agreements that could be developed?

As detailed in “3.(2)” and “3.(6),” we have successful experience in OTT industry player and telecommunication operator tie-ups and personnel/talent exchanges.